

Interim Financial Statements of

AUSPICE DIVERSIFIED TRUST

For the six-months period ended June 30, 2023 and 2022 (unaudited)

(expressed in Canadian dollars)

AUSPICE DIVERSIFIED TRUST

Statements of Financial Position

As at June 30, 2023 and December 31, 2022 (Unaudited)

(expressed in Canadian dollars)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 55,013,547	\$ 57,847,012
Investments at fair value through profit or loss	100,060,000	–
Due from broker (note 6)	5,189,916	5,204,808
Dividends receivable	411,800	–
Derivative assets	2,905,694	2,149,582
Subscriptions receivable (note 13)	1,739,023	654,800
Short term investment (note 5)	1,240,528	51,401,977
Interest receivable	–	35,778
	<u>166,560,508</u>	<u>117,293,957</u>
LIABILITIES		
Current liabilities		
Derivative liabilities	1,109,982	1,735,707
Accounts payable and accrued liabilities	88,885	80,699
Redemptions payable (note 13)	157,051	103,854
Management fees payable (note 7)	130,616	95,580
	<u>1,486,534</u>	<u>2,015,840</u>
Net assets attributable to holders of redeemable units	<u>\$ 165,073,974</u>	<u>\$ 115,278,117</u>
Net assets attributable to holders of redeemable units per class		
Series A	\$ 719,227	\$ 46,649
Series A - JUL-2022	–	470,233
Series A - AUG-2022	–	96,960
Series F	1,107,405	2,674,269
Series F - SEP-2022	–	97,535
Series F - DEC-2022	–	63,002
Series I	648,776	643,605
Series X	162,598,566	100,046,322
Series X - MAY-2022	–	6,168,839
Series X - AUG-2022	–	768,197
Series X - SEP-2022	–	836,782
Series X - OCT-2022	–	1,626,342
Series X - NOV-2022	–	660,286
Series X - DEC-2022	–	424,296
Series X - JAN-2023	–	654,800
	<u>\$ 165,073,974</u>	<u>\$ 115,278,117</u>

The accompanying notes are an integral part of these financial statements.

AUSPICE DIVERSIFIED TRUST

Statements of Financial Position (continued) As at June 30, 2023 and December 31, 2022 (Unaudited) (expressed in Canadian dollars)

	2023	2022
Net assets attributable to holders of redeemable units per unit (note 8)		
Series A	61,111	3,953
Series A - JUL-2022	–	39,844
Series A - AUG-2022	–	8,214
Series F	88,288	213,784
Series F - SEP-2022	–	7,797
Series F - DEC-2022	–	5,036
Series I	37,787	37,787
Series X	11,059,905	6,822,948
Series X - MAY-2022	–	422,259
Series X - AUG-2022	–	52,396
Series X - SEP-2022	–	57,070
Series X - OCT-2022	–	110,929
Series X - NOV-2022	–	45,034
Series X - DEC-2022	–	28,937
Series X - JAN-2023	–	44,656
Net assets attributable to holders of redeemable units per unit (note 8)		
Series A	\$ 11.77	\$ 11.80
Series A - JUL-2022	–	11.80
Series A - AUG-2022	–	11.80
Series F	12.54	12.51
Series F - SEP-2022	–	12.51
Series F - DEC-2022	–	12.51
Series I	17.17	17.03
Series X	14.70	14.66
Series X - MAY-2022	–	14.61
Series X - AUG-2022	–	14.66
Series X - SEP-2022	–	14.66
Series X - OCT-2022	–	14.66
Series X - NOV-2022	–	14.66
Series X - DEC-2022	–	14.66
Series X - JAN-2023	–	14.66

See accompanying notes to financial statements.

Approved on behalf of the Trust:



Manager
Auspice Capital Advisors Ltd.

AUSPICE DIVERSIFIED TRUST

Statements of Comprehensive Income

For the six-months ended June 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars)

	2023	2022
Income		
Net change in unrealized appreciation in value of investments	\$ 1,212,194	\$ 1,535,092
Net realized (loss) gain on sale of investments, including foreign exchange adjustments	(3,030,256)	13,609,265
Interest income	1,825,260	346,956
Dividend income	1,168,167	–
	<u>1,175,365</u>	<u>15,491,313</u>
Expenses		
Management fees (note 7)	681,399	472,019
Operating costs	165,518	60,688
Bank charges	97,895	128,229
Professional fees	27,675	21,479
Audit fee	19,838	13,000
Legal fees	589	–
Income taxes	–	2,634
Performance fees (note 7)	–	1,707,416
	<u>992,914</u>	<u>2,405,465</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 182,451</u>	<u>\$ 13,085,848</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 12)		
Series A	\$ 7,643	\$ 24,461
Series A - JUL-2022	(8,179)	–
Series A - AUG-2022	(1,687)	–
Series F	(2,792)	712,739
Series F - OCT-2021	–	71,815
Series F - NOV-2021	–	293,914
Series F - DEC-2021	–	3,479
Series F - JAN-2022	–	209,764
Series F - MAR-2022	–	15,194
Series F - APR-2022	–	2,758
Series F - JUN-2022	–	144
Series F - SEP-2022	(1,540)	–
Series F - DEC-2022	(980)	–
Series I	5,171	114,379
Series X	403,563	7,533,330
Series X - AUG-2021	–	2,190,419
Series X - SEP-2021	–	160,234
Series X - OCT-2021	–	426,235
Series X - NOV-2021	–	375,607
Series X - DEC-2021	–	378,352
Series X - JAN-2022	–	61,263
Series X - FEB-2022	–	372,997
Series X - MAR-2022	–	56,966
Series X - APR-2022	–	110,929
Series X - MAY-2022	(97,333)	(110,231)

