



# DIVERSIFIED TRUST

COMMENTARY +  
FUND PROFILE

MARCH 2023

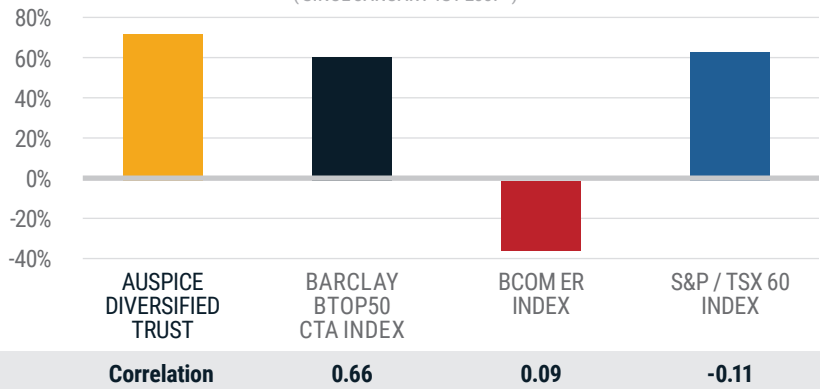
All performance data, portfolio information and pricing contained herein is as of March 31st, 2023.

**AUSPICE** Capital Advisors

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## CUMULATIVE PERFORMANCE (SINCE JANUARY 1ST 2007\*)



Source: Bloomberg and Auspice Investment Operations. \*The returns for Auspice Diversified Trust ("ADT") are net of fees. Returns represent the performance for Auspice Diversified Trust, Series X. Prior to December 2019, the returns were from Auspice Managed Futures LP, Series 1. Past performance is not indicative of future results. You can not invest directly in an index. \*Correlation is a statistical measure that calculates the degree to which two portfolio or securities move in relation to one and the other, and can range between -1.0 and +1.0. A 0 correlation would indicate 0 similarity, a 1.0 correlation would indicate 100% correlation.

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Prior to February 28, 2023, this Fund was offered via offering memorandum only and this Fund was not a reporting issuer during such prior period. The expenses of the Fund would have been higher during such prior period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Auspice obtained exemptive relief on behalf of the Fund to permit the disclosure of the prior performance data for the Fund for the time period prior to it becoming a reporting issuer.

## SUMMARY

Source of data is Bloomberg unless otherwise indicated.

Auspice Diversified Trust yet again moved in the opposite direction of the benchmark indices. In March, as the SG CTA and BTOP50 indices fell sharply (both over 5%), the fund preserved capital and made a 0.34% gain (Table 1). Although a small number, given the overwhelming negative result by benchmark CTA and commodity indices, we are satisfied with this result. The long-only commodity benchmarks were softer again with the energy heavy GSCI falling 1.48% while the more diverse Bloomberg Commodity Index (BCOM) pared losses to 0.61%.

As illustrated in Chart 1, the recent weakness in commodity and CTA benchmarks as depicted by BCOM and BTOP50 has been moderated by the Auspice Diversified Trust. The combination of capturing commodity upside in the “Commodity Alpha” section along with negative correlation to equities as depicted by the MSCI ACWI index in the “Crisis Alpha” sections is a valuable return stream and portfolio diversifier.

Most global equity markets added to yearly gains while the commodity tilted Canadian TSX60 softened. The S&P500 and NASDAQ rose 3.5% and 6.7% respectively while the global benchmark MSCI ACWI added 3.1%. The S&P/TSX60 fell 0.9%.

US CPI inflation softened modestly to 6.0% (from 6.4% in January) per Chart 2. Adding to rate pressure was a rapid onset US regional banking crisis that resulted in a number of failures. Bond yields fell with the benchmark US 10-year note rate closing at 3.47% from 3.94% ending February. However, it should be noted that central banks continued to hike rates. The US, UK and ECB all raised post “crisis” ranging from 25 to 50 bps. The US Dollar weakened 2.5% vis-à-vis global currencies with the Euro, Pound and Yen all rising over 2% while the commodity tilted Canadian and Aussie dollars lagged.

## OUTLOOK

Gold finished within a few dollars of an all time monthly high close in March and has already had a nearly 20% run in the last 6 months. Sugar made 8-year highs in March and has been leading renewed strength in agricultural markets. However, commodity strength is not broad based as evidenced by the weak performance of benchmark commodity indexes. Natural Gas, for example, dragged on benchmarks, having lost another 25% in the month of March alone.

