

Interim Financial Statements of

AUSPICE ONE FUND TRUST

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

(expressed in Canadian dollars)

AUSPICE ONE FUND 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	\$ 8,739,795	\$ 18,967
Derivative assets	573,756	—
Investments at fair value through profit or loss	18,085,769	—
Short term investment (note 2)	1,988,685	—
Due from broker (note 6)	6,845,524	—
Dividends receivable	8,225	—
Receivable from investments (note 4)	—	6,476,365
Subscriptions receivable (note 4 and 13)	—	27,577,145
Interest receivable	—	81
	<u>36,241,754</u>	<u>34,072,558</u>
LIABILITIES		
Current liabilities		
Derivative liabilities	395,135	—
Redemptions payable	56,713	—
Accounts payable and accrued liabilities	100,230	54,214
Management fees payable (note 7)	32,222	5,808
	<u>584,300</u>	<u>60,022</u>
Net assets attributable to holders of redeemable units	<u>\$ 35,657,454</u>	<u>\$ 34,012,536</u>
Net assets attributable to holders of redeemable units per class		
Class A	\$ 17,243,114	\$ 1,801,845
Class A - NOV-2021	—	47,922
Class A - JAN-2022	—	517,704
Class A - FEB-2022	—	1,219,055
Class A - MAR-2022	—	495,468
Class A - APR-2022	—	80,388
Class A - MAY-2022	—	453,675
Class A - JUL-2022	—	699,514
Class A - OCT-2022	—	579,475
Class A - NOV-2022	—	212,680
Class A - JAN-2023	—	9,809,795
Class I	17,973,444	226,936
Class I - JUL-2022	—	15,811
Class I - AUG-2022	—	9,614
Class I - SEP-2022	—	75,304
Class I - JAN-2023	—	17,767,350
Class T	440,896	—
	<u>\$ 35,657,454</u>	<u>\$ 34,012,536</u>

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

AUSPICE ONE FUND TRUST

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

	2023	2022
Number of redeemable units outstanding (note 8)		
Class A	1,929,069	199,191
Class A - NOV-2021	–	5,298
Class A - JAN-2022	–	57,224
Class A - FEB-2022	–	134,726
Class A - MAR-2022	–	54,759
Class A - APR-2022	–	8,891
Class A - MAY-2022	–	50,187
Class A - JUL-2022	–	77,330
Class A - OCT-2022	–	64,061
Class A - NOV-2022	–	23,511
Class A - JAN-2023	–	1,079,981
Class I	2,006,764	25,000
Class I - JUL-2022	–	1,742
Class I - AUG-2022	–	1,059
Class I - SEP-2022	–	8,296
Class I - JAN-2023	–	1,949,222
Class T	45,691	–
Net assets attributable to holders of redeemable units per unit (note 12)		
Class A	\$ 8.94	\$ 9.05
Class A - NOV-2021	–	9.05
Class A - JAN-2022	–	9.05
Class A - FEB-2022	–	9.05
Class A - MAR-2022	–	9.05
Class A - APR-2022	–	9.04
Class A - MAY-2022	–	9.04
Class A - JUL-2022	–	9.05
Class A - OCT-2022	–	9.05
Class A - NOV-2022	–	9.05
Class A - JAN-2023	–	9.08
Class I	8.96	9.08
Class I - JUL-2022	–	9.08
Class I - AUG-2022	–	9.08
Class I - SEP-2022	–	9.08
Class I - JAN-2023	–	9.12
Class T	9.65	–

See accompanying notes to financial statements.

Approved on behalf of the Trust:



Manager

Auspice Capital Advisors Ltd.

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

AUSPICE ONE FUND TRUST

Statements of Comprehensive Income (Loss)

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

(expressed in Canadian dollars)