The accompanying notes are an integral part of these financial statements.

AUSPICE DIVERSIFIED TRUST

Statements of Comprehensive Income (continued)

For the six-months ended June 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars)

	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 12)		
Series X - JUN-2022	\$ —	\$ 81,100
Series X - AUG-2022	(12,115)	—
Series X - SEP-2022	(13,202)	—
Series X - OCT-2022	(25,682)	—
Series X - NOV-2022	(10,413)	—
Series X - DEC-2022	(6,666)	—
Series X - JAN-2023	(10,291)	—
Series X - FEB-2023	(43,046)	—
	<u>\$ 182,451</u>	<u>\$ 13,085,848</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 12)		
Series A	\$ 0.19	\$ 2.54
Series A - JUL-2022	(0.21)	—
Series A - AUG-2022	(0.21)	—
Series F	(0.02)	1.88
Series F - OCT-2021	—	1.85
Series F - NOV-2021	—	1.92
Series F - DEC-2021	—	1.76
Series F - JAN-2022	—	1.75
Series F - MAR-2022	—	1.13
Series F - APR-2022	—	0.25
Series F - JUN-2022	—	0.06
Series F - SEP-2022	(0.20)	—
Series F - DEC-2022	(0.19)	—
Series I	0.14	3.03
Series X	0.05	2.33
Series X - AUG-2021	—	2.29
Series X - SEP-2021	—	2.30
Series X - OCT-2021	—	2.32
Series X - NOV-2021	—	2.35
Series X - DEC-2021	—	2.24
Series X - JAN-2022	—	2.18
Series X - FEB-2022	—	1.96
Series X - MAR-2022	—	1.45
Series X - APR-2022	—	0.33
Series X - MAY-2022	(0.23)	(0.26)
Series X - JUN-2022	—	0.09
Series X - AUG-2022	(0.23)	—
Series X - SEP-2022	(0.23)	—
Series X - OCT-2022	(0.23)	—
Series X - NOV-2022	(0.23)	—
Series X - DEC-2022	(0.23)	—
Series X - JAN-2023	(0.23)	—
Series X - FEB-2023	(0.55)	—

The accompanying notes are an integral part of these financial statements.

AUSPICE DIVERSIFIED TRUST

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six-months ended June 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Redesignation of redeemable units	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2023						
Series A	\$ 46,649	\$ 122,400	\$ (14,793)	\$ 557,328	\$ 7,643	\$ 719,227
Series A - JUL-2022	470,233	–	–	(462,054)	(8,179)	–
Series A - AUG-2022	96,960	–	–	(95,273)	(1,687)	–
Series F	2,674,269	631,530	(2,353,619)	158,017	(2,792)	1,107,405
Series F - SEP-2022	97,535	–	–	(95,995)	(1,540)	–
Series F - DEC-2022	63,002	–	–	(62,022)	(980)	–
Series I	643,605	–	–	–	5,171	648,776
Series X	100,046,322	52,009,702	(3,627,496)	13,766,475	403,563	162,598,566
Series X - MAY-2022	6,168,839	–	(22,876)	(6,048,630)	(97,333)	–
Series X - AUG-2022	768,197	–	(31,447)	(724,635)	(12,115)	–
Series X - SEP-2022	836,782	–	–	(823,580)	(13,202)	–
Series X - OCT-2022	1,626,342	–	–	(1,600,660)	(25,682)	–
Series X - NOV-2022	660,286	–	–	(649,873)	(10,413)	–
Series X - DEC-2022	424,296	–	–	(417,630)	(6,666)	–
Series X - JAN-2023	654,800	–	–	(644,509)	(10,291)	–
Series X - FEB-2023	–	1,182,345	–	(1,139,299)	(43,046)	–
Series X - MAR-2023	–	1,717,660	–	(1,717,660)	–	–
	<u>\$ 115,278,117</u>	<u>\$ 55,663,637</u>	<u>\$ (6,050,231)</u>	<u>\$ –</u>	<u>\$ 182,451</u>	<u>\$ 165,073,974</u>

The accompanying notes are an integral part of these financial statements.