While commodity benchmark performance has been weak, opportunity for tactical trading strategies has grown. The Auspice Broad Commodity Index - selectively adding only those exposures exhibiting strength - made new eight-month highs and is up over 3% in 2023. The flagship Auspice Diversified Trust has tilted even more to commodity risk at a notable 85%, higher than average and reflective of the increased opportunity set.

CHART 1 COMMODITY & CRISIS ALPHA



Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You can not invest directly in an index.

TABLE 1 AUSPICE DIVERSIFIED TRUST PERFORMANCE

	Auspice Diversified Trust	Barclay BTOP50 CTA Index	BCOM ER INDEX	TSX 60 INDEX
1 Month	0.34%	-5.04%	-0.61%	-0.86%
2023 YTD	-1.24%	-3.86%	-6.47%	3.20%
1 yr (Apr 22)	-4.58%	1.19%	-15.19%	-8.80%
3 yr (Apr 20)	32.96%	30.48%	70.57%	47.13%
5 yr (Apr 18)	39.22%	33.23%	20.62%	32.71%
10 yr (Apr 13)	39.51%	35.35%	-22.62%	65.55%
15 yr (Apr 08)	49.29%	40.18%	-47.66%	53.98%
Ann. Return (Jan 07)	3.40% <sup>1</sup> / 4.45% <sup>2</sup>	2.96%	-2.77%	3.03%
Std Deviation	11.68%	7.01%	16.70%	13.46%
Sharpe Ratio	0.37	0.45	-0.08	0.31
MAR Ratio	0.13	0.18	-0.04	0.07
Worst Drawdown	-26.04%	-16.11%	-73.87%	-44.27%

Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You can not invest directly in an index.

1. The returns for Auspice Diversified Trust (“ADT”) are net of fees. Returns represent the performance for Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% mgmt, 15% performance) which started in July 1st, 2014.

2. “Auspice Diversified 1 and 15” is provided for indicative purposes to illustrate full cycle net returns with the current lower fee structure (Series X). Auspice Diversified 1 and 15 is based on the realized gross returns of Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) through November 30th 2019, adjusted with the current lower (1 and 15) fee structure (Series X). December 1st 2019 forward Auspice Diversified 1 and 15 represents the realized net returns from Auspice Diversified Series X.

**OUTLOOK (CONTINUED)**

With OPEC+ announcing a forthcoming May cut in supply as April opened, investors have been reminded how quickly volatility can return and opportunities evolve. Commodities, like all markets, don't go straight up. After a strong rally to kick-off the decade, there has been consolidation over the last year. However, the fundamental backdrop hasn't changed in our opinion - broad commodity supply remains tight after a decade of declining CAPEX and growing demand in India, we expected renewed bouts of volatility. For those that can be agile and tactically navigate we believe it is an opportune time to have exposure.

**ATTRIBUTIONS AND TRADES**

Energies were weak while Metals were strong. Grains broadly were weak however some Soft Commodities are at multi-year highs. Additionally, the back-and-forth volatility in equities and interest rates has created a challenging moment for many trend-followers. For Auspice, our agility, which can at times be a blessing and at other times be a curse, has protected the downside which is job one. While the overall directional positioning remains largely the same, we made adjustments to the portfolio to reduce or add risk within sub-sectors, ultimately ending with increased commodity risk. Per Chart 3, gains were made in four market sectors, led by Metals and Softs while Equities pulled back the result.

**BY SECTOR**

**Energies:** Sector gains from Trend and Short Term (non-trend) strategies as energy weakened across petroleum and natural gas markets.

**Equities:** Sector loss as trends flopped and we cut risk.

**Metals:** Gained as precious metals rallied.

**Rates:** Small loss as Bonds rallied sharply against shorts. Risk further reduced.

**Grains:** Loss as positions moved against both short and long exposures.

**Currencies:** Small gains as currencies rallied vis-à-vis the US dollar.

**Softs:** Sector outperformed on the back of a strong rally in Sugar.

**RETURN DRIVERS:**

Trend-following strategies had a slight loss while the non-correlated short-term (non-trend) strategies had a gain pulling the portfolio up. See Chart 4.