	2023	2022
Income		
Dividend income	\$ 352,987	\$ –
Net realized loss on sale of investments, including foreign exchange adjustments	(413,774)	–
Interest income	454,490	411
Net change in unrealized (depreciation) appreciation in value of investments	(267,714)	52,395
	<u>125,989</u>	<u>52,806</u>
Expenses		
Management fees (note 7)	192,289	23,490
Operating costs	99,967	4,850
Withholding Taxes	31,305	–
Professional fees	24,441	12,218
Audit fee	20,719	9,000
Interest expense	1,357	–
Legal fees	589	–
	<u>370,667</u>	<u>49,558</u>
(Decrease) increase in net assets attributable to holders of redeemable units	<u>\$ (244,678)</u>	<u>\$ 3,248</u>
(Decrease) increase in net assets attributable to holders of redeemable units per class (note 10)		
Class A	\$ (241,711)	\$ 26,144
Class A - NOV-2021	589	696
Class A - JAN-2022	6,355	(1,957)
Class A - FEB-2022	14,975	27,118
Class A - MAR-2022	6,083	179
Class A - APR-2022	979	(5,185)
Class A - MAY-2022	5,497	(29,154)
Class A - JUL-2022	8,593	–
Class A - OCT-2022	7,196	–
Class A - NOV-2022	2,644	–
Class A - JAN-2023	79,507	–
Class I	(266,848)	(14,593)
Class I - JUL-2022	194	–
Class I - AUG-2022	118	–
Class I - SEP-2022	923	–
Class I - JAN-2023	141,041	–
Class T	(10,813)	–
	<u>\$ (244,678)</u>	<u>\$ 3,248</u>

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

AUSPICE ONE FUND TRUST

Statements of Comprehensive Income (Loss) (continued) For the six-months ended June 30, 2023 and 2022 (Unaudited)

		2023		2022
(Decrease) increase in net assets attributable to holders of redeemable units per unit				
(note 10)				
Class A	\$	(0.19)	\$	0.13
Class A - NOV-2021		0.11		0.13
Class A - JAN-2022		0.11		(0.03)
Class A - FEB-2022		0.12		0.20
Class A - MAR-2022		0.11		-
Class A - APR-2022		0.11		(0.58)
Class A - MAY-2022		0.11		(0.58)
Class A - JUL-2022		0.11		-
Class A - OCT-2022		0.11		-
Class A - NOV-2022		0.11		-
Class A - JAN-2023		0.07		-
Class I		(0.20)		(0.58)
Class I - JUL-2022		0.11		-
Class I - AUG-2022		0.11		-
Class I - SEP-2022		0.11		-
Class I - JAN-2023		0.07		-
Class T		(0.24)		-

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

AUSPICE ONE FUND 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	Distributions to holders of redeemable units	Reinvestments of distributions	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								
Class A	\$ 1,801,845	\$ 2,136,371	\$ (676,588)	\$ (167,833)	\$ 142,937	\$ 14,248,093	\$ (241,711)	17,243,114
Class A - NOV-2021	47,922	—	—	—	—	(48,511)	589	—
Class A - JAN-2022	517,704	—	—	—	—	(524,059)	6,355	—
Class A - FEB-2022	1,219,055	—	—	—	—	(1,234,030)	14,975	—
Class A - MAR-2022	495,468	—	—	—	—	(501,551)	6,083	—
Class A - APR-2022	80,388	—	—	—	—	(81,367)	979	—
Class A - MAY-2022	453,675	—	—	—	—	(459,172)	5,497	—
Class A - JUL-2022	699,514	—	—	—	—	(708,107)	8,593	—
Class A - OCT-2022	579,475	—	—	—	—	(586,671)	7,196	—
Class A - NOV-2022	212,680	—	—	—	—	(215,324)	2,644	—
Class A - JAN-2023	9,809,795	—	—	—	—	(9,889,302)	79,507	—
Class I	226,936	3,000	—	(196,033)	196,033	18,010,356	(266,848)	17,973,444
Class I - JUL-2022	15,811	—	—	—	—	(16,005)	194	—
Class I - AUG-2022	9,614	—	—	—	—	(9,732)	118	—
Class I - SEP-2022	75,304	—	—	—	—	(76,227)	923	—
Class I - JAN-2023	17,767,350	—	—	—	—	(17,908,391)	141,041	—
Class T	—	451,709	—	(4,811)	4,811	—	(10,813)	440,896
	<u>\$ 34,012,536</u>	<u>\$ 2,591,080</u>	<u>\$ (676,588)</u>	<u>\$ (368,677)</u>	<u>\$ 343,781</u>	<u>\$ —</u>	<u>\$ (244,678)</u>	<u>\$ 35,657,454</u>

