


Auspice  
“Commodity Cycles – Capturing Returns in an  
Inflationary Environment”





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# Biographies



## **Thane Stenner, Stenner Wealth Partners+ Founder and Lead Senior Portfolio Manager**

Thane Stenner, CIM®, FCSI®, Senior Portfolio Manager & Senior Wealth Advisor at Stenner Wealth Partners+ of CG Wealth Management. Thane was previously the Managing Director, International Client Advisor, Institutional Consulting Director, and Alternative Investments Director at Morgan Stanley Wealth Management. He is an award-winning host of the BNN Bloomberg Brand Studio Podcast: SmartWealth™ with Thane Stenner and an international best-selling author of the book titled “True Wealth: An Expert Guide for High-Net-Worth Individuals (and Their Advisors)”. Stenner Wealth Partners+ is an award-winning in person/virtual team of wealth specialists with a boutique approach and global perspective servicing Canadian and US investors/households with generally a minimum of 10M+ in investable assets or 25M+ net worth, whose clients’ range of net worths are between \$25M To \$2.5B+. His team strategically takes on 6-8 clients per year. They may be reached at their website at [www.StennerWealthPartners.com](http://www.StennerWealthPartners.com), North America Toll-Free Phone at 1 833 STENNER (783 6637), or email [SWP@cgf.com](mailto:SWP@cgf.com).



## **Tim Pickering, Auspice - Founder, CIO, Lead Portfolio Manager**

Tim Pickering is Founder/CIO of Auspice and leads strategic decision making and vision for Auspice’s diverse suite of rules-based quantitative investment strategies. Prior to forming Auspice, Tim was VP Trading at Shell and began his career at TD Securities in their elite trading development program ultimately holding the Senior PM position for the Energy Derivatives portfolio. Outside of Auspice, Tim has been involved in grain farming, is the Chairman of the Finance Advisory Council at the University of Calgary Haskayne School of Business, and President of Pheasants Forever, a globally respected habitat organization. Tim can be found as a featured speaker on globally respected podcasts including The Meb Faber Show and Top Traders Unplugged and was named as one of Alberta’s 50 most influential people by Alberta Venture.

# THE AUSPICE EDGE

**Established, Calgary based manager with institutional pedigree.**  
Focused on delivering complimentary return profiles for over 16 years.

- ❖ **Uncommon Experience** – applying rules-based discipline to extract episodic value in the commodity and financial markets.
- ❖ **Career Path** – from TD Bank and Shell NA absorbing a deep understanding of these markets and risk considerations.
- ❖ **Consistent outperformance** – crisis alpha at critical times.
- ❖ **Institutional Strategies** – *now available for all investors*



WALTER  
GLOBAL ASSET MANAGEMENT



innocap



FINANCIAL Direxion

There is a substantial risk of loss in trading futures and options. Past performance is not necessarily indicative of future results.

# AUSPICE COMMODITY GSUITE

Diversifying investment solutions for more robust portfolio construction.



## Auspice Broad Commodity

“Core Commodity” - Tactical, low-fee upside exposure to commodities and inflation with a 13-year track record of broad commodity index outperformance.



## Auspice Diversified Trust

“Commodity & Crisis Alpha” - Negatively correlated multi-strategy CTA with a higher commodity weighting, has consistently outperformed CTAs in risk-off and inflationary periods over 17 years.



## Auspice One Fund Trust

“Complete Portfolio” - Single solution portfolio combining protective trend following CTA with an income-oriented growth portfolio for a high Sharpe, complete solution with low equity correlation.

**Auspice has delivered high positive skew and low to negative correlations across our product suite.**

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# WHY COMMODITIES?

Commodities may provide a uniquely valuable diversifying component to any long-term investment portfolio.

**INFLATION PROTECTION** | Commodities represent a significant portion of the CPI's volatility, resulting in a positive, and often outsized response to inflation.

**PORTFOLIO DIVERSIFICATION** | Low correlation to equity and fixed income can lead to enhanced risk-adjusted returns.

**POTENTIAL ALPHA GENERATION** | Commodity markets offer unique active trading opportunities for capable investment managers to generate alpha.

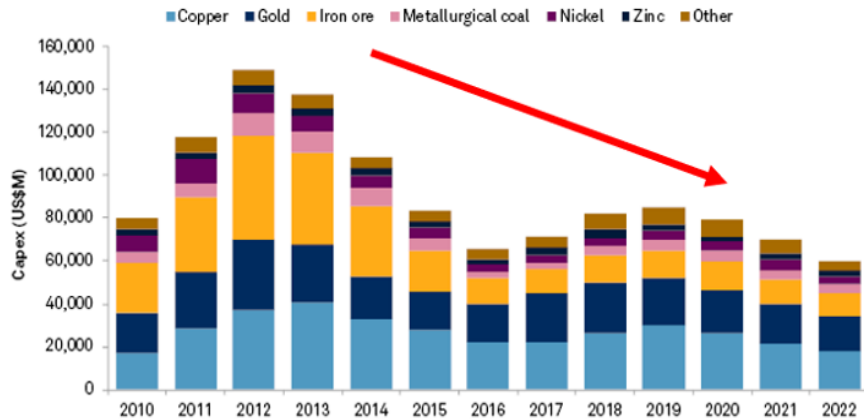
**GREEN TRANSITION** | Commodity demand shock due to post COVID "build back better" infrastructure spending in both developed and emerging markets.

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# AFTER A DECADE OF UNDERINVESTMENT

Following 2000s commodities boom, CapEx on commodity infrastructure has been in significant decline.

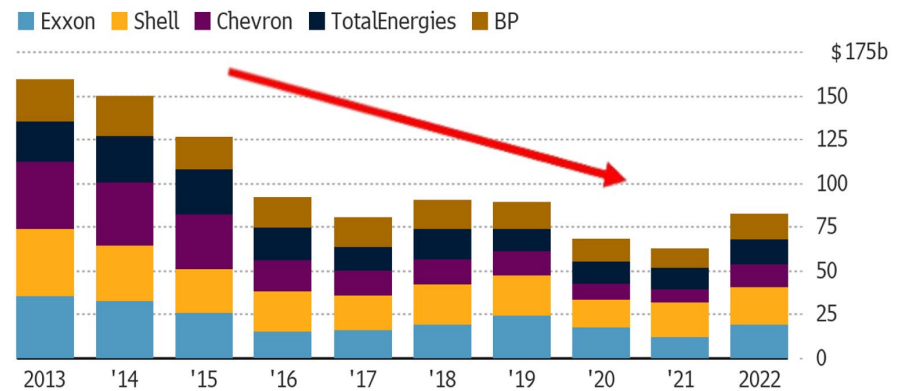
Capex spending to reduce under miners' current plans after hitting 5-year high in 2019



Source: <https://www.spglobal.com/marketintelligence/en/news-insights/research/capital-expenditure-in-the-mining-industry-to-drop-by-us-54b-in-2020>, November 18th 2019

Capital Cutback

Big Oil's spending is half that of 2013, when crude last topped \$100



Source: <https://www.bloomberg.com/news/articles/2022-05-07/big-oil-spends-on-investors-not-output-prolonging-crude-crunch>

Sectors such as mining have a 5-10+ year development and production cycle.

**2021 energy price crisis highlighted energy sector constraints, traditionally believed to be elastic.**

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# TRILLIONS IN NEW INFRASTRUCTURE

The two basic ingredients required for a commodity super cycle are an extended period of underinvestment in supply, and a generational demand shock Today we have both.

“Commodities will remain an essential component of the economy, and investors should note that there is no transition pathway to a climate -neutral world that does not involve commodities <sup>1</sup>”

- Mercer



Prior to Covid and the global unification towards greening the economy, it was estimated that the world was facing a \$15 trillion infrastructure gap by 2040 <sup>2</sup>. That gap has now increased significantly, with calls for over \$10 trillion in US green infrastructure alone <sup>3</sup>.

1. <https://www.mercer.com/content/dam/mercero/attachments/private/gl-2020-responsible-investment-in-commodities-mercero.pdf>

2. <https://www.weforum.org/agenda/2019/04/infrastructure-gap-heres-how-to-solve-it/>

3. [https://www.huffpost.com/entry/infrastructure-bill-biden-administration-progressive-democrats\\_n\\_605e518ec5b6531eed04e2a6](https://www.huffpost.com/entry/infrastructure-bill-biden-administration-progressive-democrats_n_605e518ec5b6531eed04e2a6)

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# COMMODITY FUTURES & ESG

Commodity futures may offer the most practical solution for responsible investors seeking commodity exposure.



**Futures do not affect consumption or production – they affect exposure to risk, and these are fundamentally different.** The ability to invest in an instrument that’s value is affected by nothing other than the underlying price of the commodity itself is undeniably the lowest impact method of attaining valuable commodity risk exposure.

**Futures offer exposure to commodities with zero environmental impact.**

- Auspice Capital

Source: [http://www.auspicecapital.com/alt-](http://www.auspicecapital.com/alt-invest/2021/11/1/commodities-esg-responsible-investing)

[invest/2021/11/1/commodities-esg-responsible-investing](http://www.auspicecapital.com/alt-invest/2021/11/1/commodities-esg-responsible-investing)

Auspice Capital Nov. 2021 Blog: [“Commodity Futures and ESG”](#)

**Also see comprehensive white paper “Commodity Investing in the Age of ESG and Inflation” at [auspicecapital.com](http://auspicecapital.com).**

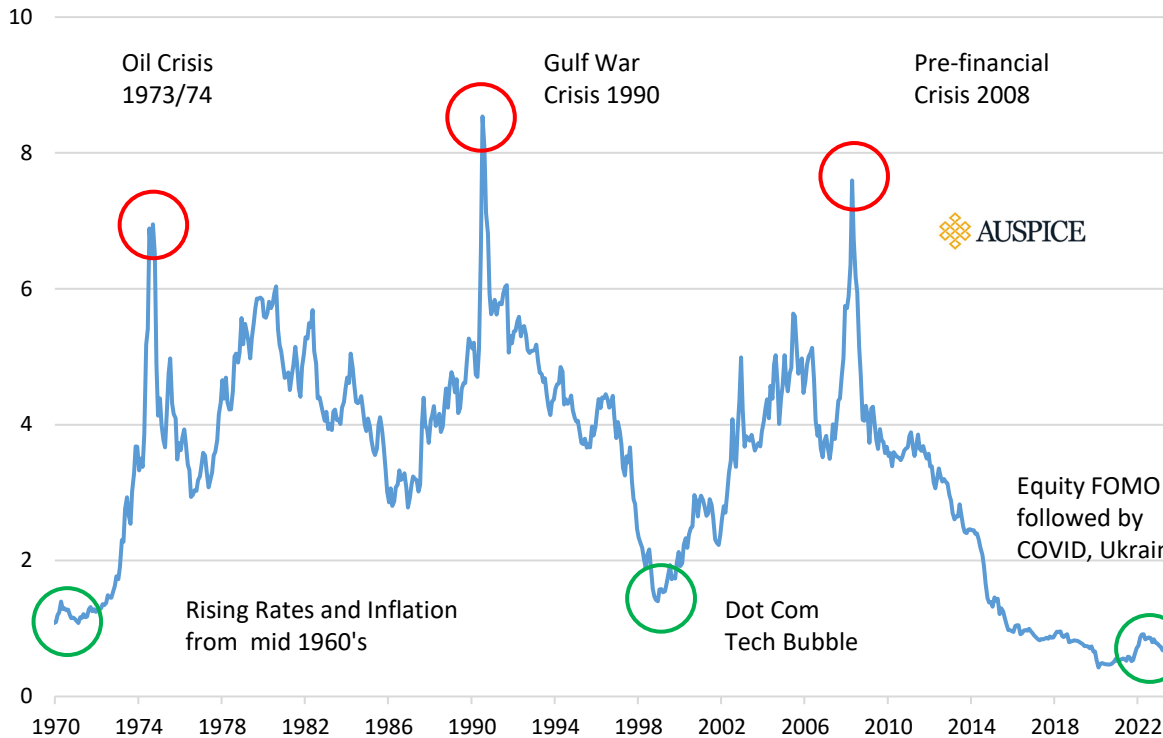
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# LONG TERM COMMODITY TO EQUITY RATIO

Current ratio is low in front of a typical long term cycle.