**POSITION HIGHLIGHTS**

**GAINS**

- Sugar was the strongest market gaining 9%.
- Natural Gas shorts led Energies as the market fell over 25%.
- Gold and Silver buoyed Metals with the latter up 14%.

**LOSSES**

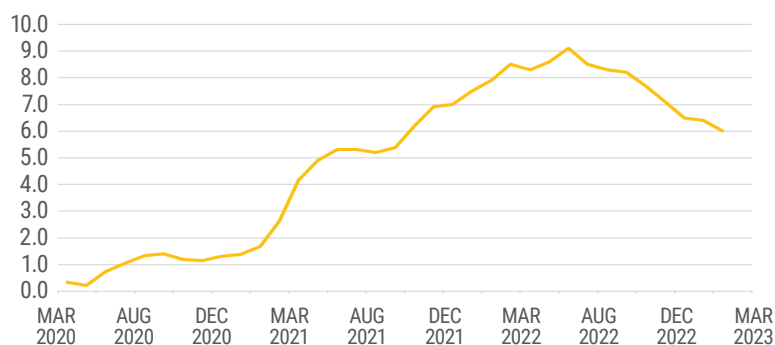
- Entered and exited the Nikkei equity market for a loss.
- Exited long exposure in Dow Jones Euro Stoxx50 index.
- Corn rallied against shorts 3%.

**TABLE 2 AUSPICE DIVERSIFIED TRUST PERFORMANCE**

Auspice Diversified Trust Series	Annualized Return				NAVPU CAD \$
	1yr	3yr	5yr	10yr	
Series X	-4.58%	9.98%	6.93%	n/a	14.4821
Series A	-5.75%	9.47%	6.18%	2.86%	11.6232
Series F	-4.81%	9.11%	6.41%	3.23%	12.3552
Series I	-3.28%	13.36%	9.35%	5.49%	16.8677

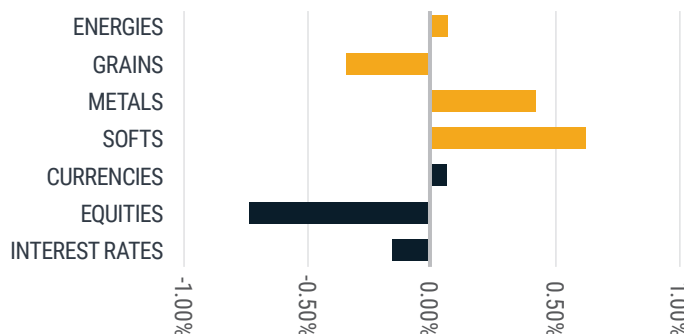
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. The returns for Auspice Diversified Trust ("ADT") are net of fees.

**CHART 2 CONSUMER PRICE INDEX (CPI) YOY% CHANGE**



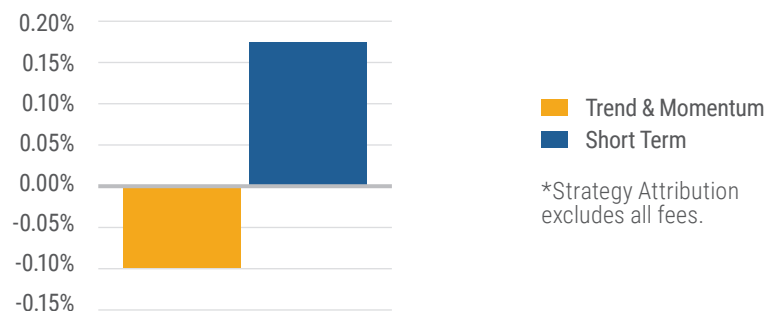
Source: Bloomberg and Auspice Investment Operations. See definitions at end for more.

**CHART 3 SECTOR PROFIT/LOSS AND MONTHLY ATTRIBUTION**



Source: Auspice Investment Operations.

**CHART 4 STRATEGY (RETURN DRIVER) ATTRIBUTION**



\*Strategy Attribution excludes all fees.

Source: Auspice Investment Operations.

