



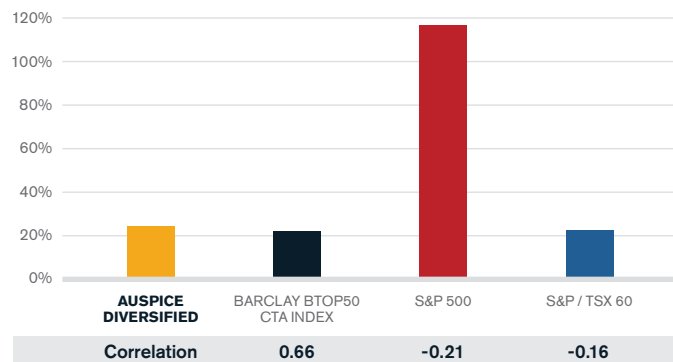
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

MAY 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 softened by 0.47%. This was in-line with benchmarks for the month as the Barclay BTOP50 CTA was off an estimated 0.32% for the month (per Table 1). However, the spread of Auspice outperformance for this critical time period of in 2020 is over 5.50% and importantly positive versus negative. For a history of this crisis alpha performance back to 2007, please check out the website or reach out.

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 started to climb as economic activity started to pick-up led by the energy sector. 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 as the US Fed has taken pause from a rate perspective. Talk of negative rates in the US has calmed while intensified in the UK. Despite this, the US dollar lost some ground in May allowing many currencies to gain especially the Canadian and Aussie "commodity currencies".

OUTLOOK

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 stock market remains resilient.

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."

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 including equity indices in Auspice Diversified.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

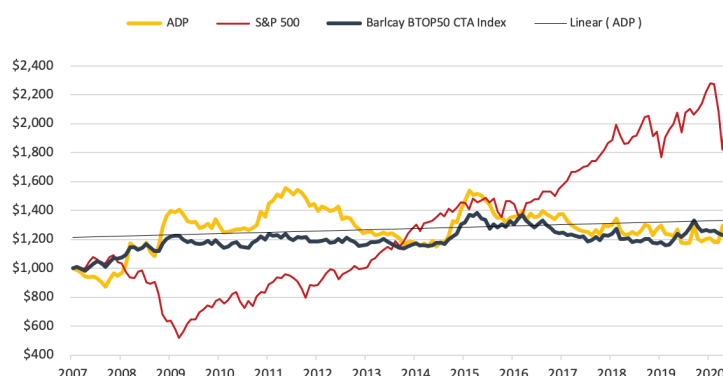
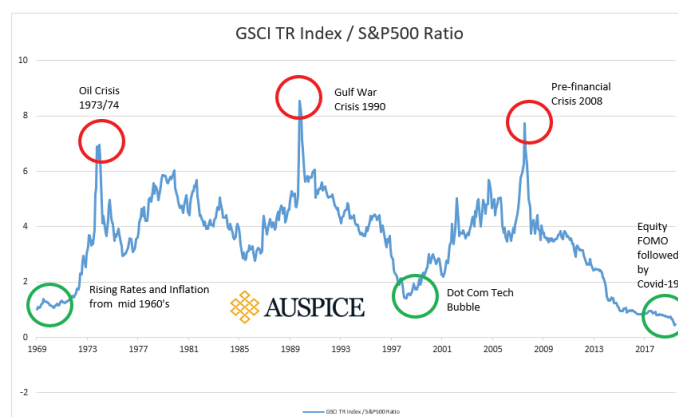


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-0.47%	-0.32%	4.53%	2.86%
2020 YTD	3.37%	-2.25%	-5.77%	-9.63%
1 yr (Jun 19)	6.20%	0.96%	10.62%	-4.65%
3 yr (Jun 17)	-0.78%	0.81%	26.23%	1.19%
5 yr (Jun 15)	-15.11%	-7.86%	44.46%	4.81%
10 yr (Jun 10)	-1.80%	6.58%	184.33%	32.61%
13 yr (Jun 07)	32.14%	18.92%	98.89%	14.04%
Annualized (Jan 07)				
Return	1.66%	1.55%	5.86%	1.58%
Std Deviation	11.75%	6.58%	15.42%	1.34%
Sharpe Ratio	0.22	0.26	0.49	0.22
MAR Ratio	0.06	0.10	0.11	0.04
Worst Drawdown	-26.04%	-16.11%	-52.56%	-44.27%

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



Source: Dr. Torsten Dornin, Incrementum AG

OUTLOOK (CONTINUED)

We would also highlight that on this agnostic basis, purely on our mathematical definition of trend and momentum, we remain without an equity exposure for a second straight month. While some may view this as missed opportunity given the rally off the March lows, by our definition of risk and reward, the downside risk currently remains higher than the upside opportunity at this moment.

