



# MANAGED FUTURES INDEX

COMMENTARY +  
STRATEGY FACTS

SEPTEMBER 2020

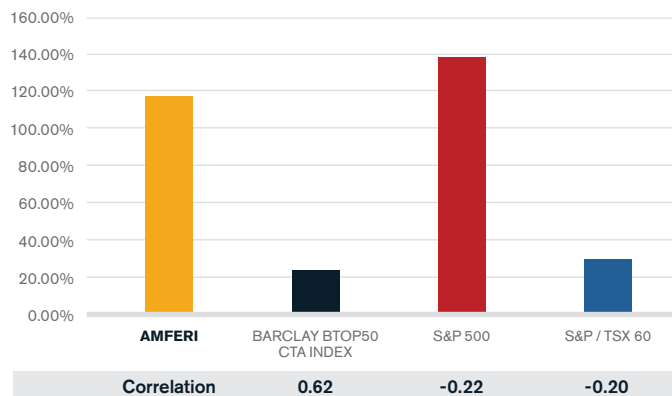
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## CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007\*)



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### SUMMARY

Global stock markets corrected led by the buoyant US benchmarks for the first time since the initial COVID sell-off in Q1. This caused a general “risk-off” and corrective effect across many asset classes. The S&P500 lost 3.92% while the NASDAQ lost 5.16% yet both remain positive for the year, +4.09% and 24.46% respectively. The Canadian TSX/S&P60 softened 2.35% and remains negative in 2020.

Although commodity benchmarks fell, there were pockets of exceptional strength in commodities. While energies and metals sold off, Ags led by Grains marched higher. As such while the Bloomberg Commodity index lost 3.36% and the energy weighted GSCI fell 3.65%, the tactical Auspice Broad Commodity Index added 0.65%.

Bond futures were slightly higher in line with central banks stating “lower for longer” on rates. The US dollar gained back some ground while global currencies pulled back against recent trends.

### RESULTS

The AMFERI softened slightly by 0.17% to remain positive in 2020 while the benchmark Barclay BTOP50 CTA lost ground and remains negative (per Table 1). The strategy has continued to outperform benchmarks in 2020 beyond the strong Q1 result.

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 remains in-line with equity benchmark gains with over 26% less relative volatility and half the drawdown, a significant outperformance on a risk-adjusted basis.

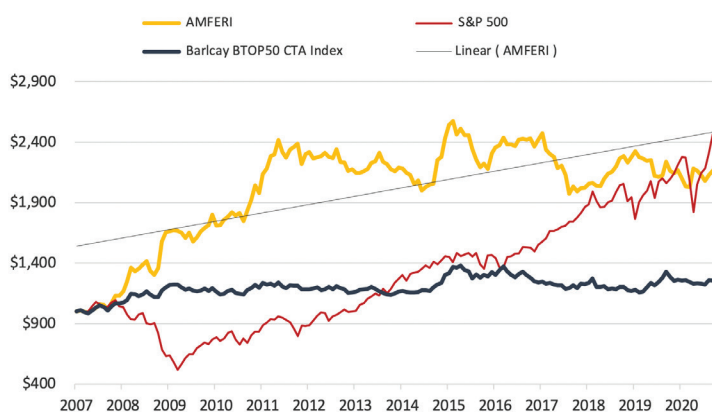
### OUTLOOK

This fall somehow feels a lot different than recent memory. It has not been as simple as kids back in school and back to work or business. The implications of COVID are vast and arguably confusing to delineate. The equity market buoyancy and low interest rates are unprecedented. Oh yeah, and there is an important election just over a month away.

What we do know is volatility abounds in both financial and commodity markets. Some can argue that while commodities are historically at low levels, equities are the opposite.

As such, we are comfortable that our portfolio remains tilted to commodity opportunities and does not have equity exposure. Regardless, the agility and disciplined risk management approach will protect capital, first and foremost regardless of the path ahead.