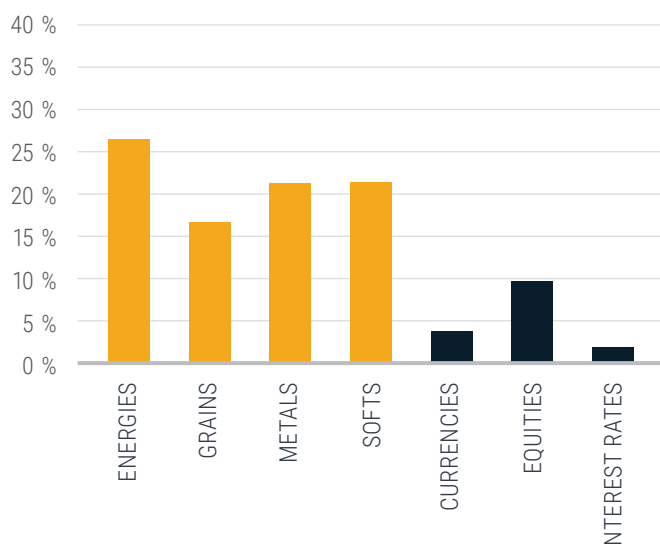
## EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure further tilted to commodities at 85:15 from 77:23 last month per Chart 5.

Overall portfolio exposure, as measured by the Margin to Equity ratio, has decreased to 2.7% down from 5.0% last month and is well below the historical average level of 6.7% (see Chart 7 next page). Historically, when the ratio slipped to very low levels (<4%), this has indicated a transition in opportunities with the ability to add risk as trends develop.

In Commodities, risk was decreased in Grains and increased elsewhere. Financial exposure was decreased primarily in Equities.

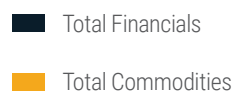
### CHART 6 CURRENT SECTOR RISK



Source: Auspice Investment Operations.

\*Sector and individual market risk is expressed relative to the overall portfolio VAR/risk. Risk based on 1-day VaR.

### CHART 5 COMMODITIES VS. FINANCIAL EXPOSURE



Source: Auspice Investment Operations.

## CURRENT RISK BY SECTOR

Largest Holdings	Position	% of Risk
<b>ENERGIES 26.3%</b>		
Heating Oil	Short	5.9%
Crude Oil WTI	Short	5.8%
Gas Oil (Diesel)	Short	4.6%
<b>GRAINS 16.6%</b>		
Wheat	Short	7.6%
Soybeans	Long	4.3%
Canola	Short	2.6%
<b>METALS 20.7%</b>		
Gold	Long	12.3%
Silver	Long	3.3%
Copper	Long	3.2%
<b>SOFTS 21.1%</b>		
Sugar	Long	16.5%
Cotton	Short	3.1%
<b>CURRENCIES 3.8%</b>		
Aussie Dollar	Long	0.7%
Canadian Dollar	Long	0.6%
Japanese Yen	Long	0.6%
<b>EQUITIES 9.8%</b>		
NASDAQ	Long	10.6%
<b>INTEREST RATES 1.8%</b>		
Treasury Bond/30yr (USA)	Short	0.6%
Treasury Notes/10yr (USA)	Short	0.6%
Treasury Notes/5yr (USA)	Long	0.5%

Source: Auspice Investment Operations.

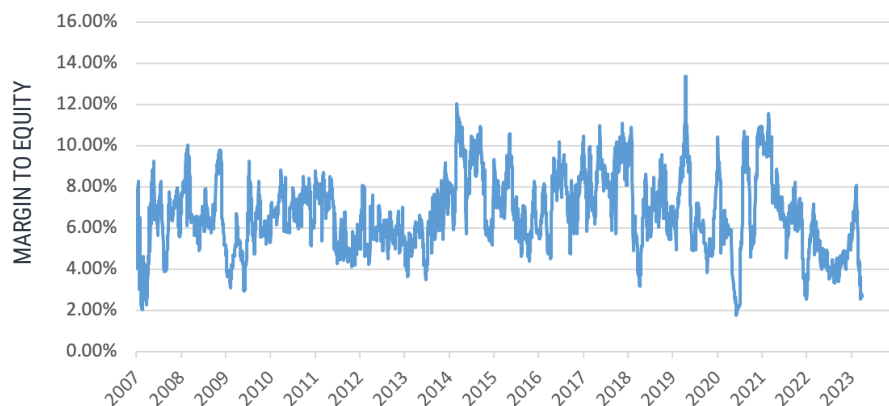
## INVESTMENT OBJECTIVE

The Fund seeks to generate returns on investment in, trading in or exposure to commodity and financial interests. Using a disciplined rules-based investment process, the fund captures dominant trends long and short, agnostic to market direction and popular consensus. Risk management and capital allocation is systematic to preserve capital as the strategy's core objective along with

providing returns that are non-correlated to traditional equity, fixed income and most alternative strategies. A core goal is to provide performance and crisis alpha in times of significant equity correction.