AUSPICE DIVERSIFIED TRUST

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the six-months ended June 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Redesignation of redeemable units	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2022						
Series A - INITIAL_SERIES	\$ 165,583	\$ –	\$ (140,433)	\$ –	\$ 24,461	\$ 49,611
Series A - JUL-2022	–	500,000	–	–	–	500,000
Series F - INITIAL_SERIES	4,311,377	–	(2,546,254)	351,029	712,739	2,828,891
Series F - OCT-2021	439,771	–	(511,586)	–	71,815	–
Series F - NOV-2021	1,734,263	–	(2,028,177)	–	293,914	–
Series F - DEC-2021	22,406	–	(25,885)	–	3,479	–
Series F - JAN-2022	1,364,500	–	(1,574,264)	–	209,764	–
Series F - MAR-2022	–	162,500	–	(177,694)	15,194	–
Series F - APR-2022	–	140,434	–	(143,192)	2,758	–
Series F - JUN-2022	–	30,000	–	(30,144)	144	–
Series I	562,752	–	–	–	114,379	677,131
Series X - INITIAL_SERIES	43,440,950	10,293,806	(1,646,219)	47,464,850	7,533,330	107,086,717
Series X - AUG-2021	12,660,986	–	(258,925)	(14,592,480)	2,190,419	–
Series X - SEP-2021	917,049	–	–	(1,077,283)	160,234	–
Series X - OCT-2021	2,431,744	–	(42,991)	(2,814,988)	426,235	–
Series X - NOV-2021	2,109,139	–	(43,495)	(2,441,251)	375,607	–
Series X - DEC-2021	2,231,856	–	(2,481)	(2,607,727)	378,352	–
Series X - JAN-2022	373,000	–	(13,898)	(420,365)	61,263	–
Series X - FEB-2022	–	2,585,056	(31,429)	(2,926,624)	372,997	–
Series X - MAR-2022	–	550,700	–	(607,666)	56,966	–
Series X - APR-2022	–	5,099,300	(8,129)	(5,202,100)	110,929	–
Series X - MAY-2022	–	6,742,250	–	–	(110,231)	6,632,019
Series X - JUN-2022	–	14,693,265	–	(14,774,365)	81,100	–
	<u>\$ 72,765,376</u>	<u>\$ 40,797,311</u>	<u>\$ (8,874,166)</u>	<u>\$ –</u>	<u>\$ 13,085,848</u>	<u>\$ 117,774,369</u>

The accompanying notes are an integral part of these financial statements.

AUSPICE DIVERSIFIED TRUST

Statements of Cash Flows

For the six-months ended June 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars)

	2023	2022
Cash provided by (used in):		
Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 182,451	\$ 13,085,848
Adjustments for non-cash items		
Net change in unrealized appreciation in value of investments	(1,212,194)	(1,535,092)
Net realized loss (gain) on sale of investments, including foreign exchange adjustments	3,030,256	(13,609,265)
Change in non-cash balances		
Decrease (increase) in due from broker	14,892	(2,623,113)
Increase in dividends receivable	(411,800)	–
Decrease (increase) in interest receivable	35,778	(10,756)
Increase in prepaid expenses	–	(1,482)
Increase in accounts payable and accrued liabilities	8,186	106,823
Increase in management fees payable	35,036	33,899
Increase in performance fees payable	–	1,600,643
Proceeds from sale of investments	–	13,609,265
Purchase of investments	(53,098,450)	1,608
Cash used in operating activities	<u>(51,415,845)</u>	<u>10,658,378</u>
Financing Activities		
Amounts paid on redemption of redeemable units	(5,997,034)	(1,938,212)
Proceeds from issuances of redeemable units	54,579,414	31,741,004
Cash provided by financing activities	<u>48,582,380</u>	<u>29,802,792</u>
Decrease in cash and cash equivalents during the period	(2,833,465)	40,461,170
Cash and cash equivalents, beginning of period	57,847,012	69,122,207
Cash and cash equivalents, end of period	<u>\$ 55,013,547</u>	<u>\$ 109,583,377</u>
Supplemental information*		
Interest received	1,861,038	336,201
Dividends received, net of withholding taxes	756,367	–

*Included as a part of cash flows from operating activities

AUSPICE DIVERSIFIED TRUST

Schedule of Investment Portfolio As at June 30, 2023 (Unaudited) (expressed in Canadian dollars)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
2,000,000	Canadian equity Purpose High Interest Savings ETF	\$ 100,235,296	\$ 100,060,000	60.62
	Net investments owned	\$ 100,235,296	100,060,000	60.62
	Unrealized gain, futures contracts (Schedule 1)		1,795,712	1.09
	Other assets, net		<u>63,218,262</u>	<u>38.29</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ <u>165,073,974</u>	<u>100.00</u>

AUSPICE DIVERSIFIED TRUST

Schedule of Investment Portfolio (continued)

As at June 30, 2023 (Unaudited)

(expressed in Canadian dollars)