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

AUSPICE ONE FUND 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	Distributions to holders of redeemable units	Reinvestments of distributions	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								
Class A - SEP-2021	\$ 1,842,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,144	\$ 1,869,104
Class A - NOV-2021	49,015	-	-	-	-	-	696	49,711
Class A - JAN-2022	539,000	-	-	-	-	-	(1,957)	537,043
Class A - FEB-2022	-	1,236,600	-	-	-	-	27,118	1,263,718
Class A - MAR-2022	-	533,802	-	-	-	-	179	533,981
Class A - APR-2022	-	88,600	-	-	-	-	(5,185)	83,415
Class A - MAY-2022	-	500,000	-	-	-	-	(29,154)	470,846
Class A - JUL-2022	-	730,000	-	-	-	-	-	730,000
Class I - APR-2022	-	250,000	-	-	-	-	(14,593)	235,407
Class I - JUL-2022	-	16,500	-	-	-	-	-	16,500
	<u>\$ 2,430,975</u>	<u>\$ 3,355,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,248</u>	<u>\$ 5,789,725</u>

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

AUSPICE ONE FUND TRUST

Statements of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating Activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (244,678)	\$ 3,248
Adjustments for non-cash items		
Net realized loss on sale of investments, including foreign exchange adjustments	413,774	–
Net change in unrealized depreciation (appreciation) in value of investments	267,714	(52,395)
Change in non-cash balances		
Increase in interest and dividends receivable	(8,225)	–
Receivable from investments (note 4)	6,476,365	–
Increase in due from broker	(6,845,524)	–
Decrease in interest receivable	81	10
Increase (decrease) in accounts payable and accrued liabilities	46,016	(6,963)
Increase in performance fees payable	26,414	5,466
Decrease in management fees payable	–	(1,709)
Purchase of investments	(20,934,563)	(3,115,001)
Cash used in operating activities	<u>(20,802,626)</u>	<u>(3,167,344)</u>
Financing Activities		
Proceeds from issuances of redeemable units	30,168,225	3,148,002
Amounts paid on redemption of redeemable units	(619,875)	–
Distributions paid to holders of redeemable units, net of reinvestments	(24,896)	–
Cash provided by financing activities	<u>29,523,454</u>	<u>3,148,002</u>
Increase in cash and cash equivalents during the period	8,720,828	(19,342)
Cash and cash equivalents, beginning of period	18,967	44,731
Cash and cash equivalents, end of period	<u>\$ 8,739,795</u>	<u>\$ 25,389</u>
Supplemental information*		
Interest paid	\$ 1,357	\$ –
Interest received	454,571	421
Dividends received, net of withholding taxes	313,458	–

*Included as a part of cash flows from operating activities

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

AUSPICE ONE FUND TRUST

Schedule of Investment Portfolio As at June 30, 2023 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
108,300	iShares Canadian Corporate Bond Index ETF	\$ 2,094,679	\$ 2,066,364	5.80
50,100	Vanguard FTSE Canadian High Dividend Yield Index ETF	2,169,176	2,060,613	5.78
		<u>4,263,855</u>	<u>4,126,977</u>	<u>11.58</u>
U.S. equities				
9,600	Credit Suisse X-Links Gold Shares Covered Call ETN	1,900,393	1,777,804	4.99
43,900	iShares Broad USD High Yield Corporate Bond ETF	2,090,279	2,051,763	5.75
15,400	iShares High Dividend ETF JDR	2,139,469	2,055,068	5.76
18,000	iShares JP Morgan USD Emerging Markets Bond ETF	2,100,184	2,062,421	5.78
55,900	Schwab Fundamental Emerging Markets Large Company Index ETF	2,008,712	1,981,291	5.56
31,700	Vanguard Total International Bond ETF	2,051,181	2,051,533	5.75
64,900	Xtrackers MSCI EAFE High Dividend Yield Equity ETF	2,024,195	1,978,912	5.55
		<u>14,314,413</u>	<u>13,958,792</u>	<u>39.14</u>
	Net investments owned	\$ <u>18,578,268</u>	18,085,769	50.72
	Unrealized gain, futures contracts (Schedule 1)		178,621	0.50
	Other assets, net		<u>17,393,064</u>	<u>48.78</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ <u>35,657,454</u>	<u>100.00</u>