## FUND DETAILS

CHART 7 PORTFOLIO EXPOSURE (MARGIN TO EQUITY)



Source: Auspice Investment Operations.

Fund Details (Jan 2007)		Trade Statistics	
Annualized Return	3.40% <sup>1</sup> / 4.45% <sup>2</sup>	Avg Monthly Gain	2.90%
Annualized Std Dev	11.68%	Avg Monthly Loss	-2.12%
Largest Drawdown	26.04%	Daily Std Dev	0.70%
Sharpe Ratio <sup>3</sup>	0.37	Daily VAR (sim w/99% conf)	-0.43%
MAR Index <sup>4</sup>	0.13	Round Turns per \$million	800
Sortino	0.66	Margin to Equity ratio	6.7
Upside/Downside Deviation	0.15 / 0.05	Average Hold Period (Days)	69
Correlation to MSCI ACWI	-0.16	% Profitable	41%
Correlation to TSX60	-0.11	\$Win / \$Loss	1.73
Correlation to BCOM ER	0.09	Skew	0.95

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

Auspice Diversified Trust	Fundserv Code	Management Fee	Performance Fee	Minimum
Series X	ACA778X	1%	15%	\$1mm
Series A	ACA718A	2%	20%	\$1,000
Series F	ACA728F	1%	20%	\$1,000
Series I	ACA738I	Negotiated	Negotiated	\$25mm

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

## KEY ATTRIBUTES

- Higher allocation to commodities relative to our peers,
- Negative correlation to equity, no correlation to commodity,
- Low margin to equity (average <7.0%) makes it scalable and cash efficient
- Portfolio Management team with experience trading in volatile environments.
- Positive skew: Auspice Diversified Trust has outperformed at critical times of crisis, recovery, and volatility expansion.

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3. Assumes Risk free rate of 0%.

4. MAR is the annualized return divided by the largest drawdown.

Program Details	
Other Structures	Managed Account, Delaware LLC
Auspice Diversified Trust Liquidity	Daily
Firm Assets	\$764MM

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

MONTHLY PERFORMANCE TABLE\*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2023	2.15%	-3.64%	0.34%										-1.24%
2022	2.20%	4.32%	7.95%	3.54%	-1.84%	0.55%	-2.90%	-0.17%	2.43%	-0.51%	-4.30%	0.00%	11.19%
2021	2.67%	9.55%	-0.89%	4.61%	0.61%	-1.50%	-1.77%	0.98%	0.49%	1.32%	-4.28%	-1.89%	9.62%
2020	-2.06%	-0.19%	9.72%	-3.16%	-0.47%	0.28%	3.36%	2.08%	-2.15%	0.99%	2.69%	6.73%	18.46%
2019	-4.14%	-0.47%	-0.65%	3.50%	-7.43%	-0.37%	0.52%	10.60%	-7.59%	-1.33%	1.42%	0.25%	-6.75%
2018	3.12%	-5.81%	-2.27%	-0.19%	1.41%	-1.48%	1.89%	3.57%	-0.84%	-4.75%	3.66%	1.64%	-0.61%
2017	-3.66%	-1.89%	-1.35%	-1.39%	-0.53%	-0.51%	-1.61%	2.76%	-2.53%	5.16%	-0.27%	0.67%	-5.31%
2016	-0.22%	3.12%	-4.93%	3.59%	-1.64%	0.56%	2.44%	-1.55%	-1.06%	-1.34%	2.68%	-0.13%	1.15%
2015	4.66%	-1.93%	0.47%	-0.98%	-2.03%	-1.84%	-4.36%	-2.14%	0.26%	-2.74%	2.56%	0.66%	-7.47%
2014	-2.02%	1.62%	-1.84%	3.25%	-3.11%	2.65%	-0.43%	3.92%	8.56%	-0.78%	7.05%	4.19%	24.76%
2013	0.40%	-2.23%	0.26%	0.99%	-0.90%	0.66%	-1.54%	-1.33%	-4.07%	2.01%	0.04%	-0.36%	-6.01%
2012	2.41%	-1.11%	-1.19%	0.60%	1.72%	-6.29%	1.17%	-0.70%	-3.64%	-1.80%	2.38%	-0.81%	-10.24%
2011	1.39%	2.97%	-1.16%	4.09%	-1.31%	-1.62%	2.16%	-1.09%	-2.60%	-3.82%	1.07%	-3.44%	-3.66%
2010	-3.26%	0.45%	0.61%	0.95%	0.01%	0.62%	-1.02%	1.07%	1.82%	6.98%	-2.51%	6.68%	12.53%
2009	-0.61%	1.08%	-2.27%	-3.32%	-0.58%	0.15%	-3.23%	0.75%	1.44%	-2.31%	4.84%	-3.83%	-7.93%
2008	5.60%	14.59%	-1.72%	-1.58%	0.71%	2.86%	-5.61%	-1.99%	6.86%	10.80%	5.77%	2.73%	44.30%
2007	-1.43%	-1.76%	-2.42%	-0.79%	0.71%	-1.32%	-3.16%	-3.07%	5.87%	4.53%	-2.13%	2.29%	-3.11%