Quantity	Exchange	Contract	Settlement date	Derivative Asset (Liability)
Futures Contracts		Long		
421	CME	CANADIAN DOLLAR	September 2023	\$ (77,843)
149	CME	BRITISH POUND 62500	September 2023	(48,678)
146	IFUS	N.Y. SUGAR NO.11 (SB)	July 2024	(176,878)
120	CBT	CORN	September 2023	(548,633)
106	CME	NIKKEI 225	September 2023	442,679
104	CME	S&P 500	September 2023	412,684
87	SGX	USD/CNH	September 2023	110,509
79	CME	NASDAQ 100	September 2023	355,650
57	COMX	GOLD	August 2023	(101,167)
53	COMX	SILVER	September 2023	5,693
36	CBT	5 YEAR TREAS. NOTE	September 2023	(32,045)
33	CBT	10 YEAR TREAS. NOTE	September 2023	(20,956)
31	CME	EURO FX	September 2023	11,105
16	CBT	30 YR TREASURY BONDS	September 2023	(2,400)
		Short		
-129	CME	JAPANESE YEN	September 2023	529,630
-90	SGX	SICOM TSR 20	September 2023	2,158
-61	LME	ZINC	September 2023	168,338
-49	NYME	PLATINUM	October 2023	(34,709)
-47	IFUS	LONG (10Y) GILT	September 2023	121,217
-42	IFUS	COFFEE 'C'	September 2023	(8,416)
-42	CBT	SOYBEANS	March 2024	8,937
-31	COMX	COPPER (HIGH GRADE)	September 2023	159,575
-29	CFE	VOLATILITY INDEX	July 2023	76,092
-28	IFUS	NEW YORK COTTON	December 2023	13,842
-28	CBT	WHEAT	September 2023	123,231
-18	CME	AUSTRALIAN DOLLAR	September 2023	19,630
-16	SGX	SICOM TSR 20	October 2023	(40)
-14	NYME	LIGHT CRUD OIL	August 2023	(5,230)
-11	NYME	NY HARBOUR RBOB GAS	September 2023	(52,989)
-10	NYME	HENRY HUB NAT. GAS (NG)	January 2024	205,710
-9	IFUS	NY US DOLLAR INDX (1000)	September 2023	7,728
-9	NYME	NY HARBOR RBOB GAS	December 2023	48,362
-5	NYME	PALLADIUM	September 2023	58,057
-2	LME	NICKEL	August 2023	24,865
Derivatives asset				\$ 2,905,694
Derivatives liability				(1,109,982)
				\$ 1,795,712

AUSPICE DIVERSIFIED TRUST

Notes to Financial Statements, page 1

For the six-months period ended June 30, 2023 and 2022 (unaudited)

Trust organization and nature of operations:

Auspice Diversified Trust (the “Trust”) is an investment trust which was created under the laws of the province of Alberta pursuant to a Trust Agreement to amended and restated trust agreement dated January 31, 2023, (the “Trust Agreement”). RBC Investor Services Trust, a trust company incorporated under the laws of Canada is the custodian and trustee (“Trustee”). The Trustee is responsible to manage the business and affairs of the Trust. Auspice Capital Advisors Ltd., a corporation incorporated under the laws of the Province of Alberta, is the manager of the Trust (the “Manager”). The Trustee has delegated responsibility for all aspects of the management of the Trust to the Manager. The Trust commenced active operations on October 1, 2009. The address of the Trust’s registered office is Suite 510, 1000 – 7th Avenue S.W., Calgary, Alberta T2P 5L5.

The investment objective of the Trust is to generate returns on investments in, trading in, or exposure to commodity interests, with the potential result of generating returns that are independent of equity, fixed income, and most alternative strategies.

The success of the Trust depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in equities, options, and other instruments and the use of leverage, including derivative hedge risk, market liquidity, short sales, portfolio turnover, foreign currency exposure, and interest rate fluctuations.

As of March 1, 2023, the Trust transitioned from an offering memorandum fund to a public alternative mutual fund.

1. Basis of presentation:

(a) Statement of compliance:

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and are in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). The policies applied in these interim financial statements are based on IFRS issued and effective as of January 1, 2023. The accounting policies set out below have been applied consistently to all periods presented. These interim financial statements were approved by the Manager of the Trust on August 17, 2023.

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Trust.

AUSPICE DIVERSIFIED TRUST

Notes to Financial Statements, page 2

For the six-months period ended June 30, 2023 and 2022 (unaudited)

2. Significant accounting policies:

(a) Classification:

The Trust classifies its short-term investments, investments in debt, equity securities, and derivatives as financial assets and liabilities at fair value through profit or loss ("FVTPL").

Cash and cash equivalents, due from broker, dividends receivable, interest receivable, and subscriptions receivable are classified as financial assets and subsequently measured at amortized cost only if both of the following criteria are met:

- (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Accounts payable and accrued liabilities, redemptions payable and management fees payable are classified as financial liabilities and subsequently measured at amortized cost. Financial liabilities are generally settled within three months of issuance. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus any principal repayments, plus/minus the cumulative amortization between initial amount and maturity amount adjusted for impairment.