AUSPICE ONE FUND 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		
227	CME	CANADIAN DOLLAR	September 2023	\$ (31,409)
41	CME	MEXICAN PESOS	September 2023	10,486
39	CME	BRITISH POUND 62500	September 2023	(25,214)
33	IFUS	MSCI EM MKT IND	September 2023	(47,273)
19	IFEU	N.Y. SUGAR NO.11 (SB)	September 2023	(50,195)
18	CBT	CORN	September 2023	(135,329)
15	IFUS	MINI MSCI EAFE IND	September 2023	(24,626)
13	CME	E-MINI S&P 500	September 2023	121,666
12	SGX	SICOM TSR 20	September 2023	159
11	CME	LEAN HOGS	August 2023	12,048
7	CME	NIKKEI 225 STOCK AV.	September 2023	52,066
5	COMX	GOLD	August 2023	(35,377)
4	CBT	5 YEAR TREAS. NOTE	September 2023	(10,137)
4	COMX	SILVER	September 2023	(662)
4	SGX	USD/CNH FUTURES	September 2023	11,943
3	CME	E-MINI NASDAQ 100	September 2023	32,427
2	CME	EURO FX	September 2023	3,807
1	CBT	30 YR TREASURY BONDS	September 2023	(434)
		Short		
-28	CME	JAPANESE YEN	September 2023	117,364
-24	SGX	SICOM TSR 20	October 2023	-
-19	CBT	2 YEAR TREAS. NOTE	September 2023	486
-11	CBT	TREASURY NOTES 10Y	September 2023	26,977
-11	CBT	SOYBEANS	March 2024	3,211
-10	IFUS	NEW YORK COFFEE C	September 2023	(745)
-8	CBT	WHEAT	September 2023	30,634
-8	COMX	COPPER(HIGH GRADE)	September 2023	41,838
-7	IFUS	NEW YORK COTTON	December 2023	3,250
-7	LME	ZINIC	September 2023	21,184
-5	CME	AUSTRALIAN DOLLAR	September 2023	6,997
-5	IFLL	LONG (10Y) GILT	September 2023	14,631
-5	NYME	PLATINUM	October 2023	(3,542)
-4	NYME	LIGHT CRUDE OIL	August 2023	(8,513)
-3	IFEU	CRUDE OIL BRENT BLND	August 2023	(6,256)
-3	NYME	HENRY HUB NAT. GAS (NG)	January 2024	30,505
-3	NYME	NY HARBOR RBOB GAS	September 2023	(11,377)
-2	IFUS	NY US DOLLAR INDX (1000)	September 2023	(2,005)
-2	NYME	HENRY HUB NAT. GAS (NG)	August 2023	(2,039)
-2	NYME	NO2 HEATING OIL	December 2023	19,101
-1	NYME	PALLADIUM	September 2023	12,975
Derivatives asset				\$ 573,756
Derivatives liability				(395,135)
				\$ 178,621

AUSPICE ONE FUND TRUST

Notes to Financial Statements

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

Trust organization and nature of operations:

Auspice One Fund Trust (the "Trust") is an investment fund trust established under the laws of the Province of Alberta pursuant to an amended and restated trust agreement dated January 31, 2023, (the "Trust Agreement"). The Trust commenced operations on September 1, 2021. The address of the Trust's registered office is Suite 510, 1000 – 7th Avenue S.W., Calgary, Alberta, T2P 5L5.

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's bank is the Royal Bank of Canada.

The Trust seeks to achieve superior absolute and risk-adjusted returns as compared to balanced fund approaches, or a long-only equity fund, with the added benefits of protection and performance during sustained downward trends while earning a yield. This will be achieved by combining traditional assets with the Manager's protective strategies on a near equal basis, which allows the Fund to benefit from the non-correlation of equity, fixed income and divergent alternative investments.

The Trust investment objectives, strategies and restrictions are determined by the Manager. The financial instruments available for investment and the strategies and/or restrictions employed by the Trust to achieve such investment objectives will include futures, options, exchange traded funds, swaps, physical exposure or forward contracts to/for commodities, financial instruments and currencies, including such other investments as the Manager deems are appropriate for the Trust ("Investment Instruments"). Prior to December 31, 2022, the Trust invested substantially all the assets in Auspice One Fund LP ("the Partnership"). The Trust and the Partnership has the same investment objectives.