2020 commodity to equity outperformance suggests long-term reversal.

GSCI TR Index / S&P500 Ratio



Recent GSCI/S&P500 Reversal



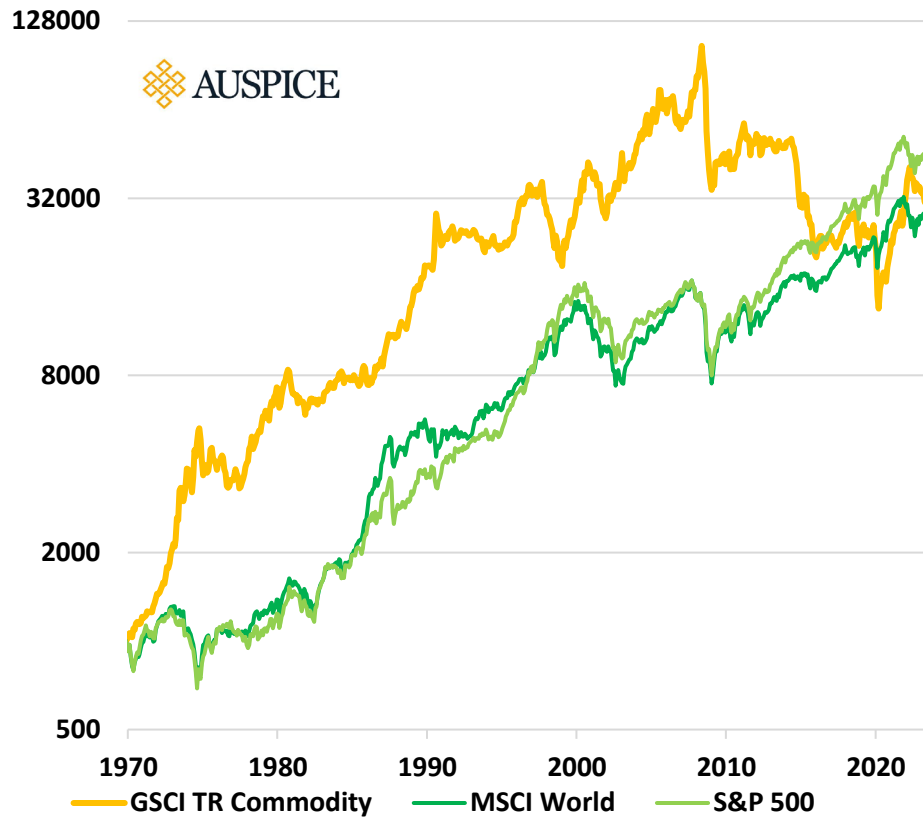
**2022 strength in commodities and weakness in tech appears to have reversed cyclical trend that commenced after the global financial crisis in 2008**

Source: Bloomberg and Auspice Investment Operations, as at August 31<sup>st</sup>, 2023. You cannot invest directly in an index.

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# COMMODITY PERFORMANCE

Due to short-termism and recency bias, most investors frame commodities within the recent experience. **Long term returns are compelling.**



## The Last Commodity Bear Market

| 01/01/2008 – 12/31/2020 | GSCI TR Commodity | MSCI World | S&P 500 |
|-------------------------|-------------------|------------|---------|
| Annualized Return       | -9.7%             | 4.1%       | 7.5%    |
| Standard Deviation      | 24.1%             | 16.8%      | 16.0%   |
| S&P 500 Correlation     | 0.57              | 0.98       | 1.00    |

## The Last Commodity Bull Market

| 01/01/1970– 12/31/2007 | GSCI TR Commodity | MSCI World | S&P 500 |
|------------------------|-------------------|------------|---------|
| Annualized Return      | 12.0%             | 7.6%       | 7.6%    |
| Standard Deviation     | 18.8%             | 14.1%      | 15.1%   |
| S&P 500 Correlation    | -0.05             | 0.87       | 1.00    |

## Full Cycle Performance

| 01/01/1970– 08/31/2023 | GSCI TR Commodity | MSCI World | S&P 500 |
|------------------------|-------------------|------------|---------|
| Annualized Return      | 6.9%              | 6.5%       | 7.5%    |
| Standard Deviation     | 20.4%             | 14.9%      | 15.4%   |
| S&P 500 Correlation    | 0.16              | 0.90       | 1.00    |

Source: Bloomberg and Auspice Investment Operations, as at August 31<sup>st</sup>, 2023. You cannot invest directly in an index.

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# UKRAINE- RESOURCE POWER HOUSE

While much of the focus has been on energy, the biggest dislocation are taking place in agriculturals such as corn and wheat.



*The flag of Ukraine was adopted in 1918 and is interpreted as the blue sky (symbolizing peace) above the wheat fields (symbolizing prosperity).*

**Ukraine is an important agricultural country:**

- 1<sup>st</sup> in Europe in terms of arable land area;
- 3<sup>rd</sup> place in the world by the area of black soil (25% of world's volume);
- 1<sup>st</sup> place in the world in exports of sunflower and sunflower oil;
- 2<sup>nd</sup> place in the world in barley production;
- 3<sup>rd</sup> largest producer and 4<sup>th</sup> largest exporter of corn in the world;
- 4<sup>th</sup> largest producer of potatoes in the world;
- 5<sup>th</sup> largest producer of wheat and rye in the world.

**With a population of just 40 million people Ukraine can meet the food needs of 600 million people.**

**Ukraine is also 1<sup>st</sup> in Europe in proven recoverable reserves of uranium ores and has the 2<sup>nd</sup> largest iron ore reserves in the world.**

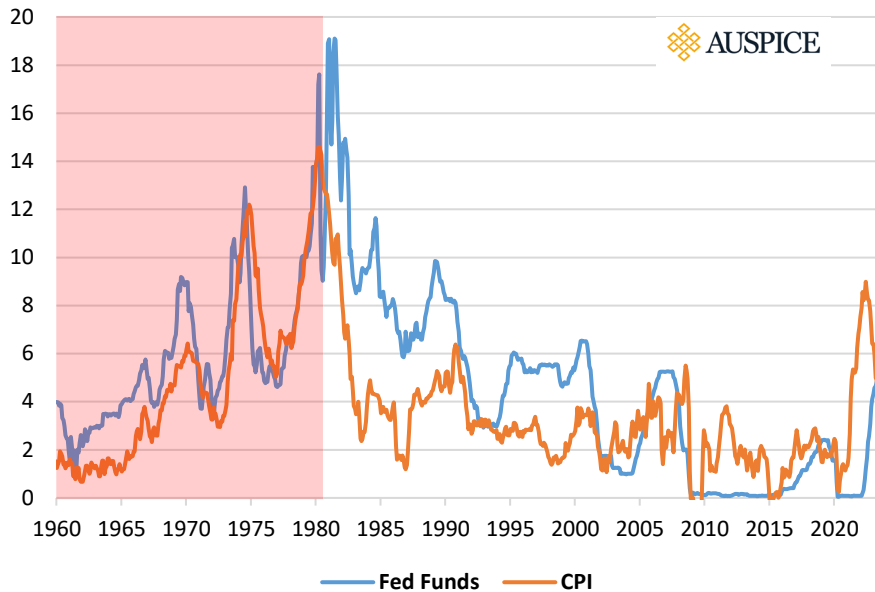
Source: Auspice Investment Operations

**Supply chain disruptions and sanctions may be temporary but accentuate the global structural commodity deficit that takes years to fix.**

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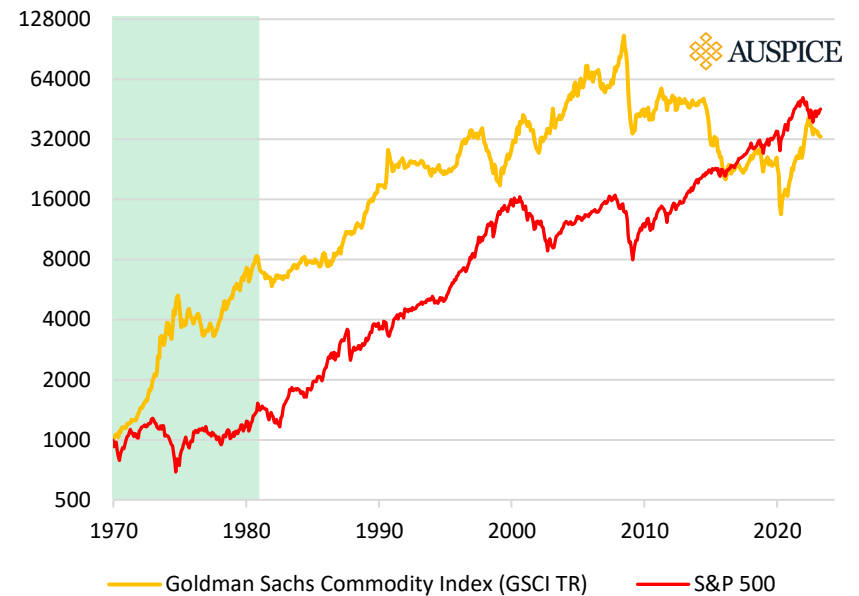
# COMBATTING INFLATION

Raising rates effective for “demand-pull” inflation but less effective for “cost-push” inflation. Took 10+ years of rising rates in 1970s to combat last inflation surge



Source: Federal Reserve Banks of St. Louis and Auspice Investment Operations, as at August 31<sup>st</sup> 2023.

**It took over a decade of Fed Fund rate hikes, culminating at over 20%, before US CPI and inflation finally reversed its two-decade increase.**



Source: Bloomberg and Auspice Investment Operations, as at August 31<sup>st</sup> 2023. You cannot invest directly in an index.