(b) Financial instruments:

The Trust is required to classify its financial instruments using a fair value hierarchy that reflects the significance of the inputs used to measure fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The Trust recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

As of June 30, 2023 and December 31, 2022, the Trust's investments are classified as Level 1 as the investments are actively traded and are quoted on the last business day of each month on each valuation date. There have been no transfers of instruments between levels during the periods presented.

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Notes to Financial Statements, page 3

For the six-months period ended June 30, 2023 and 2022 (unaudited)

2. Significant accounting policies (continued):

(c) Investment entity:

The Trust has determined that it is an investment entity as defined by IFRS 10, Consolidated Financial Statements and the Amendments to IFRS 10, as the following conditions exist:

- (i) The Trust has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Trust has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- (iii) The Trust measures and evaluates the performance of substantially all of its investments on a fair value basis.

(d) Valuation of investments:

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Trust's Simplified Prospectus, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Trust uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstance where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

AUSPICE DIVERSIFIED TRUST

Notes to Financial Statements, page 4

For the six-months period ended June 30, 2023 and 2022 (unaudited)

2. Significant accounting policies (continued):

(e) Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Trust enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

(f) Recognition/derecognition:

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the Trust becomes a party to the contractual provisions. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized as an expense in the statement of comprehensive income. Financial assets and financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue.

(g) Commissions and other portfolio transaction costs:

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The Trust does not engage in any transactions involving soft dollar commissions.

(h) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

(i) Investment transactions and income:

Investment transactions are accounted for on the trade date. Interest income is accrued daily. Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis.

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Notes to Financial Statements, page 5

For the six-months period ended June 30, 2023 and 2022 (unaudited)

2. Significant accounting policies (continued):

(j) Translation of foreign currency:

The functional and presentation currency of the Trust is the Canadian dollar and all values are rounded to the nearest dollar except where otherwise indicated. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:30 pm Eastern Standard Time on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

(k) Net Assets attributable to holders of redeemable units per unit:

The Net Assets attributable to holders of redeemable units per unit is calculated by dividing the Net Assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the period.

(l) Increase (decrease) in net assets attributable to holders of redeemable units per unit:

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period.

(m) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash on deposit and cash equivalents. Cash equivalents are investments with original maturities of three months or less.

(n) Short term investments:

Investments with maturities greater than three months, but within the next fiscal year are classified as short term investments and are deemed to be carried at FVTPL.

(o) Foreign exchange forward contracts:

The Trust may enter into foreign exchange forward contracts for hedging purposes or to establish and exposure to a particular currency. Upon closing of a contract, the gain or loss is included in "Net realized (loss) gain on sale of derivatives, including foreign exchange adjustments" in the statement of comprehensive income. Outstanding settlement amounts on the close out of foreign exchange forward contracts are included in "Receivable for foreign exchange forward contracts" or "Payable for foreign exchange forward contracts" in the statement of financial position.

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Notes to Financial Statements, page 6

For the six-months period ended June 30, 2023 and 2022 (unaudited)

3. Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Trust has made in preparing the financial statements:

(a) Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the Trust, the Investment Manager is required to make significant judgments about whether or not the business of the Trust is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Trust's investments are classified as FVTPL under IFRS 9 Financial instruments ("IFRS 9").

(b) Classification of units issued:

In determining whether the units issued by the Trust should be classified as liabilities or equity, management has assessed whether the units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 Financial instruments have been satisfied. The units have been determined to be classified as financial liabilities.

4. Cash and cash equivalents:

Cash and cash equivalents consist of cash with the Royal Bank of Canada, RBC Investors Services Trust and RBC Dominion Securities. On June 30, 2023, the Trust did not hold GICs. On December 31, 2022, the Trust held GICs with an original term of 3 months and effective rate of return of 4.7% to 4.95% per annum.

5. Short term investments and assets pledged as collateral:

Included in short term investments are Government of Canada Treasury bills (T-bills) and GICs with the Royal Bank of Canada with a total fair value of \$1,240,528 (cost - \$1,234,875) as at June 30, 2023 (December 31, 2022: \$51,396,977 (cost - \$51,236,050)).

The short term investments represent financial assets pledged as collateral/margin money to brokers against open futures contracts. The Trust uses RBC Dominion Securities to transact these futures contracts. The financial assets pledged as collateral are presented within short term investments on the Statements of Financial Position and are not set off against unrealized gain on futures contracts.

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Notes to Financial Statements, page 7

For the six-months period ended June 30, 2023 and 2022 (unaudited)

6. Due from broker:

Due from broker is an account holding cash balances and short-term, highly liquid investments.