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.

Effective December 31, 2022, the Partnership was dissolved. The General Partner is responsible for transferring the Partnership assets to the Trust which is substantially complete as of the date of these financial statements. The fair value of the Partnership units redeemed by the Trust at December 31, 2022 have been recognized as Receivable from investment on the Statement of Financial Position.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 2

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

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 authorized for issue by the Manager on behalf 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.

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, subscription receivable and interest 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, payable for investment purchased, and performance and management fees payable are classified as financial liabilities and reported 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.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 3

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

2. Significant accounting policies (continued):

(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.

The following table illustrates the classification of the Trust's financial instruments within the fair value hierarchy as at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Equity	\$ 18,085,769	\$ –	\$ –	18,085,769
Derivative assets	573,756	–	–	573,756
	\$ 18,659,525	\$ –	\$ –	18,659,525
Liabilities				
Derivative liabilities	\$ 395,135	\$ –	\$ –	395,135
	\$ 395,135	\$ –	\$ –	395,135

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.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 4

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.

As an investment entity, the Trust is exempted from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at FVTPL. At June 30, 2023, the Trust has a \$nil (December 31, 2022 - \$nil) investment in Auspice One Fund LP and records this investment at FVTPL (note 4).

(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 circumstances 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.

(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.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 5

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

2. Significant accounting policies (continued):

(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 (Loss). 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 loss on sale of investments and unrealized (depreciation) appreciation in investments are determined on an average cost basis.

(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.

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Notes to Financial Statements, page 6

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

2. Significant accounting policies (continued):

- (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 series of units by the total number of units of that particular series outstanding at the end of the period.

- (l) (Decrease) increase in net assets attributable to holders of redeemable units per unit:

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

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 7

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. Partnership liquidation:

On December 12, 2022, Auspice Capital Management Ltd. (the "General Partner") informed the Limited Partners that the Partnership will be liquidated as of December 31, 2022. The decision to liquidate the Partnership was based on operational efficiencies as the Trust has been converted from a private offering memorandum fund to a public alternative mutual fund on March 1, 2023.

The liquidation resulted in the Trust redeeming its investment in the Partnership and therefore recognizing a receivable from investment of \$6,476,365. This is derived by the Partnership's Class AOFT NAV per unit prior to dissolution and the number of units the Trust held in Class AOFT. The investments held by the Partnership were classified as Level 1 as the investments were active traded and were quoted on the last business day of each month on each valuation date.

5. Cash and cash equivalents:

Cash and cash equivalents consist of cash with the Royal Bank of Canada, RBC Investors Services Trust, RBC Dominion Securities and Interactive Brokers.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 8

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 and Royal Bank of Canada	\$ 6,845,524	\$ -
	\$ 6,845,524	\$ -

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:

Management fees:

The Trust pays the Manager a monthly fee equal to 0.08333 (1/12th of 1.00%) of the net asset values of the Series A and Series I units, and 0.16667 (1/12th of 2.00%) of the net asset value of the Series T units of the Trust, accrued and payable monthly, together with applicable taxes.

Performance fees:

Performance fees are payable to the Manager (except in the case of the Series A and I units where the Manager only receives the greater of its management fees or the performance fees from such Series A or I units), and accrue monthly, and are paid on the last Valuation Date in December of each year (each, a "Performance Valuation Date") and on redemption of a Series A, I or T unit. Such fees are calculated at a rate of fifteen percent (15%) or ten percent (10%) of the positive amount by which the Net Asset Value of the Trust before performance fees of each Series A or T unit, or each Series I unit, respectively, exceeds the previous Annual High-Water Mark of that series of the Trust. Series performance is calculated as the positive amount by which the net asset value of the Trust before performance fees of each series of units of the Trust exceeds the respective Annual High-Water Mark of that series of units of the Trust.