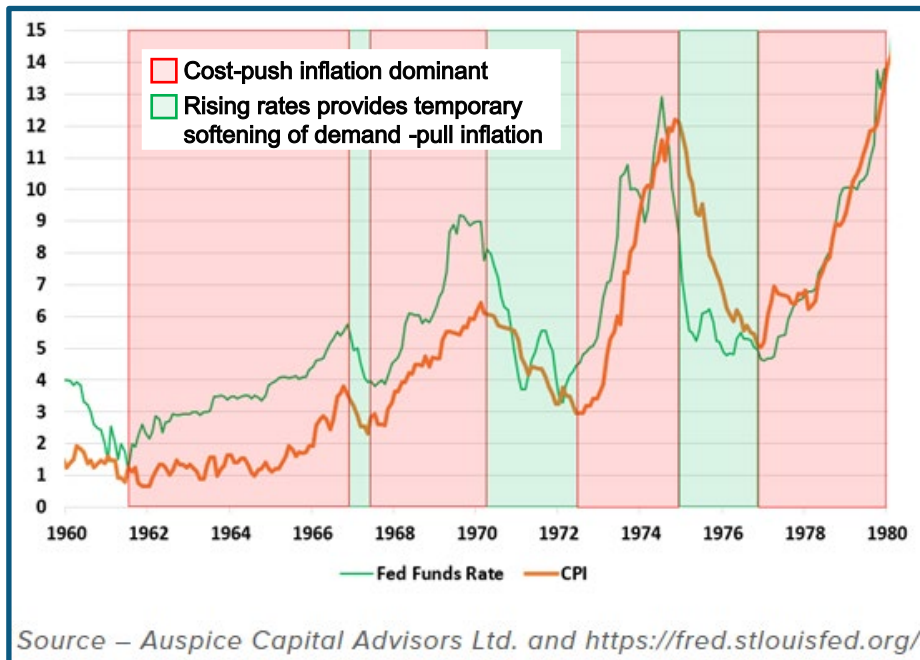
**Over the hyperinflationary 1970s commodities (GSCI TR) increased a cumulative +587% return vs +17% cumulative for stocks (S&P 500).**

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# AGFLATION SOARING DESPITE RISING RATE

**Q2 2023 Update** - While broad based inflation measures have softened, agflation is soaring in several food staple markets.



## April 2023

- ✓ 10-year price highs in Sugar Futures
- ✓ 12-year price highs in Robusta Coffee Futures
- ✓ All-time record highs in Cattle Futures
- ✓ All-time record highs in Orange Juice Futures

While broad based inflation metrics remain elevated (US CPI 5.0%), they have softened substantially since the 40+ year peaks reached in 2022.

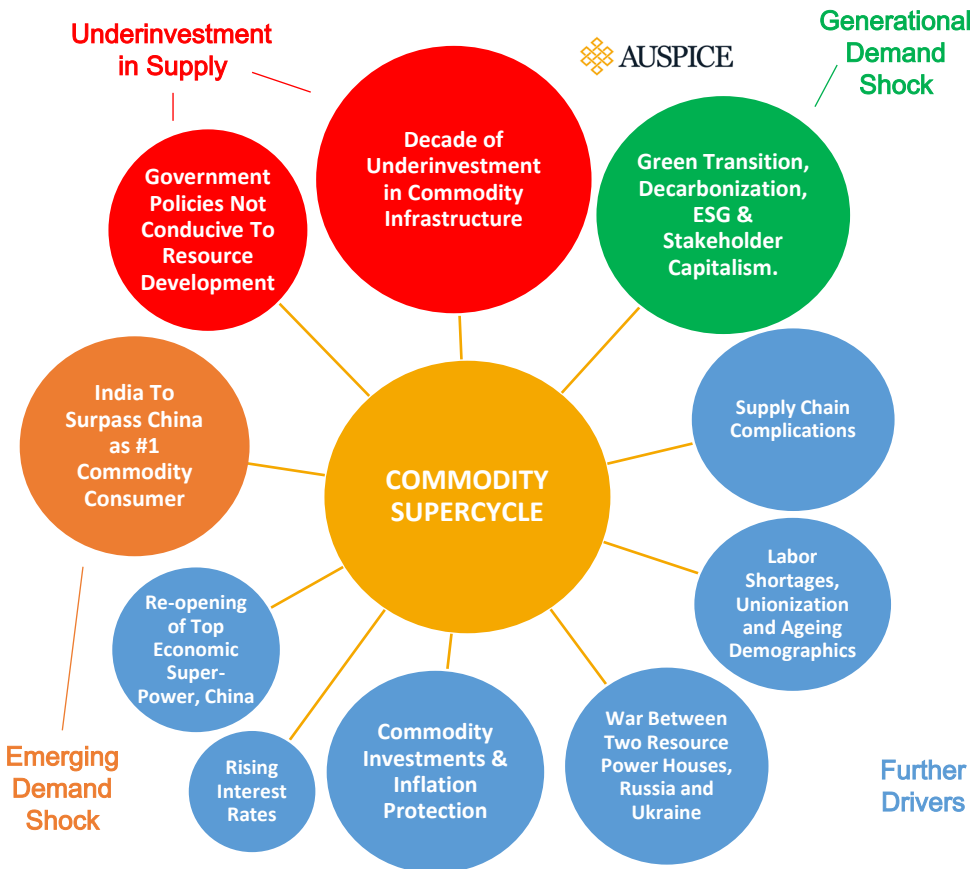
**We have seen this cycle before and believe the inflation risk is to the upside.** We are seeing the effect of global supply constraints and record shortages develop in several food staples.

We believe the world is structurally short most commodities.  
**This does not mean they will all go straight up nor up at the same time.**

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# 2020s COMMODITY CYCLE DRIVERS

Multiple drivers setting up long term commodity supercycle that could potentially rival and outlast previous 40+ year commodity supercycle.



## Raising Interest Rates Can:

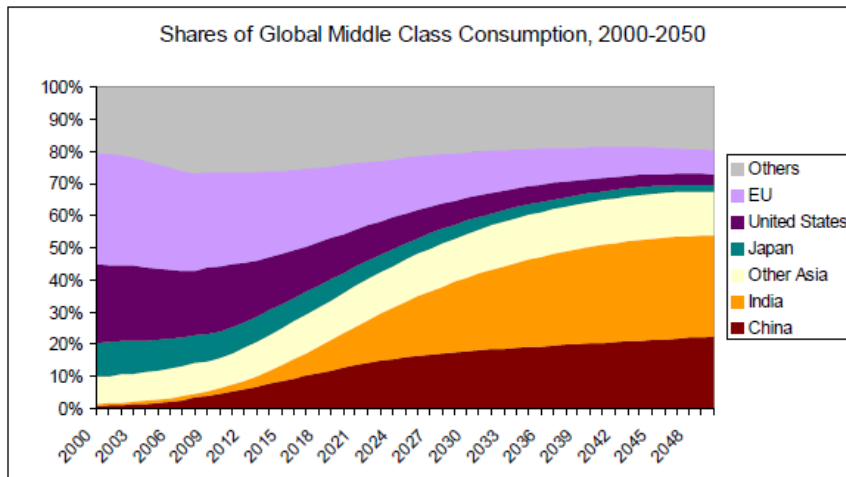
- ✓ Reduce Demand for Manufactured goods
- ✗ Increase Short-Term Commodity Supply
- ✗ Incentivize Long-Term Commodity Infrastructure Investments
- ✗ Reduce Labour Shortages
- ✗ Reverse Ageing Demographics
- ✗ Resolve Supply Chain Issues
- ✗ Resolve Pandemics and Wars

Source: Auspice Investment Operations

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# INDIA – POSSIBLY THE BIGGEST DRIVER

China has the world's largest population (1.426 billion).  
India (1.417 billion) is expected to claim this title in 2023.



Source: "The Emerging Middle Class in Developing Countries"

"The middle classes of all countries have been the key drivers of the global economy in the last century. During the past several decades, world economic growth has occurred, mostly because of increased consumption in the middle classes of the United States, Europe, and other advanced countries."

– Source: "The Middle Class in India: From 1947 to the Present and Beyond"

- India's middle class estimated to be 31% as of 2021, 41% by 2025, and projected to rise to 63% by 2047<sup>1</sup>.
- Amount of commodities consumed by a country is a function of 2 factors: population and income - *but not a straight line*:
- **Rule of thumb** - The demand shock occurs with the middle class when countries spend to industrialize/urbanize. There is disproportionate commodity demand between \$4000 and \$20,000 GDP per capita:
  - China hit \$3959 GDP per capita in 2001, currently \$12556 (2021)
  - India hit \$2277 in 2021, but the middle class is the key: \$6220+
  - India currently has the 3<sup>rd</sup> largest middle-class after China and the US. **Expected to be the largest by 2027**<sup>2</sup>

- India's emerging middle class will drive demand for the copper, iron ore, zinc, aluminum, and energy resources needed to supply the construction of modern infrastructure and cities, and power homes and industry.

1 – "One of every three Indians 'middle class'; to double by 2047"

2 – "Morgan Stanley – 'India' Impeding Economic Book"

India is likely to be the world's fastest-growing economy in 2022.  
Poised to potentially create a similar demand shock to China 2000s boom.

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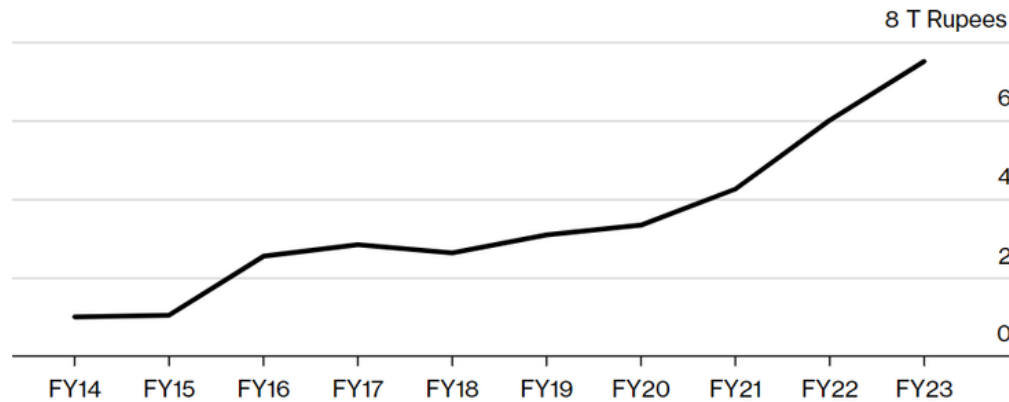
# INDIA – 2023 SURGE IN CAPEX

After a four-year period of flat to moderate CapEx growth, India is set to double its 2023 CapEx from 2020 levels.

## Surge in Capex

Infrastructure spending jumps under Modi

✓ Capital expenditure in trillion rupees



Source: Budget documents, Ministry of Finance

Note: 8 trillion rupees is about \$98 billion

Source: <https://www.bloomberg.com/news/features/2023-01-23/india-s-1-4-billion-population-could-become-world-economy-s-new-growth-engine>

The government of India is set to spend nearly 20% of its budget fiscal year 2023 on capital investments, the most in at least a decade (1). From energies to metals to soft commodities, India is poised to consume a growing rate of an undersupplied commodity sector.

Wood Mackenzie forecasts India's refined copper consumption alone in 2022 to be around 620kt and with expectation that is expected to grow at annual rate of 12% during 2022-27(2).