The amounts due from brokers are as follows:

	June 30, 2023	December 31, 2022
RBC Dominion Securities	5,189,916	5,204,808
	\$ 5,189,916	\$ 5,204,808

The due from broker represent financial assets pledged as collateral/margin money to brokers against open futures contracts. The Trust uses RBC Dominion Securities to transact these futures contracts. The financial assets pledged as collateral are presented within due from broker on the Statements of Financial Position and are not set off against derivative asset and liability.

7. Related party transactions:

(a) Management fees:

The Trust pays the Manager a management fee which is calculated and paid monthly, in advance, equal to one-twelfth of the specified percentage of the series net asset attributable to holders of redeemable units on the last business day in each month plus subscriptions and less redemptions for the new month. The percentages used to calculate the management fees are as follows:

Series A Units	2.0% per annum
Series F Units	1.0% per annum
Series G Units	2.0% per annum
Series H Units	1.0% per annum
Series S Units	2.0% per annum
Series X Units	1.0% per annum

No management fees are payable by the Trust to the Manager on the Series I Units.

Series G and H units have not been issued.

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Notes to Financial Statements, page 8

For the six-months period ended June 30, 2023 and 2022 (unaudited)

7. Related party transactions (continued):

(b) Performance fees:

The Manager will also receive a performance fee from the Trust (except in the case of the Series H and Series S units where half is paid to the participating dealer) which is calculated and accrued monthly and paid on the last valuation date in June and December in each year (each, a "Performance Valuation Date") and on redemption of a Series A, F, G, H, S or X units. Such fees will be calculated at a rate of 20% (15% in the case of Series G) of the positive amount by which the net asset attributable to holders of redeemable units before performance fees of each series exceeds the respective High Water Mark of each such series (other than Series X), plus applicable taxes. Series X performance will be calculated at a rate of 15% of the positive amount by which the series' net asset attributable to holders of redeemable units before performance fees exceeds the High Water Mark and Hurdle Rate.

The High Water Mark of a series is calculated as the amount generally equal to the net asset attributable to holders of redeemable units of the series on the last Performance Valuation Date on which a performance fee was paid on such series, plus the aggregate subscription price of all units of such series issued since that Performance Valuation Date, minus, either the subscription price or the net asset attributable to holders of redeemable units of such units redeemed since that Performance Valuation Date. No performance fees are payable with respect to Series I units.

The Hurdle Rate is the minimum return the Series must earn before a performance fee is payable to the Manager. The Hurdle Rate is determined each day by multiplying the applicable percentage of the 90 day Government of Canada Treasury bill rate. The rate is available on the Bank of Canada's website.

For the period ended June 30, 2023, the Trust has incurred management fees of \$681,399 (2022 - \$472,019) of which \$130,616 (December 31, 2022 - \$95,950) is payable as at June 30, 2023.

8. Redeemable units of the Trust:

The Trust is authorized to issue an unlimited number of redeemable units, issuable in an unlimited number of series, each of which represents an equal, undivided, beneficial interest in the Net Assets of the Trust. The Trust has currently authorized the following series' of units: A, F, G, H, I, S and X. Each unit of each series entitles the holder to vote, with one vote for each \$1 of Net Assets attributed to such unit and to participate equally with respect to any and all distributions made by the Trust. Redeemable units of a series may be consolidated and/or redesignated by the Manager. If a subscription is accepted, the units will be deemed issued effective the business day following the relevant valuation date.

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Notes to Financial Statements, page 9

For the six-months period ended June 30, 2023 and 2022 (unaudited)

8. Redeemable units of the Trust (continued):

Redeemable units of the Trust surrendered for redemption may be redeemed on any month-end valuation date (each, a "Redemption Date") by giving the Manager not less than 10 business days written notice prior to such Redemption Date. The redemption proceeds will be equal to the series Net Asset Value per unit of such units being redeemed on the Redemption Date, less all applicable fees and deductions.

The unit activity during the period ended June 30, 2023 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Redesignation of Redeemable Units	Redeemable Units, end of period
June 30, 2023					
Series A	3,953	10,346	(1,258)	48,070	61,111
Series A - JUL-2022	39,844	—	—	(39,844)	—
Series A - AUG-2022	8,214	—	—	(8,214)	—
Series F	213,784	50,064	(188,393)	12,833	88,288
Series F - SEP-2022	7,797	—	—	(7,797)	—
Series F - DEC-2022	5,036	—	—	(5,036)	—
Series I	37,787	—	—	—	37,787
Series X	6,822,948	3,531,486	(248,224)	953,695	11,059,905
Series X - MAY-2022	422,259	—	(1,591)	(420,668)	—
Series X - AUG-2022	52,396	—	(2,179)	(50,217)	—
Series X - SEP-2022	57,070	—	—	(57,070)	—
Series X - OCT-2022	110,929	—	—	(110,929)	—
Series X - NOV-2022	45,034	—	—	(45,034)	—
Series X - DEC-2022	28,937	—	—	(28,937)	—
Series X - JAN-2023	44,656	—	—	(44,656)	—
Series X - FEB-2023	—	78,939	—	(78,939)	—
Series X - MAR-2023	—	119,008	—	(119,008)	—

