



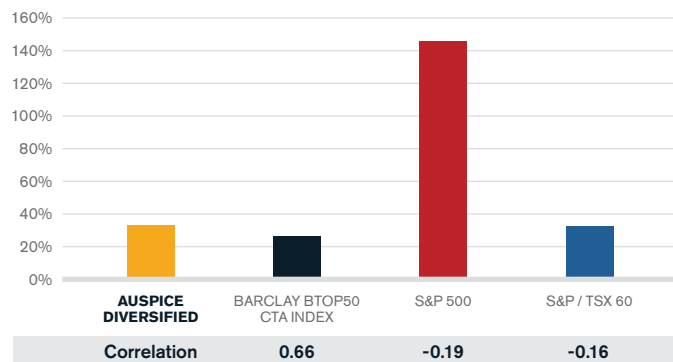
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

AUGUST 2020



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 had a good month gaining 2.08% in August to be up a healthy 9.37% for the year. Sector benchmarks struggled and look slightly negative despite the massive equity rally and likely because of the pivot in commodity trends which Auspice benefitted from. Barclay BTOP50 CTA softened 0.26% to be neutral at -0.14% in 2020 (per Table 1) and the SocGen CTA index fell (an estimated) 1.36% to be down 1.54% for reference. The spread to these benchmarks is now 9.5% to 11% for the year.

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. The diverse Bloomberg Commodity index added 6.75% while the energy weighted GSCI added 4.58%. The tactical Auspice Broad Commodity added 3.62%.

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.

OUTLOOK

As we go “back to school” (see Auspice Blog), it is hard to not feel nervous about the markets and economy. The stock market has roared back, rates are low, and money is cheap alongside unprecedented stimulus. It seems like people and the markets put their blinders on and enjoyed the summer. But perhaps there are series of great risks and opportunities here.

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 and has come a long (long) way.

We cannot predict the future, but we have a history of reacting quickly in an unemotional way that has produced exceptional crisis-alpha returns. The key is to have an exposure that is significant enough to matter, before crisis occurs. While Auspice can react by the minute, adding exposure to our fund takes a bit of time.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

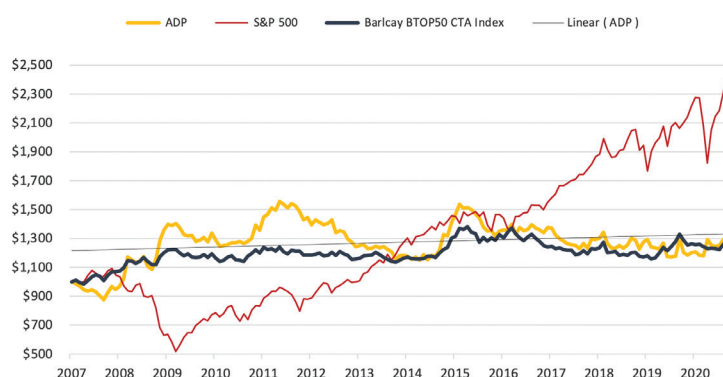
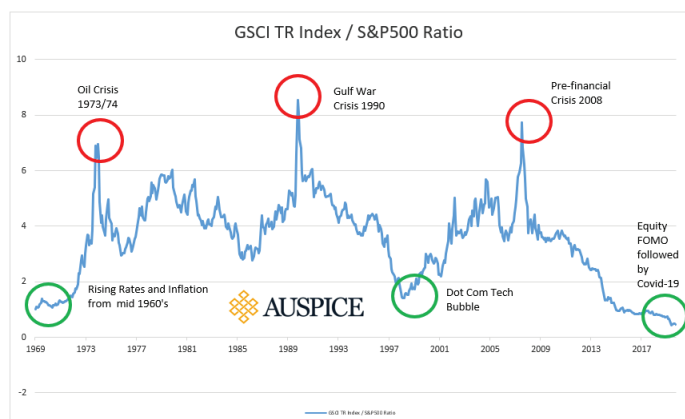


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	2.08%	-0.26%	7.01%	2.25%
2020 YTD	9.37%	-0.14%	8.34%	-2.40%
1 yr (Sep 19)	1.40%	-5.44%	19.61%	0.82%
3 yr (Sep 17)	4.32%	3.25%	41.62%	10.97%
5 yr (Sep 15)	-2.28%	-1.97%	77.48%	21.47%
10 yr (Sep 10)	3.18%	6.83%	233.58%	42.72%
13 yr (Sep 07)	50.87%	24.50%	137.47%	24.85%
Annualized (Jan 07)				
Return	2.05%	1.68%	6.83%	2.13%
Std Deviation	11.68%	6.57%	15.44%	13.33%
Sharpe Ratio	0.26	0.28	0.55	0.25
MAR Ratio	0.08	0.11	0.13	0.05
Worst Drawdown	-26.04%	-16.11%	-52.56%	-44.27%

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



Source: Dr. Torsten Dennen, Incrementum AG

ATTRIBUTIONS AND TRADES

We have continued to add long commodity exposure in August.