1. <https://www.bloomberg.com/news/features/2023-01-23/india-s-1-4-billion-population-could-become-world-economy-s-new-growth-engine>
2. [https://orocoresourcecorp.com/\\_resources/blog/Copper-Market-Analysis-RFC-Ambrian-May-2022.pdf](https://orocoresourcecorp.com/_resources/blog/Copper-Market-Analysis-RFC-Ambrian-May-2022.pdf)

## CapEx surge to support middle -class consumption growth just beginning...

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# INDIA – 2023 AGRICULTURAL SHORTAGES

Alongside increased energy and industrial demand, exports of agricultural markets are being banned, driving global prices.

**India may extend wheat export ban to preserve local supplies - govt sources.**

-Reuters, February 28<sup>th</sup>, 2023

<https://www.reuters.com/world/india/india-may-extend-wheat-export-ban-preserve-local-supplies-govt-sources-2023-02-08/>

**India imposes major rice export ban, triggering inflation fears.**

-Reuters, July 20<sup>th</sup>, 2023

<https://www.reuters.com/markets/commodities/india-prohibits-export-non-basmati-white-rice-notice-2023-07-20/>

**India set to ban sugar exports for first time in 7 years.**

-Reuters, August 23<sup>rd</sup>, 2023

<https://www.reuters.com/markets/commodities/india-set-ban-sugar-exports-first-time-7-years-2023-08-23/>



Source: <https://fred.stlouisfed.org/series/PSUGAUSAUSDM>

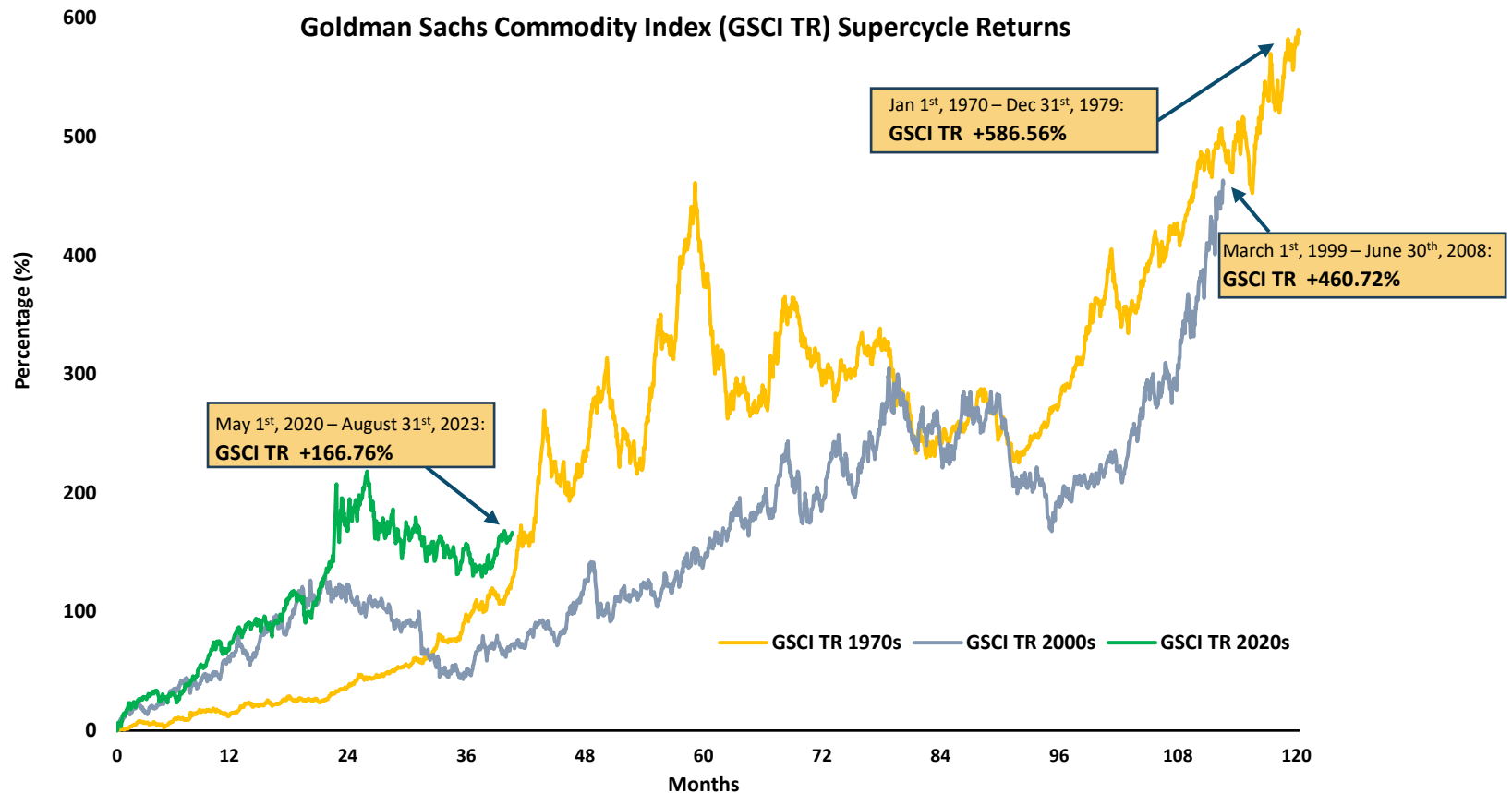
India is moving from a top exporter of many key agricultural markets to a top consumer of agriculturals as the population grows.

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# RECENT COMMODITY SUPERCYCLES

Commodity performance since the 2020 lows is strong but remains a fraction of previous commodity supercycles.



Source: Bloomberg and Auspice Investment Operations, as at August 31<sup>st</sup>, 2023. You cannot invest directly in an index.

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# INSTITUTIONAL ADOPTION

## Commodities and CTAs

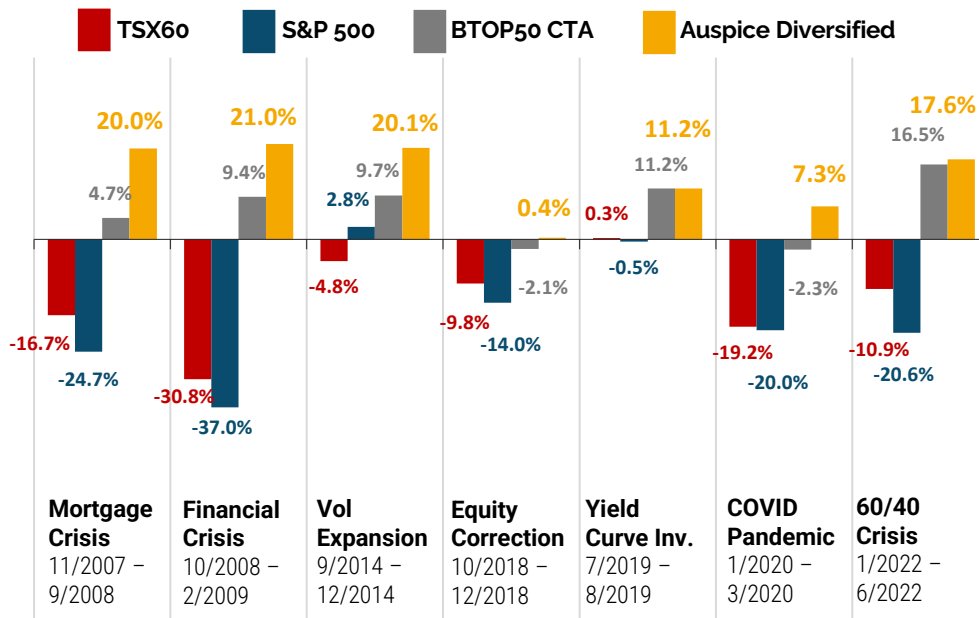


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# CRISIS ALPHA

The BTOP50 CTA Benchmark Index has a 35 year history of crisis alpha. Auspice Diversified Trust has a 16 year track of crisis alpha outperformance.

## Auspice Diversified Crisis Alpha Since Inception.



## BTOP50 CTA Performance During Worst 15 S&P500 Quarters.

| Quarter        | Event                                     | S&P 500        | BTOP 50 CTA  | Difference    |
|----------------|---|----------------|--------------|---------------|
| 4Q 1987        | Black Monday - Global Stock Market Crash  | -23.23%        | 16.88%       | 40.11%        |
| 4Q 2008        | Global Financial Crisis Led By Financials | -22.56%        | 9.14%        | 31.70%        |
| 1Q 2020        | COVID-10 Breakout                         | -20.00%        | -2.24%       | 17.76%        |
| 3Q 2002        | WorldCom Scandal                          | -17.63%        | 9.41%        | 27.04%        |
| 2Q 2022        | Russia/Ukraine War, Inflation Surge       | -16.45%        | 6.66%        | 23.11%        |
| 3Q 2001        | 9/11 Terrorist Attacks                    | -14.99%        | 4.12%        | 19.11%        |
| 3Q 1990        | Iraq Invades Kuwait                       | -14.52%        | 11.22%       | 25.74%        |
| 3Q 2011        | European Sovereign Debt Crisis            | -14.33%        | 1.63%        | 15.96%        |
| 4Q 2018        | Global Growth Slowdown                    | -13.97%        | -2.05%       | 11.92%        |
| 2Q 2002        | Aftermath of Tech Bubble                  | -13.67%        | 8.52%        | 22.19%        |
| 1Q 2001        | Bear Market in Equities Led By Tech       | -12.11%        | 5.97%        | 18.08%        |
| 2Q 2010        | Sovereign Debt Crisis                     | -11.86%        | -1.94%       | 9.92%         |
| 1Q 2009        | Global Financial Crisis Led By Financials | -11.67%        | -1.75%       | 9.92%         |
| 3Q 1998        | Russia Debt Default & LTCM Crisis         | -10.30%        | 10.57%       | 20.87%        |
| 1Q 2008        | Credit Crisis, Commodity Prices Rally     | -9.92%         | 6.43%        | 16.35%        |
| <b>Average</b> |   | <b>-15.15%</b> | <b>5.50%</b> | <b>20.65%</b> |