Annual High-Water Mark of a series of units of the Trust is calculated as the amount equal to:

- (i) in the case of a series of units of the Trust on which no performance fee has previously been paid on a Performance Valuation Date, the aggregate subscription price of all units of such series issued to date minus the aggregate subscription price of all units of such series that were redeemed prior to the date of calculation; and

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 9

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

7. Related party transactions (continued):

- (ii) in the case of a series of units of the Trust on which a performance fee has previously been paid on a Performance Valuation Date, the series net asset value of that series on the last Performance Valuation Date on which a performance fee was paid on that series (after deduction of such fee), plus the aggregate subscription price of all units of that series issued since that Performance Valuation Date, minus, in respect of each unit of that series redeemed since that Performance Valuation Date but prior to the date of calculation, either the subscription price of such redeemed unit of that series (if such unit of that series was issued after that previous Performance Valuation Date), or the series net asset value of such redeemed unit of that series on that previous Performance Valuation Date.

For the period ended June 30, 2023, the Trust has incurred fees of \$192,289 (2022 - \$23,490) of which \$32,222 (December 31, 2022 - \$5,808) 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 attributable to holders of redeemable units of the Trust. Each unit of each series entitles the holder to vote, with one vote for each \$1 of net assets attributable to holders of redeemable units attributed to such unit and to participate equally with respect to any and all distributions made by the Trust.

Redeemable units of the Trust may be redeemed on any Valuation Date (each, a "Redemption Date"), by giving the Manager not less than 10 business days prior to such Redemption Date (unless waived by the Manager). The redemption proceeds of units being redeemed will be equal to the series net asset value per unit of the Units being redeemed less all applicable fees and deductions. Redemption proceeds will be paid in cash within 10 business days of the Redemption Date.

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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 periods ended June 30, 2023 and 2022 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redesignation of Redeemable Units	Redeemable Units, end of period
June 30, 2023						
Class A	199,191	232,323	(74,088)	15,648	1,555,995	1,929,069
Class A - NOV-2021	5,298	—	—	—	(5,298)	—
Class A - JAN-2022	57,224	—	—	—	(57,224)	—
Class A - FEB-2022	134,726	—	—	—	(134,726)	—
Class A - MAR-2022	54,759	—	—	—	(54,759)	—
Class A - APR-2022	8,891	—	—	—	(8,891)	—
Class A - MAY-2022	50,187	—	—	—	(50,187)	—
Class A - JUL-2022	77,330	—	—	—	(77,330)	—
Class A - OCT-2022	64,061	—	—	—	(64,061)	—
Class A - NOV-2022	23,511	—	—	—	(23,511)	—
Class A - JAN-2023	1,079,981	—	—	—	(1,079,981)	—
Class I	25,000	326	—	21,417	1,960,021	2,006,764
Class I - JUL-2022	1,742	—	—	—	(1,742)	—
Class I - AUG-2022	1,059	—	—	—	(1,059)	—
Class I - SEP-2022	8,296	—	—	—	(8,296)	—
Class I - JAN-2023	1,949,222	—	—	—	(1,949,222)	—
Class T	—	45,203	—	488	—	45,691
June 30, 2022						
Class A - SEP-2021	199,191	—	—	—	—	199,191
Class A - NOV-2021	5,298	—	—	—	—	5,298
Class A - JAN-2022	57,224	—	—	—	—	57,224
Class A - FEB-2022	—	134,726	—	—	—	134,726
Class A - MAR-2022	—	56,891	—	—	—	56,891
Class A - APR-2022	—	8,891	—	—	—	8,891
Class A - MAY-2022	—	50,187	—	—	—	50,187
Class A - JUL-2022	—	77,330	—	—	—	77,330
Class I - APR-2022	—	25,000	—	—	—	25,000
Class I - JUL-2022	—	1,742	—	—	—	1,742

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

8. Redeemable units of the Trust (continued):

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 7, 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.

9. Financial instruments:

Management of financial instruments 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. The Trust's receivable from investment and its primary investment had been in units of the Partnership, and it is therefore subject to the credit worthiness of the Partnership's investments, representing the maximum credit exposure of the Trust. Cash of the Trust is held with large financial institutions; therefore, credit risk is minimal.

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 12

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

9. Financial instruments (continued):

(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 the trading of derivatives.

(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 and the fair values of exchange traded funds would have impacted the Trust's net assets attributable to holders of redeemable units by approximately \$450,965 (December 31, 2022 - \$nil).

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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):

(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. Prior to December 31, 2022, the Trust was exposed to interest rate risk indirectly related to the Partnership.