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Notes to Financial Statements, page 10

For the six-months period ended June 30, 2023 and 2022 (unaudited)

8. Redeemable units of the Trust (continued):

The unit activity during the period ended June 30, 2022 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Redesignation of Redeemable Units	Redeemable Units, end of period
June 30, 2022					
Series A - INITIAL_SERIES	15,340	–	(11,387)	–	3,953
Series A - JUL-2022	–	39,844	–	–	39,844
Series F - INITIAL_SERIES	379,683	–	(181,477)	15,578	213,784
Series F - OCT-2021	38,735	–	(38,735)	–	–
Series F - NOV-2021	153,122	–	(153,122)	–	–
Series F - DEC-2021	1,973	–	(1,973)	–	–
Series F - JAN-2022	120,165	–	(120,165)	–	–
Series F - MAR-2022	–	13,443	–	(13,443)	–
Series F - APR-2022	–	10,820	–	(10,820)	–
Series F - JUN-2022	–	2,278	–	(2,278)	–
Series I	37,787	–	–	–	37,787
Series X - INITIAL_SERIES	3,294,045	663,671	(113,740)	3,060,201	6,904,177
Series X - AUG-2021	959,862	–	(16,800)	(943,062)	–
Series X - SEP-2021	69,529	–	–	(69,529)	–
Series X - OCT-2021	184,383	–	(2,792)	(181,591)	–
Series X - NOV-2021	160,210	–	(2,821)	(157,389)	–
Series X - DEC-2021	169,236	–	(159)	(169,077)	–
Series X - JAN-2022	28,284	–	(910)	(27,374)	–
Series X - FEB-2022	–	191,802	(2,098)	(189,704)	–
Series X - MAR-2022	–	39,168	–	(39,168)	–
Series X - APR-2022	–	335,991	(527)	(335,464)	–
Series X - MAY-2022	–	429,057	–	–	429,057
Series X - JUN-2022	–	952,537	–	(952,537)	–

Capital disclosure:

The capital of the Trust is represented by issued and redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Trust's Net Asset Value per unit upon redemption. The Trust has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 9, the Trust endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

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Notes to Financial Statements, page 11

For the six-months period ended June 30, 2023 and 2022 (unaudited)

9. Financial instruments:

Management of financial instrument risks:

In the normal course of business, the Trust is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Trust's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, and overall market. The level of risk depends on the Trust's investment objective and the type of securities comprising its investments.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust.

The main concentration of credit risk is in the credit worthiness of the futures broker and the banks.

The maximum credit risk exposure is the amount of cash, the Trust's margin account with the broker, and short-term investments. The Trust mitigates overall credit risk by using several brokers and minimizing margin outstanding using Schedule 1 banks.

(b) Liquidity risk:

Liquidity risk is defined as the risk that the Trust may not be able to settle or meet its obligations on time or at a reasonable price.

The Trust's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Trust primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Trust generally retains sufficient cash and cash equivalent positions to maintain liquidity.

The Trust may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

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Notes to Financial Statements, page 12

For the six-months period ended June 30, 2023 and 2022 (unaudited)

9. Financial instruments (continued):

(c) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Trust's investment objective and strategy. Except for written options and securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from written options and securities sold short can be unlimited. The Trust's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Trust are susceptible to market price risk arising from uncertainties about future prices of the instruments.

A 1% increase or decrease in a broad futures index at June 30, 2023 would have impacted the Trust's net assets attributable to holders of redeemable units by approximately \$1,663,732 (December 31, 2022 - \$686,589).

(d) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Trust invests in futures contracts that expose the Trust to interest-bearing financial instruments. The Trust is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. The relative exposure amounts are detailed in the statement of financial position. The price risk sensitivity associated with interest rates on futures contracts is disclosed in other price risk above.

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Notes to Financial Statements, page 13

For the six-months period ended June 30, 2023 and 2022 (unaudited)

9. Financial instruments (continued):

(e) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Trust. The Trust may enter into foreign exchange currency futures contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies. The relative exposure amounts on futures contracts are detailed in the statement of investment portfolio. The price risk sensitivity associated with currency on futures contracts is disclosed in other price risk above.