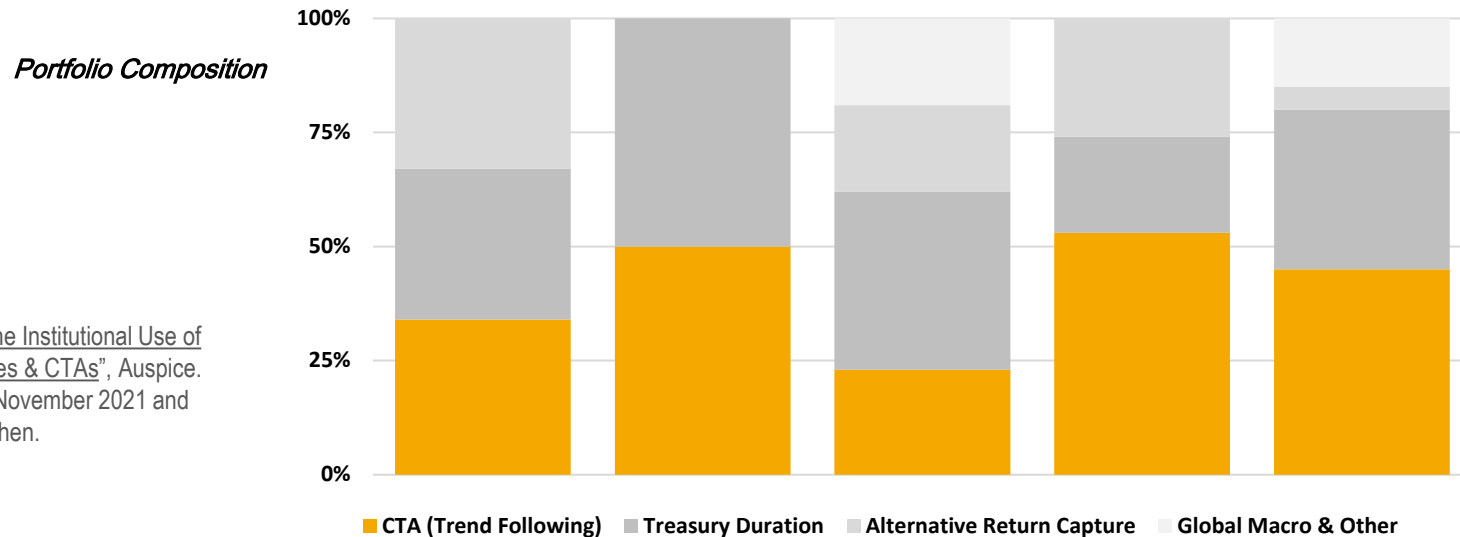
The returns for Auspice Diversified Trust ("ADT") are "net" (including management and performance fees, interest and expenses). Returns represent the performance for Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% mgmt, 15% performance) which started in July 2014. You cannot invest directly in an index. Source: Bloomberg and Auspice Investment Operations as at August 31st, 2023.

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# RISK MITIGATION & CRISIS RISK OFFSET

Despite challenging environment, diversification benefits have led to increasingly large portfolio allocations by institutional investors.

| Institutional Investor:      | SJCERA                    | ERSRI                          | HIERS                          | IL SURS                   | CalSTRS                           |
|------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|-----------------------------------|
| <b>Total Plan AUM (USD):</b> | <b>3.2bn</b>              | <b>10.5bn</b>                  | <b>18bn</b>                    | <b>24bn</b>               | <b>312.2bn</b>                    |
| <b>Launch:</b>               | <b>Jan-16</b>             | <b>May-17</b>                  | <b>Apr-17</b>                  | <b>Dec-19</b>             | <b>Jan-16</b>                     |
| <b>Portfolio Name:</b>       | <b>Crisis Risk Offset</b> | <b>Crisis Protection Class</b> | <b>Diversifying strategies</b> | <b>Crisis Risk Offset</b> | <b>Risk Mitigating Strategies</b> |
| <b>% of Total Portfolio:</b> | <b>15%</b>                | <b>10%</b>                     | <b>25%</b>                     | <b>19%</b>                | <b>10%</b>                        |



Source: "The Institutional Use of Commodities & CTAs", Auspice. Published November 2021 and data as of then.

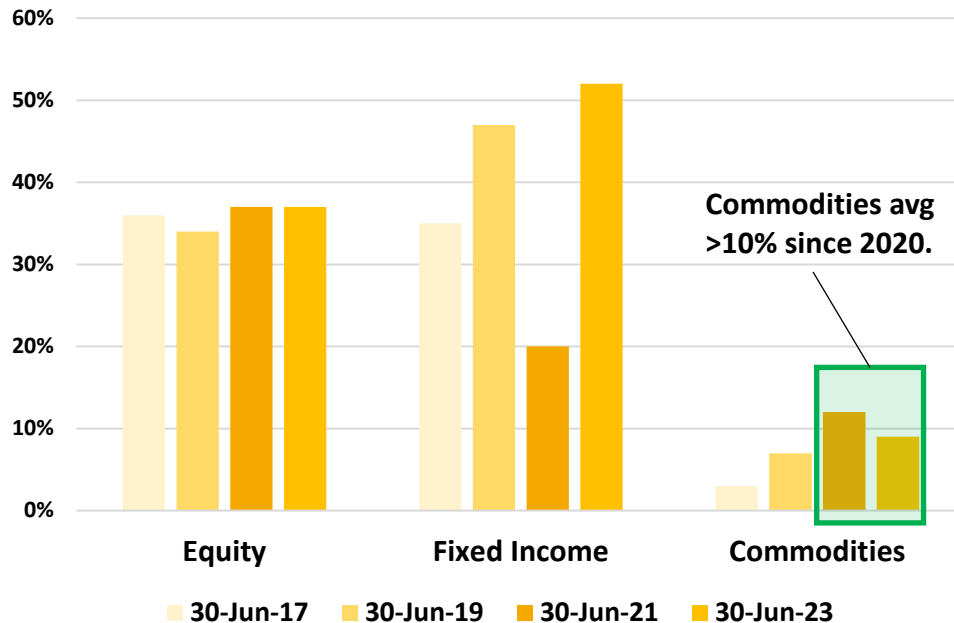
**\*CTA (Trend Following) tends to be the largest allocation in these portfolios.**

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# CASE STUDY: ONTARIO TEACHERS

Ontario Teachers' Pension Plan (OTPP) has long been a top performer and first mover. **Commodities now represent 9% (\$20.9bn) of \$247bn portfolio.**

Ontario Teachers' Pension Plan Evolving Portfolio



*“What we know historically is that inflation is not really kind to traditional asset classes ... stocks or bonds. Commodity prices, on the other hand, tend to rise when inflation is on an upward trajectory and provide a hedge against it”*

– OTPP CIO Ziad Hindo

Source: <https://financialpost.com/fp-finance/ontario-teachers-pension-plan-looks-at-commodities-for-hedge-against-inflation>

Source: <https://www.otpp.com/corporate/ontario-teachers-reporting/reports-archive> and <https://www.otpp.com/en-ca/about-us/news-and-insights/2023/ontario-teachers-delivers-positive-return-in-first-half-of-2023/>

**Total Inflation Sensitive and Absolute Return Investments represent 26% of entire portfolio as of June 2023.**

There is a substantial risk of loss in trading futures and options. Past performance is not necessarily indicative of future results.

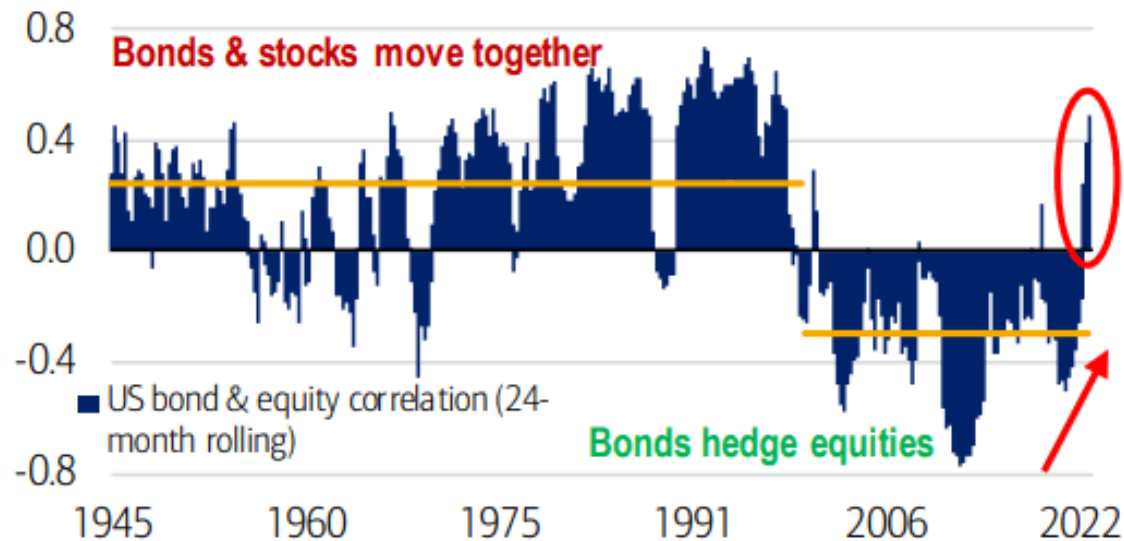


# STOCKBOND DIVERSIFICATION

Historically higher inflation generated headwinds for both stocks and bonds and led to higher return correlation, diminishing diversification benefits.

## Exhibit 3: Bonds don't hedge equities in an inflationary world

Rolling 24 month correlation between stocks and bonds



Source: BofA Research Investment Committee, Global Financial Data

BofA GLOBAL RESEARCH

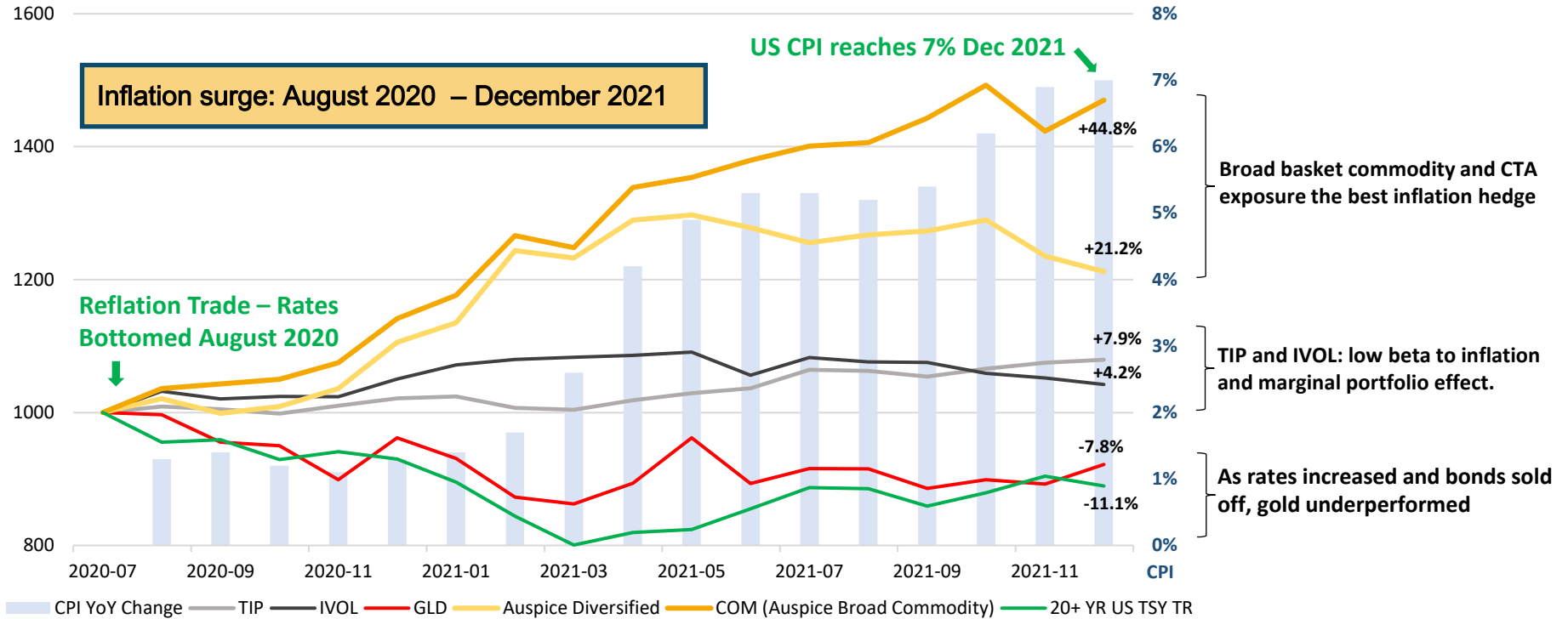
Source: <https://www.investing.com/analysis/watching-stock-and-bond-correlations-in-2023-200633801>

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# GOLD & INFLATION

Gold is a great diversifier but an unreliable inflation hedge.