(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, 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	\$ 4,929,860	\$ 13,958,792	\$ 18,888,652	\$ 49,299	\$ 139,588	\$ 188,887
Euro	(31,652)	–	(31,652)	(317)	–	(317)
U.K. Pound Sterling	31,421	–	31,421	314	–	314
Hong Kong Dollar	(30,092)	–	(30,092)	(301)	–	(301)
China Yuan Renminbi	56,944	–	56,944	569	–	569
	<u>\$ 4,956,481</u>	<u>\$ 13,958,792</u>	<u>\$ 18,915,273</u>	<u>\$ 49,564</u>	<u>\$ 139,588</u>	<u>\$ 189,152</u>
% of Net Assets Attributable to Holders of Redeemable Units						
	13.90	39.15	53.05	0.14	0.39	0.53

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

10. (Decrease) increase in net assets attributable to holders of redeemable units per unit:

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

	(Decrease) increase in net assets attributable to holders of redeemable units per class	Weighted Average of Redeemable Units Outstanding During the Period	(Decrease) increase in net assets attributable to holders of redeemable units per unit
June 30, 2023			
Class A	\$ (241,711)	1,252,920	\$ (0.19)
Class A - NOV-2021	589	5,298	0.11
Class A - JAN-2022	6,355	57,224	0.11
Class A - FEB-2022	14,975	130,159	0.12
Class A - MAR-2022	6,083	54,759	0.11
Class A - APR-2022	979	8,891	0.11
Class A - MAY-2022	5,497	50,187	0.11
Class A - JUL-2022	8,593	77,330	0.11
Class A - OCT-2022	7,196	64,061	0.11
Class A - NOV-2022	2,644	23,511	0.11
Class A - JAN-2023	79,507	1,079,981	0.07
Class I	(266,848)	1,348,049	(0.20)
Class I - JUL-2022	194	1,742	0.11
Class I - AUG-2022	118	1,059	0.11
Class I - SEP-2022	923	8,296	0.11
Class I - JAN-2023	141,041	1,949,222	0.07
Class T	(10,813)	44,859	(0.24)
June 30, 2022			
Class A - SEP-2021	\$ 26,144	199,191	\$ 0.13
Class A - NOV-2021	696	5,298	0.13
Class A - JAN-2022	(1,957)	57,224	(0.03)
Class A - FEB-2022	27,118	134,726	0.20
Class A - MAR-2022	179	56,891	–
Class A - APR-2022	(5,185)	8,891	(0.58)
Class A - MAY-2022	(29,154)	50,187	(0.58)
Class I - APR-2022	(14,593)	25,000	(0.58)

AUSPICE ONE FUND TRUST

Notes to Financial Statements, page 15

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

11. 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 its business, 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.

12. Comparison of net asset value (Trading NAV) per unit and net assets attributable to holders of redeemable units (IFRS) per unit:

The primary reason for the difference between the net asset value (Trading NAV) per unit and the net assets attributable to holders of redeemable units (IFRS) per Unit is due to offering costs which have been expensed for financial reporting purposes and are amortized over five years for purposes of calculating the Trading NAV.

	Net Asset Value Per Unit (Trading)	Net Assets Per Unit (IFRS)
June 30, 2023		
Class A	\$ 8.94	\$ 8.94
Class I	8.96	8.96
Class T	9.66	9.65

	Net Asset Value Per Unit (Trading)	Net Assets Per Unit (IFRS)
December 31, 2022		
Class A - SEP-2021	\$ 9.08	\$ 9.05
Class A - NOV-2021	9.08	9.05
Class A - JAN-2022	9.08	9.05
Class A - FEB-2022	9.09	9.05
Class A - MAR-2022	9.09	9.05
Class A - APR-2022	9.08	9.04
Class A - MAY-2022	9.08	9.04
Class A - JUL-2022	9.08	9.05
Class A - OCT-2022	9.08	9.05
Class A - NOV-2022	9.08	9.05
Class A - JAN-2023	9.08	9.08
Class I - APR-2022	9.12	9.08
Class I - JUL-2022	9.12	9.08
Class I - AUG-2022	9.12	9.08
Class I - SEP-2022	9.12	9.08
Class I - JAN-2023	9.12	9.12

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

13. 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.

14. 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.