Metals led the portfolio gains with strong gains on existing positions in Copper and Zinc while the Silver exposure was trimmed post the explosive move in the first half of the month.

In Energies we added to exposures in WTI Oil and Gasoline while exiting shorts in Natural Gas and shifting to long as the market moved sharply higher.

Within Soft Commodities, we added to the long exposure in Sugar while added new exposure to Cotton for small sector gain.

Grains contributed as we shifted to long in Soybeans complimented by a gain in Canola.

Financial markets were again active as the US Dollar weakened and we added additional long exposure to the British Pound and added the Canadian Dollar. Within Bonds, we exited exposure to the US 30-year and Long Gilt (UK) yet remain long 10 and 5-year Notes in the short end.

Lastly, we remain long the Equity sector across numerous markets which provided a decent gain for the modest risk attributed (approximately 7.5% of total portfolio risk).

Return Drivers: Trend-following strategies led gains while the non-correlated short-term strategies pulled back in August (see Chart 3).

POSITION HIGHLIGHTS

GAINS

- Long Silver (+17%), Copper and Zinc led the portfolio gains.
- Long Aussie and Canadian dollar "commodity currencies".
- Long S&P500 and Nasdaq propelled the equity sector.

LOSSES

- Natural Gas shifted from short to long, rallying 36% during the month.
- Corn moved up 8% against shorts.
- Weakness in bond futures including the US 30-year.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

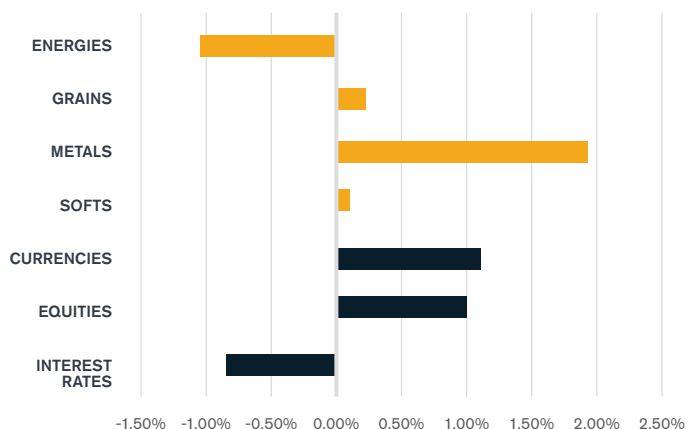
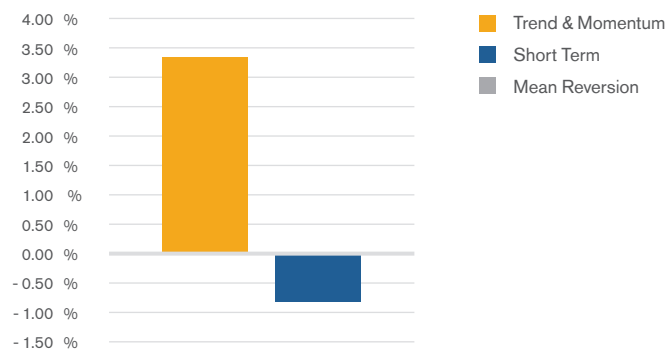


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



* Strategy Attribution excludes all fees.

EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure has shifted to an added commodity weight of 73:27 from 62:38 last month per Chart 4. This represents a slightly higher commodity tilt.

Portfolio exposure, as measured by the Margin to Equity ratio, continued to increase from 9.0% ending July to 10% versus the historical average level of 6.8% (see Chart 6 next page). This illustrates the agility of our approach and adding risk when positive momentum and results occur as recently experienced in commodities.

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

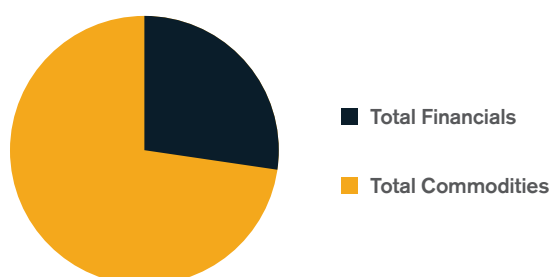
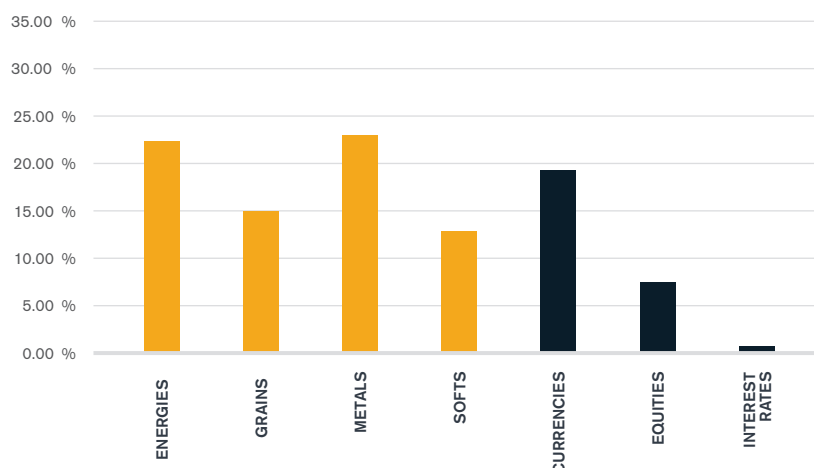