**Chart 1 HISTORICAL GROWTH SINCE 2007**



**Table 1 ABSOLUTE PERFORMANCE**

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-0.17%	-1.43%	-3.92%	-2.35%
2020 YTD	2.75%	-1.39%	4.09%	-4.70%
1 yr (Oct 19)	-0.02%	-3.67%	12.98%	-3.07%
3 yr (Oct 17)	8.43%	4.03%	33.49%	4.93%
5 yr (Oct 15)	-2.74%	-4.84%	75.15%	23.30%
10 yr (Oct 10)	12.58%	3.78%	194.69%	35.27%
13 yr (Oct 07)	101.39%	18.81%	120.27%	18.34%
Annualized (Jan 07)				
Return	5.77%	1.58%	6.48%	1.94%
Std Deviation	11.39%	6.56%	15.44%	13.31%
Sharpe Ratio	0.60	0.27	0.52	0.24
MAR Ratio	0.25	0.10	0.12	0.04
Worst Drawdown	-23.32%	-16.11%	-52.56%	-44.27%

## ATTRIBUTIONS AND TRADES

Despite the volatility and correction across most asset classes it was a relatively quiet month for the strategy with changes only in the commodity markets.

Performance was positive in 2 of 5 index sectors as gains in Ags was complimented very slightly by Interest Rates. Within Ags, the strongest gains were made by Grains. The most challenging markets were Silver and WTI Oil. See Chart 2.

The portfolio added long exposure in two more commodity markets, now 11 of 12 components, shifting the long exposure to 92% from 75%. This now includes all three sectors – Energies, Ags and Metals (see Chart 3).

Within financials, the US dollar bounced back after falling for a number of months causing currencies to pull back.

## SECTOR HIGHLIGHTS

### ENERGY

After shifting to long exposure last month, save for Heating Oil, the petroleum side of energy weakened led by WTI Oil off over 6%. Gasoline softened more modestly as did Natural Gas. Heating Oil provided some offset with a gain from the short exposure.

### METALS

After an explosive move last month, Silver led the Metals correction dropping over 17%. Gold was also weaker, softening 4% and Copper was modestly lower for an overall sector loss while remaining long all components.

### AGRICULTURE

Ags had a great month with the existing long exposure to Soybeans leading the attribution while complimented by new long exposures in Corn and Wheat. Cotton also added upside value while Sugar was neutral.

### INTEREST RATES

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

### CURRENCIES

Long exposure to global currencies gave back some of recent gains with the British Pound pulling back the most. The recent US Dollar trend remains intact at this point and there were no position changes.

Chart 2 INDEX RETURN ATTRIBUTION

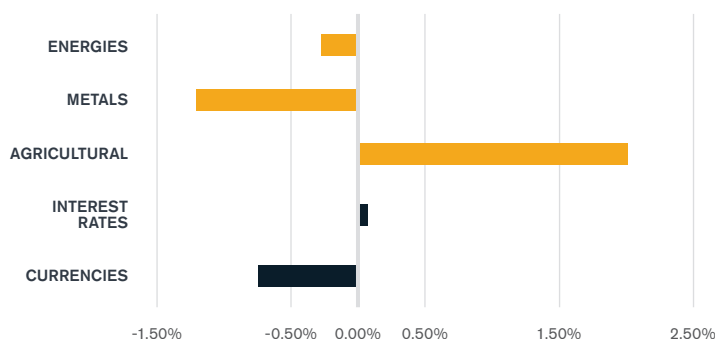
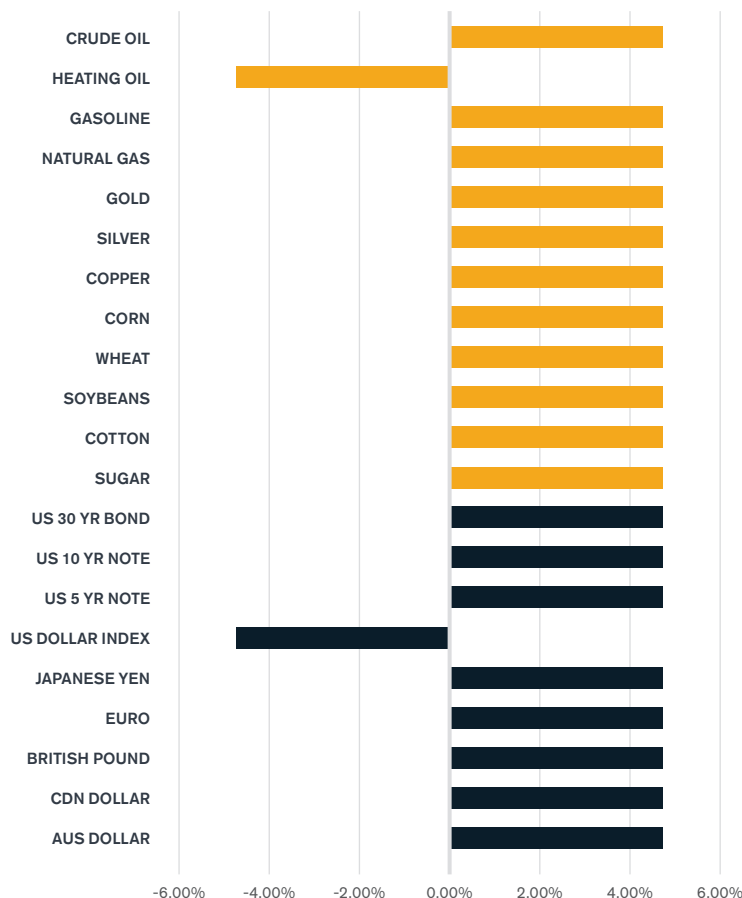