ATTRIBUTIONS AND TRADES

After significant position and risk adjustments to capture risk in the last couple months, May was exceptionally quiet. We have reduced exposures in general by trimming commodities that showed significant reversal characteristics from existing (largely short) trends.

The reversal in petroleum energies led to trimming shorts in Gasoline, WTI and Brent Crude oils while we added risk on the short side of a weakening Natural Gas market. Losses in trend strategies were partially offset by profitable non-trend short-term strategies.

Grains were profitable as modest weakness was followed across the sector.

Metals made gains which Gold participated in yet remaining shorts in both precious and base metals pulled back the sector for a small loss. We reduced short risk in Zinc.

While Currencies had a small sector loss, we have shifted exposure to reduce long-term shorts in Canadian dollar

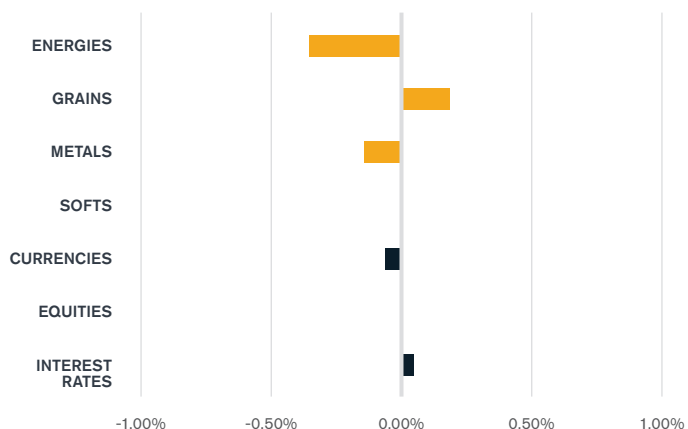
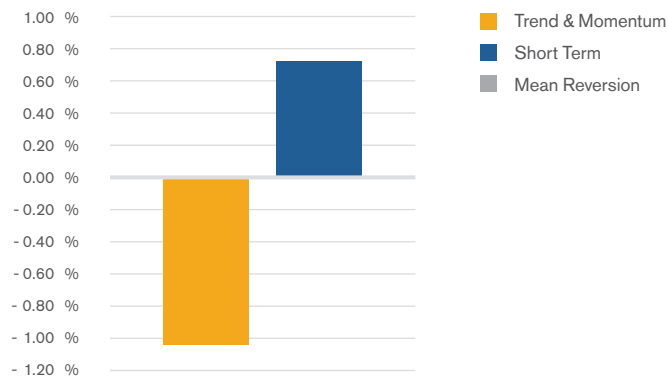
Return Drivers: Trend-following strategies had a negative month while the non-correlated short-term strategies made gains in May (see Chart 3).

POSITION HIGHLIGHTS**GAINS**

- Heating oil made gains in short-term reversal strategies.
- Short Soybeans.
- Short Soft commodities Cotton and Coffee.

LOSSES

- Gains in Crude oil against short trend held.
- Sugar rallied against shorts held.
- Silver rallied against established short.

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 held steady with commodity dominating the risk at 91:9 from 92:8 last month per Chart 4. This remains on the high side of historical commodity tilt.

However, to be noted, portfolio exposure as a whole, as measured by the Margin to Equity ratio, was again reduced to 2.6% which is now far below the historical average level of 6.8% (see Chart 6 next page). This indicates we have continued to reduce risk given the volatility in the (mostly commodity) sectors where we have exposures.

Within commodities, Energy and Metals risk was increased which was largely offset by Grains and Softs. Within Financials, Rates increased a fraction while there remains no Equity exposures.