At June 30, 2023 and December 31, 2022, the Trust also has the following exposures to foreign currencies, shown below in Canadian ("CAD") dollars:

Currency	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
June 30, 2023						
U.S. Dollar	\$ 12,113,000	\$ –	\$ 12,113,000	\$ 121,130	\$ –	\$ 121,130
Euro	(58,178)	–	(58,178)	(582)	–	(582)
U.K. Pound Sterling	107,197	–	107,197	1,072	–	1,072
Japanese Yen	15,625	–	15,625	156	–	156
Hong Kong Dollar	(197,567)	–	(197,567)	(1,976)	–	(1,976)
China Yuan Renminbi	147,279	–	147,279	1,473	–	1,473
	<u>\$ 12,127,356</u>	<u>\$ –</u>	<u>\$ 12,127,356</u>	<u>\$ 121,273</u>	<u>\$ –</u>	<u>\$ 121,273</u>
% of Net Assets Attributable to Holders of Redeemable Units						
	7.35	–	7.35	0.07	–	0.07

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Notes to Financial Statements, page 14

For the six-months period ended June 30, 2023 and 2022 (unaudited)

9. Financial instruments (continued):

(e) Currency risk (continued):

Currency	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2022						
U.S. Dollar	\$ 14,611,867	\$ –	\$ 14,611,867	\$ 146,119	\$ –	\$ 146,119
Euro	(29,172)	–	(29,172)	(292)	–	(292)
U.K. Pound Sterling	(4,823)	–	(4,823)	(48)	–	(48)
Japanese Yen	17,499	–	17,499	175	–	175
Hong Kong Dollar	270,686	–	270,686	2,707	–	2,707
China Yuan Renminbi	490,825	–	490,825	4,908	–	4,908
	<u>\$ 15,356,882</u>	<u>\$ –</u>	<u>\$ 15,356,882</u>	<u>\$ 153,569</u>	<u>\$ –</u>	<u>\$ 153,569</u>
% of Net Assets Attributable to Holders of Redeemable Units						
	13.32	–	13.32	0.13	–	0.13

10. Expenses:

The Manager has the power to incur and make payment out of the Trust property any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Trust Agreement, including without limitation all fees and expenses relating to the management and administration of the Trust. The Trust is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

11. Income taxes:

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act"), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Trust's net income and net realized capital gains as is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Trust to distribute all of its income and sufficient net realized capital gains so that the Trust will not be subject to income tax.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

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Notes to Financial Statements, page 15

For the six-months period ended June 30, 2023 and 2022 (unaudited)

12. Increase (decrease) in net assets attributable to holders of redeemable units per unit:

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2023 and 2022 is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units per class	Weighted Average of Redeemable Units Outstanding During the Period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
June 30, 2023			
Series A	\$ 7,643	39,718	\$ 0.19
Series A - JUL-2022	(8,179)	39,844	(0.21)
Series A - AUG-2022	(1,687)	8,214	(0.21)
Series F	(2,792)	158,386	(0.02)
Series F - SEP-2022	(1,540)	7,797	(0.20)
Series F - DEC-2022	(980)	5,036	(0.19)
Series I	5,171	37,996	0.14
Series X	403,563	8,090,800	0.05
Series X - MAY-2022	(97,333)	422,259	(0.23)
Series X - AUG-2022	(12,115)	52,396	(0.23)
Series X - SEP-2022	(13,202)	57,070	(0.23)
Series X - OCT-2022	(25,682)	110,929	(0.23)
Series X - NOV-2022	(10,413)	45,034	(0.23)
Series X - DEC-2022	(6,666)	28,937	(0.23)
Series X - JAN-2023	(10,291)	44,656	(0.23)
Series X - FEB-2023	(43,046)	78,939	(0.55)

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For the six-months period ended June 30, 2023 and 2022 (unaudited)

12. Increase (decrease) in net assets attributable to holders of redeemable units per unit (continued):

	Increase (decrease) in net assets attributable to holders of redeemable units per class	Weighted Average of Redeemable Units Outstanding During the Year	Increase (decrease) in net assets attributable to holders of redeemable units per unit
June 30, 2022			
Series A - INITIAL_SERIES	\$ 24,461	9,615	\$ 2.54
Series F - INITIAL_SERIES	712,739	379,655	1.88
Series F - OCT-2021	71,815	38,735	1.85
Series F - NOV-2021	293,914	153,122	1.92
Series F - DEC-2021	3,479	1,973	1.76
Series F - JAN-2022	209,764	120,165	1.75
Series F - MAR-2022	15,194	13,443	1.13
Series F - APR-2022	2,758	10,820	0.25
Series F - JUN-2022	144	2,278	0.06
Series I	114,379	37,787	3.03
Series X - INITIAL_SERIES	7,533,330	3,233,506	2.33
Series X - AUG-2021	2,190,419	954,999	2.29
Series X - SEP-2021	160,234	69,529	2.30
Series X - OCT-2021	426,235	183,540	2.32
Series X - NOV-2021	375,607	159,736	2.35
Series X - DEC-2021	378,352	169,182	2.24
Series X - JAN-2022	61,263	28,133	2.18
Series X - FEB-2022	372,997	190,733	1.96
Series X - MAR-2022	56,966	39,168	1.45
Series X - APR-2022	110,929	335,817	0.33
Series X - MAY-2022	(110,231)	429,057	(0.26)
Series X - JUN-2022	81,100	952,537	0.09

13. Subscription receivable and redemptions payable:

Subscriptions receivable relates to the issuance of units of the Trust to unitholders in advance of cash received. Redemptions payable consists of amounts owed to unitholders as a result of units redeemed during the period.