The post COVID reflation trade has seen most commodities bid except gold



\*2007 monthly returns begin June 1, 2007. \*\* Returns represent the performance for Auspice Managed Futures LP Series 1 (2% management, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% management, 15% performance) which started in July 2014. Returns are net of fees. Past results are not necessarily indicative of future results. You cannot invest directly in an index. All data sourced from Bloomberg and Auspice Investment Operations. Performance and all data as at December 31<sup>st</sup>, 2021.

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# AUSPICE DIVERSIFIED TRUST (ADT)

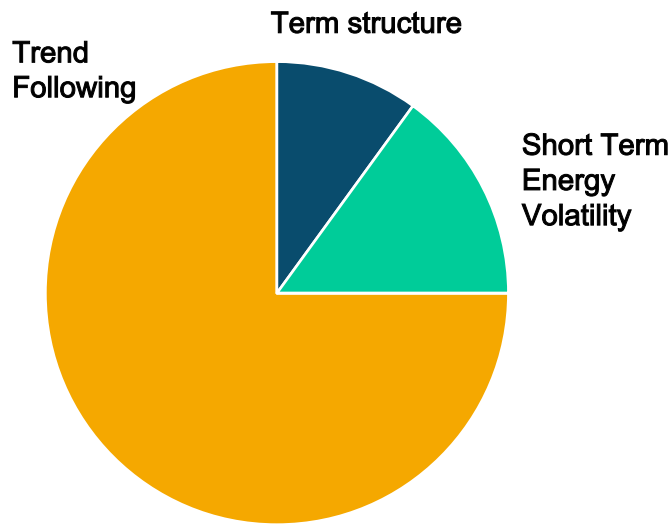


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# ADT INVESTMENT STRATEGY

Commodity tilted systematic multistrategy that seeks to deliver non-correlated returns particularly during equity corrections and inflationary periods.

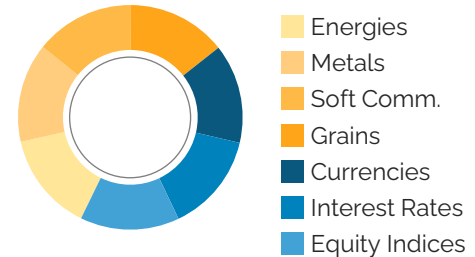
## STRATEGY BREAKDOWN



Pure focus on divergent, uncorrelated and negatively correlated strategies that seeks to deliver **reliable crisis alpha** and portfolio diversification.

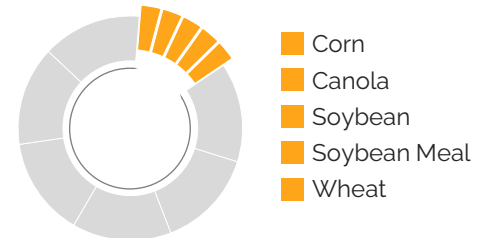
## TARGET SECTOR ALLOCATION

Risk is allocated across sectors, opportunistically dynamic.



## TARGET MARKET ALLOCATION

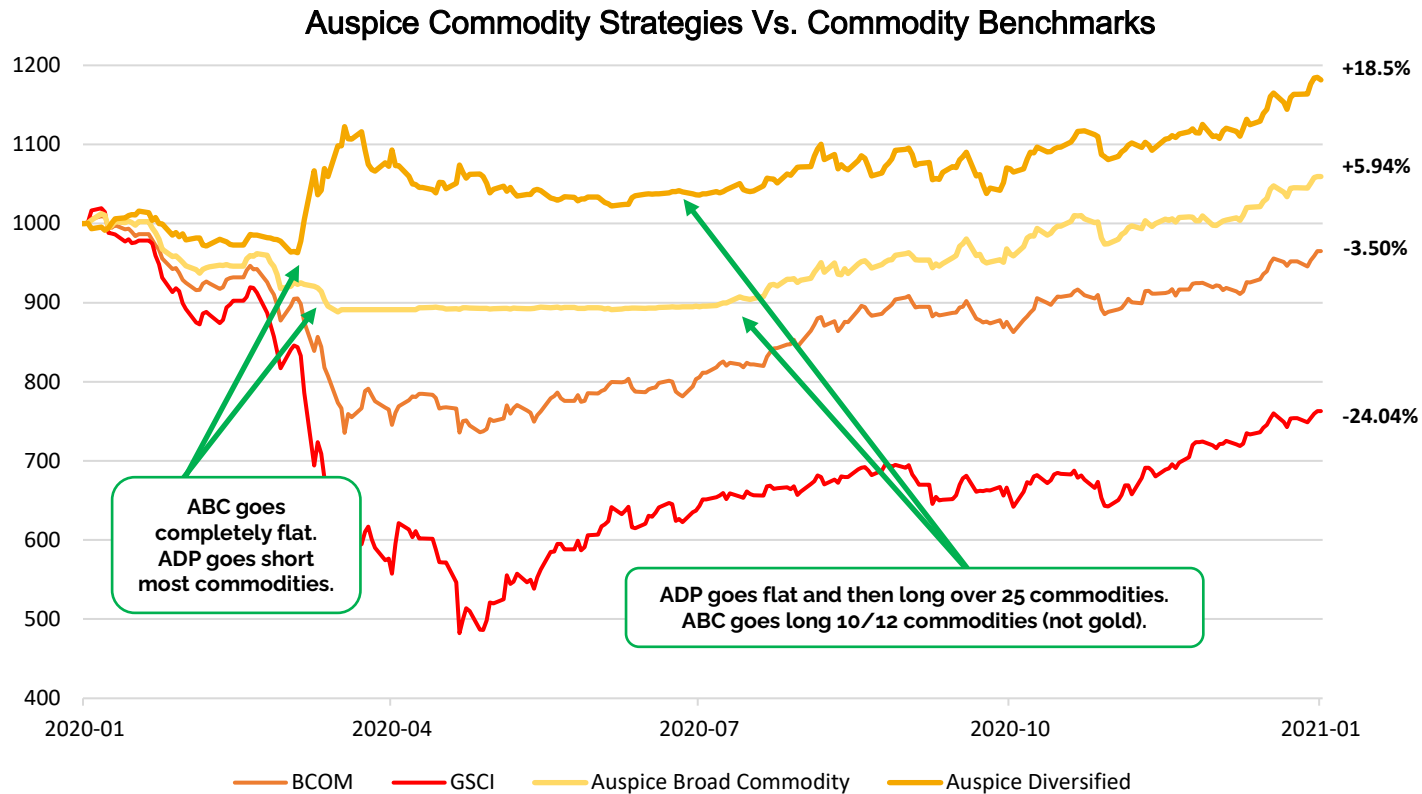
Individual markets within a sector receive equal risk allocation.



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# 2020 CASE STUDY

In a challenging year for commodities, ABC cut off downside risk and turned positive while leading indexes were in significant drawdowns.



\*The returns for Auspice Diversified Program ("ADP") are "net" (including management and performance fees, interest and expenses). Returns represent the actual performance for Auspice Diversified Trust Class X (1% mgmt, 15% performance). Source: Bloomberg and Auspice Investment Operations, as at August 31<sup>st</sup>, 2023. You cannot invest directly in an index.

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# HIGH COMMODITY EXPOSURE

Leverages investment team's robust commodity experience and more diverse opportunity set inherent in commodities.

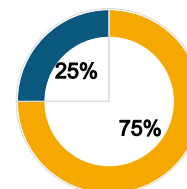
## Key Advantages

- ✓ Lower correlations to traditional asset classes and CTA peer group resulting in a complementary return stream to most portfolios (and other CTAs)
- ✓ Ability to capture additional (and timely) sources of return, especially during periods that are unfavorable to larger, 'financially-tilted' managed futures strategies.
- ✓ Institutional experience in commodities allows for significant capacity from current AUM level while maintaining current return/risk profile.

### ADT maintains a low/negative correlation to commodity benchmarks

|                 | S&P GSCI ER Index | Bloomberg Commodity ER Index | Deutsche Bank LCIOY ER Index |
|-----------------|-------------------|------------------------------|------------------------------|
| ADT Correlation | <b>-0.02</b>      | <b>0.09</b>                  | <b>0.07</b>                  |

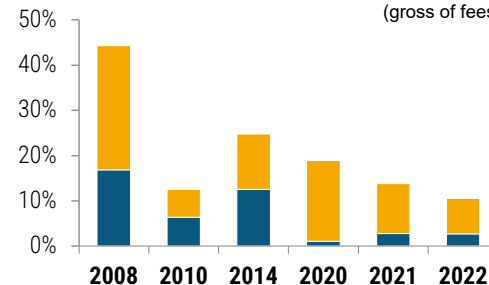
Average Sector Risk Exposure  
(since inception, as measured by VaR)



■ Financials ■ Commodities

### Sector Performance Attribution

(gross of fees)

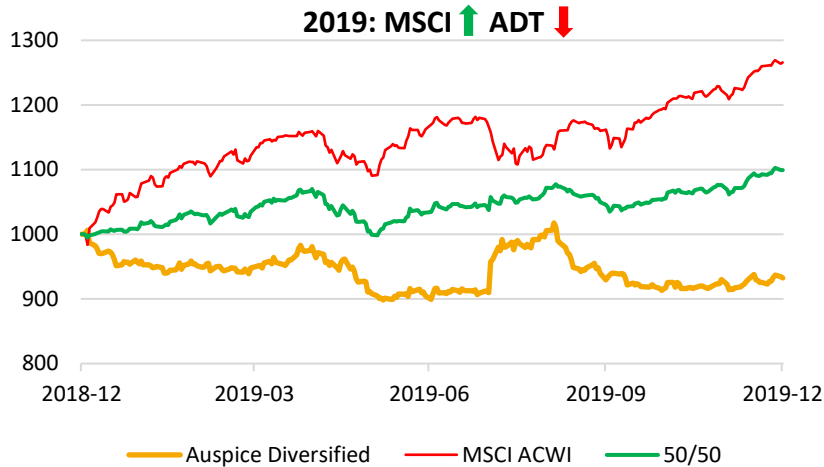


Returns represent the performance for Auspice Managed Futures LP Series 1 (2% management, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% management, 15% performance) which started in July 2014. Returns are net of fees. Past results are not necessarily indicative of future results. You cannot invest directly in an index. All data sourced from Bloomberg and Auspice Investment Operations. Performance and all data as December 31<sup>st</sup>, 2022