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



## 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:

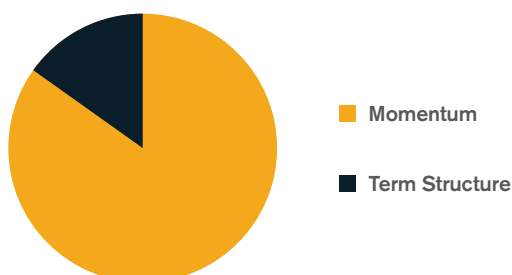
## STRATEGY DESCRIPTION

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



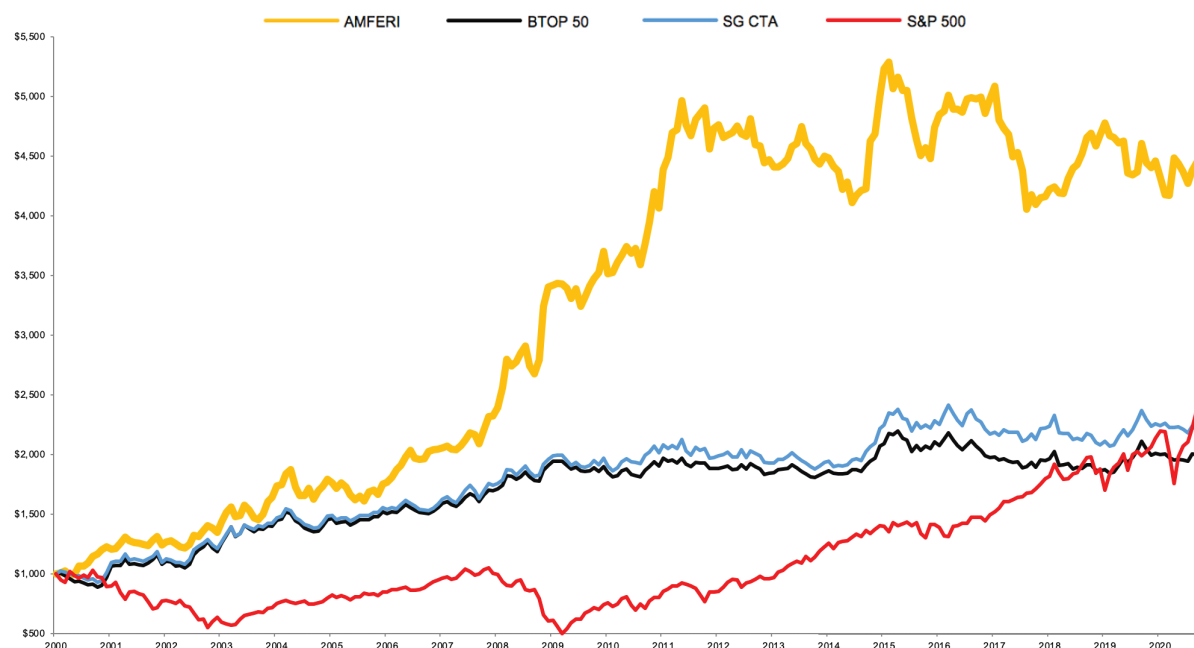
## OTHER DETAILS

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

## 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%	-0.17%				2.75%
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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