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 22.53%

Largest Holdings	Position	% of Risk
RBOB Gasoline	Long	5.97%
Natural Gas	Long	4.46%
WTI Crude Oil	Long	4.00%

GRAINS 15.02%

Largest Holdings	Position	% of Risk
Soybeans	Long	9.22%
Canola	Long	4.92%
Wheat	Short	0.49%

METALS 22.72%

Largest Holdings	Position	% of Risk
Copper	Long	7.01%
Zinc	Long	6.28%
Gold	Long	4.23%

SOFTS 12.52%

Largest Holdings	Position	% of Risk
Cotton	Long	6.34%
Sugar	Long	6.18%

CURRENCIES 19.46%

Largest Holdings	Position	% of Risk
Canadian Dollar	Long	4.34%
British Pound	Long	4.29%
Euro	Long	3.49%

EQUITIES 7.49%

Largest Holdings	Position	% of Risk
NASDAQ Index	Long	3.08%
S&P500	Long	1.94%
S&P/TSX60 (Canada)	Long	1.08%

INTEREST RATES 0.25%

Largest Holdings	Position	% of Risk
Treasury Note/10yr (USA)	Long	0.13%
Treasury Note/5yr (USA)	Long	0.13%

* 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 -0.19 to the S&P (see front page), and a modest 0.48 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)

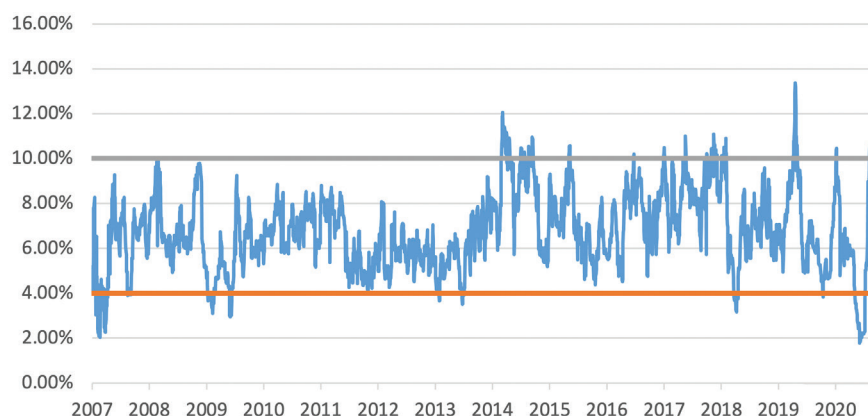


Table 3 NAVS AND RETURNS

Auspice Diversified Trust			
NAV		MTD	YTD
Class A	8.9989	2.00%	8.61%
Class F	9.6826	1.86%	9.13%
Class S	8.7822	2.00%	8.62%
Class I	11.8666	2.17%	10.13%
Class X*	11.1076	2.08%	9.37%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.05%	Avg Monthly Gain	2.88%
Annualized Std Dev	11.68%	Avg Monthly Loss	-2.12%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio ¹	0.26	Daily VAR (sim w/99% conf)	-2.76%
MAR Index ²	0.08	Round Turns per \$million	800
Sortino	0.45	Margin to Equity ratio	6.77
Upside/Downside Deviation	0.14 / 0.05	Average Hold Period (Days)	66
Correlation to S&P 500	-0.19	% Profitable	40%
Correlation to TSX60	-0.16	\$Win / \$Loss	1.5
Correlation to BCOM ER	0.01	Skew	1.01

Program Details	
Structure	Unit Trust / LP / Mngd Account / Offshore
Mgmt Fee	Series X 1%
Incentive Fee	15% w/High-Water Mark
Liquidity	Monthly (no lockup)
Firm Assets	\$188MM
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
2020	-2.06%	-0.19%	9.72%	-3.16%	-0.47%	0.28%	3.36%	2.08%					9.37%
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.

For Canadian investors, any reference to the Auspice Diversified Strategy or Program, "ADP", is only available to "Accredited Investors" as defined by CSA NI 45-106.

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