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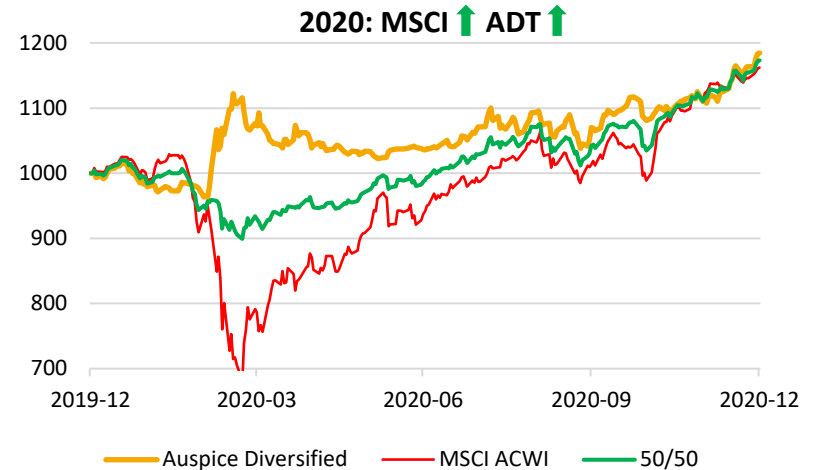
# 2019 & 2020 CASE STUDIES

From low to higher volatility, inflation, and interest rate environment.



| Portfolio 2019      | Ann. Return | Volatility | Sharpe | Max Drawdown |
|---------------------|-------------|------------|--------|--------------|
| MSCI ACWI           | 26.70%      | 9.97%      | 2.67   | -6.24%       |
| Auspice Diversified | -6.78%      | 10.84%     | -0.62  | -10.74%      |
| 50/50 ACWI/ADT      | 9.96%       | 6.72%      | 1.48   | -6.73%       |

2019 marked the end of the low volatility, inflation and interest rate regime, a challenging period for Auspice. Challenging periods for ADT often are during periods when most traditional investments do well, such as 2019.



| Portfolio 2020      | Ann. Return | Volatility | Sharpe | Max Drawdown |
|---------------------|-------------|------------|--------|--------------|
| MSCI ACWI           | 16.27%      | 27.65%     | 0.59   | -33.74%      |
| Auspice Diversified | 18.46%      | 14.08%     | 1.31   | -8.92%       |
| 50/50 ACWI/ADT      | 19.48%      | 11.74%     | 1.66   | -11.91%      |

While having similar returns in 2020, performance came at different times. ADT provided timely risk reduction and portfolio benefits, particularly in Q1. In 2020 ADT had a -0.43 daily correlation to MSCI ACWI Net.

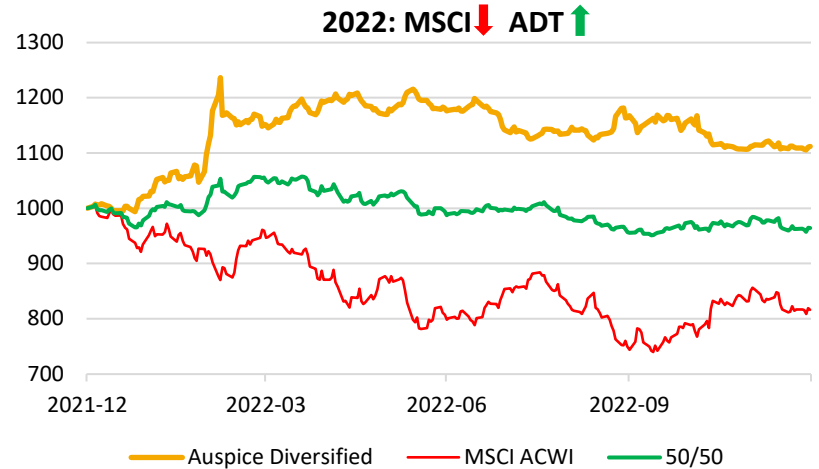
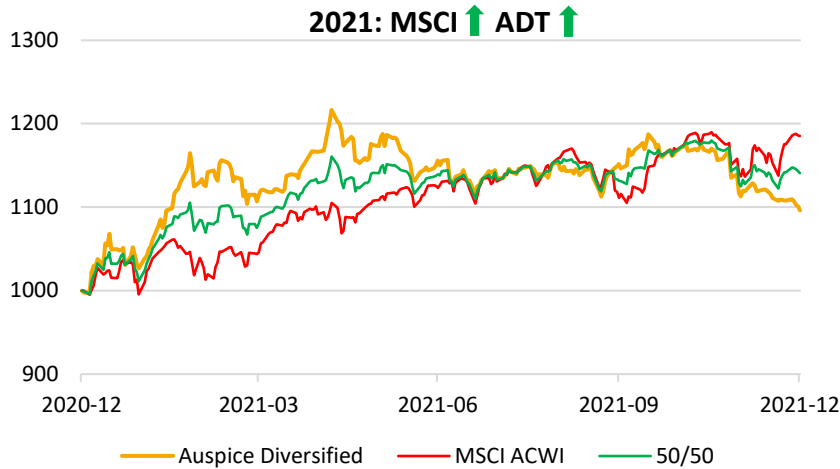
Returns represent the performance for Auspice Managed Futures LP Series 1 (2% management, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% management, 15% performance) which started in July 2014. Returns are net of fees. The 50/50 portfolio is a hypothetical examples, for illustrative purposes only. Past results are not necessarily indicative of future results. You cannot invest directly in an index. All data sourced from Bloomberg and Auspice Investment Operations. Performance and all data as at December 31<sup>st</sup>, 2020

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# 2021 & 2022 CASE STUDIES

## Negative equity correlation and positive returns accretive diversification.



| Portfolio 2021      | Ann. Return | Volatility | Sharpe | Max Drawdown |
|---------------------|-------------|------------|--------|--------------|
| MSCI ACWI           | 18.54%      | 10.91%     | 1.70   | -5.58%       |
| Auspice Diversified | 9.61%       | 11.93%     | 0.81   | -9.90%       |
| 50/50 ACWI/ADT      | 14.13%      | 9.70%      | 1.45   | -4.87%       |

| Portfolio 2022      | Ann. Return | Volatility | Sharpe | Max Drawdown |
|---------------------|-------------|------------|--------|--------------|
| MSCI ACWI           | -18.42%     | 19.71%     | -0.93  | -26.36%      |
| Auspice Diversified | 11.23%      | 12.78%     | 0.88   | -10.60%      |
| 50/50 ACWI/ADT      | -3.60%      | 8.65%      | -0.42  | -10.04%      |

**2021 was an example of a less typical year in which Auspice Diversified had a positive correlation to equities at 0.43. Important to remember however that correlation does not equal causation! Grains and energies were the top sources of ADT attribution.**

**In 2022, notably the first half, Auspice Diversified again delivered uncorrelated performance at a critical time. In 2022 ADT had a -0.40 daily correlation to MSCI ACWI Net and provided strong offset to equity and bonds investments.**

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# Q&A



CG Wealth Management is a division of Canaccord Genuity Corp., Member-Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada.

## Contact Us

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Canaccord Genuity

**STENNER**  
*Wealth Partners +*

# AUSPICE PRODUCT SUMMARY

Investment solutions formore robust portfolios.



**Auspice Diversified Trust**  
*"Best Diversifier"*



**Auspice One Fund Trust**  
*"Equity Replacement"*



**Auspice Broad Commodity**  
*"Opportunistic Commodities"*

Strategies are available in several institutional and retail structures including LPs, SMAs, swaps, ETFs, and mutual funds.

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# FOUNDER BIOGRAPHIES



## **Tim Pickering – President & Chief Investment Officer**

Tim Pickering is Founder, President and CIO of Auspice. Tim leads strategic decision making and the vision for Auspice's diverse suite rulesbased quantitative investment strategies. Tim believes that in the future, non correlated alternative investments will be a core holding in all portfolios, regardless of investor size or sophistication. Alternatives will no longer be viewed as risky, but as conservative and prudent, given the measurable value to investment portfolios. He is passionate about creating innovative investment strategies and products that the market needs with distribution through reputable partners at a fair price. In 2015, Tim was selected by Alberta Venture Magazine, one of Alberta's most widely respected business publications, as one of Alberta's 50 most influential people. In 2017, Tim was named to the University of Calgary Accounting and Finance Advisory Council and in 2019 became Chair of the Finance Advisory Council at the Haskayne School of Business.

Prior to forming Auspice, Tim was VP of Trading at Shell (North America). He began his career at TD Securities (Toronto) in their elite trading development program ultimately holding the Senior PM position for the Energy Derivatives portfolio. Outside of Auspice, Tim has been involved in grain farming in Western Canada. Through the founding of Auspice, Tim ties together a career in commodity and financial risk and portfolio management that has spanned institutional experience along with entrepreneurial vision.



## **Ken Corner – Director of Research & Operations, PM**

Ken is a Co-founder of Auspice, and he leads the Research and Operations groups at Auspice. His educational background is in Mechanical Engineering and he is passionate about applying a scientific approach to the emotionally driven world of trading. Prior to founding Auspice with Tim, Ken worked as design engineer for the ATCO group of companies and from there moved into financial modeling and commodity trading. Following his time with ATCO, Ken traded natural gas derivatives for Shell, and then went on to become the Vice President of Options Trading for TD Securities in Calgary.

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# HISTORY

|             |  |
|-------------|--|
| <b>1995</b> | Tim Pickering starts at TD Securities' trading development program. Development of adaptive trading and risk management processes. Promoted to Director of Energy Trading.   |
| <b>1999</b> | Tim is recruited to Shell Trading and is subsequently promoted to VP of Trading, running one of the largest energy books in North America. Ken Comer joins Tim at Shell in 2000. Ranked in Top 3 for US and Canada in 2004 by Energy Risk Magazine.                                  |
| <b>2005</b> | Tim leaves Shell Trading to launch Auspice. Business model incorporates commodity risk and trading experience to include not only alpha CTA programs but also the development of beta products (ex ETFs) and index development.  |
| <b>2006</b> | Started trading Auspice Diversified Program (ADP) with HNW investors looking for a diversified commodity and financial future program. Ken joins Tim at Auspice.   |
| <b>2007</b> | Auspice creates the NGX Canadian Natural Gas Index for the NGX/TMX Group. Partnered with Claymore Investments in the launch of a physical Alberta natural gas ETF.   |
| <b>2008</b> | Auspice launches GAS ETF on TMX (Toronto Stock Exchange). Auspice Diversified was a top performing alternative investment in Canada at 44.3% net return with average margin to equity ratio of 7%.   |
| <b>2009</b> | Auspice Diversified receives two funds of funds allocations. ETF assets grow to over \$200 mm.   |
| <b>2010</b> | Auspice partners with Claymore/Guggenheim on Canada's first Broad Commodity ETF. Launched 3 new indices published by NYSE and NGX. Developed one of the first steel hedges for a Canadian steel consumer. ADP asset growth from HNW, Family Offices and Managed Accounts.            |
| <b>2011</b> | Auspice is selected as one of Alberta's 50 fastest growing companies for 2010 by Alberta Venture Magazine and KPMG. ADP included in Scotia Capital Canadian Hedge Fund Index. Auspice wins Silver medal at Morningstar Canadian Investment Awards for Best Opportunistic Hedge Fund. |