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

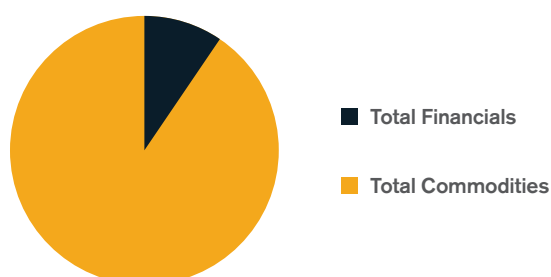
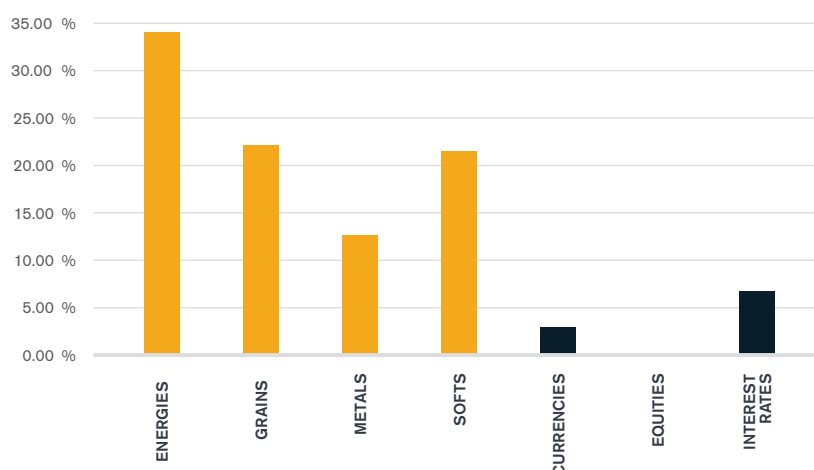


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 33.96%

Largest Holdings	Position	% of Risk
Heating Oil	Short	9.87%
Natural Gas	Short	8.31%
Gasoline	Short	7.20%

GRAINS 22.30%

Largest Holdings	Position	% of Risk
Corn	Short	8.27%
Soybeans	Short	7.67%
Wheat	Short	3.31%

METALS 12.67%

Largest Holdings	Position	% of Risk
Gold	Long	7.14%
Copper	Short	4.43%
Silver	Short	1.10%

SOFTS 21.67%

Largest Holdings	Position	% of Risk
Sugar	Short	8.51%
Coffee	Short	6.77%
Cotton	Short	5.66%

CURRENCIES 2.56%

Largest Holdings	Position	% of Risk
British Pound	Short	1.04%
Canadian Dollar	Long	0.83%
US Dollar Index	Long	0.70%

EQUITIES 0.00%

Largest Holdings	Position	% of Risk

INTEREST RATES 6.83%

Largest Holdings	Position	% of Risk
Treasury Note/10yr (USA)	Long	5.63%
Treasury Note/5yr (USA)	Long	1.20%

* 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 -0.21 to the S&P (see front page), and a modest 0.43 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)

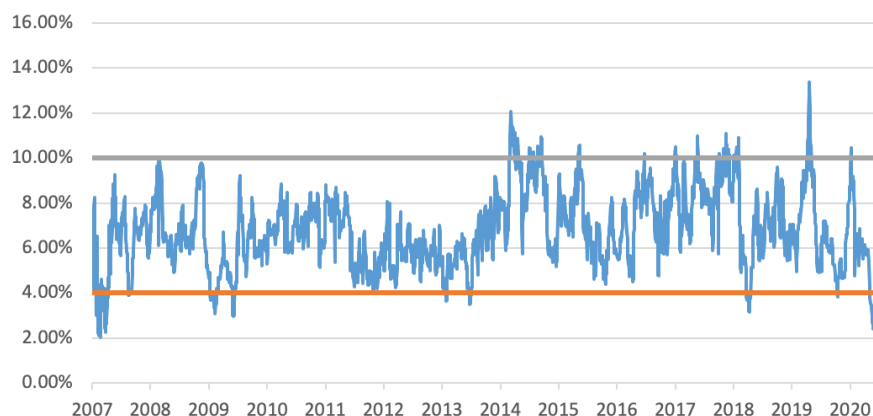


Table 3 NAVS AND RETURNS

Auspice Diversified Trust			
NAV		MTD	YTD
Class A	8.5269	-0.56%	2.91%
Class F	9.1711	-0.48%	3.37%
Class S	8.3213	-0.56%	2.92%
Class I	11.1860	-0.39%	3.82%
Class X*	10.4976	-0.47%	3.37%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	1.66%	Avg Monthly Gain	2.92%
Annualized Std Dev	11.75%	Avg Monthly Loss	-2.12%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio ¹	0.22	Daily VAR (sim w/99% conf)	-0.54%
MAR Index ²	0.06	Round Turns per \$million	800
Sortino	0.39	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.14 / 0.05	Average Hold Period (Days)	66
Correlation to S&P 500	-0.21	% Profitable	40%
Correlation to TSX60	-0.16	\$Win / \$Loss	1.49
Correlation to BCOM ER	-0.01	Skew	1.03

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	\$190MM
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%								3.37%
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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