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# HISTORY (continued)

|             |  |
|-------------|--|
| <b>2012</b> | Auspice licenses its Managed Futures and Broad Commodity ER index strategies to Direxion Funds for US 40 Act mutual funds and Horizons/Mirae. Launched Horizons Auspice Managed Futures Index ETF as Claymore funds are acquired by Blackrock iShares.   |
| <b>2014</b> | Auspice Managed Futures wins best investable CTA Index by CTA Intelligence. Tim Pickering leads provincial oil hedging strategy proposal. Auspice Short Term added to Auspice Diversified.   |
| <b>2015</b> | Auspice partners with Alberta Teachers' Retirement Fund (ATRF). Auspice launches "CCX", the only ETF tied to Canadian WCS&C Oil globally.  |
| <b>2016</b> | Auspice Managed Futures wins best investable CTA Index by CTA Intelligence. Auspice launch "GAS", the only ETF tied to Canadian Natural Gas globally.  |
| <b>2017</b> | Direxion launches the Direxion Auspice Broad Commodity Strategy ETF ("COM") on NYSE. Auspice Managed Futures wins best investable CTA Index by CTA Intelligence.   |
| <b>2018</b> | Auspice partners with the University of Alberta. The Direxion Auspice Broad Commodity ETF ("COM") which tracks the Auspice Broad Commodity ER Index reaches 5star status by Morningstar.   |
| <b>2020</b> | Auspice announces strategic partnership with Walter Global Asset Management. Auspice launches the Auspice One Fund in Canada. Auspice Diversified receives multiple accolades for outperformance during Q1 2020 COVID selloff.   |
| <b>2021</b> | Auspice firm AUM surpasses \$400mm for the first time. Auspice Broad Commodity and Auspice Diversified both nominated for HFM US Performance Awards, Auspice Diversified wins Managed Futures (CTA) Under \$1bn.   |
| <b>2022</b> | Auspice firm AUM surpasses \$700mm. Auspice Diversified US fund launches on RCM platform. Auspice partners with CI Financial to launch the CI Auspice Broad Commodity "CCOM" ETF, \$100mm raised in 3 months. Auspice research and white paper "Commodity Investing in the Age of ESG and Inflation" recognized for leadership in space and republished by CAIA, AIMA, JPM GCARD, and S&P. |
| <b>2023</b> | Auspice Diversified Trust and Auspice One Fund Trust receive exemptions from Canadian regulators and become the only CTA fund in Canada to be offered to non-accredited investors as public funds with daily liquidity. Auspice wins Quebec pension mandate for \$50mm to be invested in the flagship Auspice Diversified on Innocap May 12, 2023.   |

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# CONTACT INFORMATION

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**Ashley Peters**  
Chief Compliance Officer

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Specialist

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# DISCLOSURES, DEFINITIONS, AND NOTES

## Important Information about Benchmarks:

The benchmarks shown are for illustrative and information purposes only. Reference to the benchmarks does not imply that Auspice One Fund Trust or Auspice Diversified Trust will achieve similar performance to the benchmarks.

**Auspice One Fund Trust** - There is no benchmark with a high degree of similarity to the Auspice One Fund.

- The BTOP50 Index seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. For 2023 there are 21 CTA funds in the Barclay BTOP50 Index. The index does not encompass the whole universe of CTAs. The CTAs that comprise the index have submitted their information voluntarily and the performance has not been verified by the index publisher. Total return data is used, which is the same basis as the fund's return. Roughly 50% of the risk within Auspice One Fund is in strategies similar to those in the BTOP50, accordingly there is a moderate degree of similarity.
- The MSCI ACWI Index is a widely followed Index globally diversified equity index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. Price Return data is used (not including dividends), which is not the same basis as the fund's return, which includes distributions. Globally Diversified equity risk is often one of the largest sources of risk within Auspice One Fund, however there is a low degree of similarity to the MSCI ACWI Index. The MSCI ACWI Index does not include any fees or expenses.
- The XBAL.TO ETF seeks to provide long-term capital growth and income by investing primarily in one or more exchange-traded funds managed by BlackRock Canada or an affiliate that provide exposure to equity and/or fixed income securities. Total return data is used, which is the same basis as the fund's return. As a "balanced fund" ETF, XBAL.TO has similarities, particularly a combination of equity and fixed income investments, however there is a low degree of similarity.

## **Auspice Diversified Trust**

- The BTOP50 seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50. For 2023 there are 21 CTA funds in the Barclay BTOP50 Index. The index does not encompass the whole universe of CTAs. The CTAs that comprise the index have submitted their information voluntarily and the performance has not been verified by the index publisher. Total return data is used, which is the same basis as the fund's return. The BTOP 50 is the most comparable index for Auspice Diversified Trust, however there are significant differences, such as the average exposure to commodity futures (versus financial futures), and average trade length. Reference to the BTOP50 benchmark does not imply that Auspice Diversified Trust will achieve similar performance.
- The Bloomberg Commodity Index Excess Return (BCOM ER) Index is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity markets. As an index, the BCOM ER does not include any management or performance fees, which is not the same basis as the fund's return. The BCOM ER also does not have any dividends or distributions. Like Auspice Diversified Trust, the BCOM ER is designed to minimize concentration in any one sector. No one commodity can compose more than 15% of the BCOM ER index, no one commodity and its derived commodities can compose more than 25% of the index, and no sector can represent more than 33% of the index. There are significant differences however, most importantly, that the BCOM ER index is passive, and 100% commodities, whereas Auspice Diversified Trust is active, and also trades financial futures. Reference to the BCOM ER benchmark does not imply that Auspice Diversified Trust will achieve similar performance.
- The S&P Goldman Sachs Commodity Excess Return Index ("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. As an index, the GSCI ER does not include any management or performance fees, which is not the same basis as the fund's return. The GSCI ER also does not have any dividends or distributions. Like Auspice Diversified, the GSCI ER provides exposure to a number of commodities. There are significant differences however. Importantly, the GSCI index is passive, concentrated in energy, and 100% commodities. Auspice Diversified Trust is active long and short, diversified equally across seven sectors, and also trades financial futures. Reference to the GSCI benchmark does not imply that Auspice Diversified Trust will achieve similar performance.
- The S&P/TSX 60 ("TSX 60") Index is a stock market index of 60 large companies listed on the Toronto Stock Exchange. Maintained by the Canadian S&P Index Committee, a unit of Standard & Poor's, it exposes the investor to 60 stocks in nine industry sectors. Price Return data is used (not including dividends), which is not the same basis as the fund's return, which includes distributions. There is a low degree of similarity between the TSX 60 and Auspice Diversified Trust. As the main benchmark for equity performance in Canada its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from equities, an important consideration for portfolio managers and investors alike.
- *(continued next page)*

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# DISCLOSURES, DEFINITIONS, AND NOTES

- 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), which is not the same basis as the fund's return, which includes distributions. There is a low degree of similarity between the S&P 500 and Auspice Diversified Trust. As the main benchmark for equity performance in the US its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from US equities, an important consideration for portfolio managers and investors alike.
- The MSCI ACWI (Net) Index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. Price Return data is used (not including dividends), which is not the same basis as the fund's return, which includes distributions. There is a low degree of similarity between the MSCI ACWI and Auspice Diversified Trust. As the main benchmark for global equity performance its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from global equities, an important consideration for portfolio managers and investors alike.

## Performance Disclaimers:

- Performance is based on **Auspice One Fund Trust**, Series A, net of all fees, commissions, management and performance fees, based in Canadian Dollars or CAD. Prior to February 28<sup>th</sup>, 2023, this Fund was offered via offering memorandum only and this Fund was not a reporting issuer during such prior period. The expenses of the Fund would have been higher during such prior period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Auspice obtained exemptive relief on behalf of the Fund to permit the disclosure of the prior performance data for the Fund for the time period prior to it becoming a reporting issuer.
- The returns for **Auspice Diversified Trust** are “net” (including management and performance fees, interest and expenses), based in Canadian Dollars or CAD. Prior to February 28<sup>th</sup>, 2023, this Fund was offered via offering memorandum only and this Fund was not a reporting issuer during such prior period. The expenses of the Fund would have been higher during such prior period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Auspice obtained exemptive relief on behalf of the Fund to permit the disclosure of the prior performance data for the Fund for the time period prior to it becoming a reporting issuer. Returns represent the performance for Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% mgmt, 15% performance) which started in July 2014.
- Returns for **Auspice Broad Commodity Excess Return Index (“ABC” or “ABCERI”)** represent returns calculated and published by the NYSE. The index does not have commissions, management/incentive fees or operating expenses.

## Other Definitions:

- The **Bloomberg Barclay Aggregate Bond Index (BB AGG)**, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.
- The **DBC ETF** tracks an index of 14 commodities. It uses futures contracts to maintain exposure and selects them based on the shape of the futures curve to minimize contango.
- 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 MSCI World Producers Index **(MSCI WCPI)** captures the global opportunity set of commodity producers in the energy, metal and agricultural sectors. Constituents are selected from the equity universe of MSCI World, the parent index, which covers large and mid cap securities across 23 Developed Markets (DM) countries\*. All index constituents are categorized in one of twelve sub-industries according to the Global Industry Classification Standard (GICS®), including: integrated oil & gas, oil & gas exploration & production, gold, steel, aluminum, precious metals & minerals, agricultural products, paper products, and forest products..
- **20+ YR US TSY TR** represents the Bloomberg Barclays US Treasury 20+ Year Total Return Index (LT111TRUU).
- The SPDR Gold Trust **GLD** ETF tracks the gold spot price, less expenses and liabilities, using gold bars held in London vaults.
- The iShares TIPS Bond ETF **(TIP)** tracks a market-value-weighted index of US Treasury inflation-protected securities with at least one year remaining in maturity.
- The **XBAL** ETF seeks to provide long-term capital growth and income by investing primarily in one or more exchange-traded funds managed by BlackRock Canada or an affiliate that provide exposure to equity and/or fixed income securities.
- The **IVOL** ETF is designed to hedge the risk of an increase in fixed income volatility and/or an increase in inflation expectations. It also seeks to profit from a steepening of the yield curve, whether that occurs via rising long-term interest rates or falling short term interest rates, which are historically associated with large equity market declines.

There is a substantial risk of loss in trading futures and options. Past performance is not necessarily indicative of future results.

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This document is intended for advisors to support the assessment of investment suitability for investors. Investors are expected to consult their advisor to determine suitability for their investment objectives and portfolio. Please read the offering documents before investing.

Certain statements in this document are forward- looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “target”, “seek”, “will” and similar expressions to the extent they relate to the Fund and the Manager. Forward- looking statements are not historical facts but reflect the current expectations of the Fund and the Manager regarding future results or events. Such forward-looking statements reflect the Fund’s and the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements are made with assumptions and involve significant risks and uncertainties. Although the forward-looking statements contained in this document are based upon assumptions that the Fund and the Manager believe to be reasonable, none of the Fund or the Manager can assure investors that actual results will be consistent with these forward-looking statements. As a result, readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results or events to differ materially from current expectations.

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