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share and/or unit value and reinvestment of all dividends and/or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

RISK RATING

Auspice Capital Advisors Ltd. has rated the volatility of this fund as **medium**.

This rating is based on how much the Fund's returns have changed from year to year. It does not tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

LOW	LOW TO MEDIUM	<b>MEDIUM</b>	MEDIUM TO HIGH	HIGH
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For more information about the risk rating and specific risks that can affect the Fund's returns, refer to the risk section of the Fund's simplified prospectus.



## BENCHMARK DESCRIPTIONS

The BTOP50 seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50. For 2022 there are 20 CTA funds in the Barclay BTOP50 Index. The BTOP 50 is the most comparable index for Auspice Diversified Trust, however there are significant differences, such as the average exposure to commodity futures (versus financial futures), and average trade length. Reference to the BTOP50 benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The SG CTA Index provides the market with a reliable daily performance benchmark of major commodity trading advisors (CTAs). The SG CTA Index calculates the daily rate of return for a pool of CTAs selected from the larger managers that are open to new investment. Second to the BTOP50, the SG CTA is the most comparable index for Auspice Diversified Trust, however there are significant differences, such as the average exposure to commodity futures (versus financial futures), and average trade length. Reference to the SG CTA benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The Bloomberg Commodity Index Excess Return (BCOM ER) Index is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity markets. Like Auspice Diversified Trust, the index is designed to minimize concentration in any one sector. No one commodity can compose more than 15% of the BCOM ER index, no one commodity and its derived commodities can compose more than 25% of the index, and no sector can represent more than 33% of the index. There are significant differences however, most importantly, that the BCOM ER index is passive, and 100% commodities, whereas Auspice Diversified Trust is active, and also trades financial futures. Reference to the BCOM ER benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The S&P Goldman Sachs Commodity Excess Return Index ("GSCI"), is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. Like Auspice Diversified, it provides exposure to a number of commodities. There are significant differences however. Importantly, the GSCI index is passive, concentrated in energy, and 100% commodities. Auspice Diversified Trust is active long and short, diversified equally across seven sectors, and also trades financial futures. Reference to the GSCI benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The S&P/TSX 60 ("TSX 60") Index is a stock market index of 60 large companies listed on the Toronto Stock Exchange. Maintained by the Canadian S&P Index Committee, a unit of Standard & Poor's, it exposes the investor to 60 stocks in nine industry sectors. There is a low degree of similarity between the TSX 60 and Auspice Diversified Trust. As the main benchmark for equity performance in Canada its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from equities, an important consideration for portfolio managers and investors alike.

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Price Return data is used (not including dividends). There is a low degree of similarity between the S&P 500 and Auspice Diversified Trust. As the main benchmark for equity performance in the US its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from US equities, an important consideration for portfolio managers and investors alike.

The MSCI ACWI (Net) Index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. There is a low degree of similarity between the MSCI ACWI and Auspice Diversified Trust. As the main benchmark for global equity performance its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from global equities, an important consideration for portfolio managers and investors alike.

The Nasdaq Composite Index is the market capitalization-weighted index of over 3,000 common equities listed on the Nasdaq stock exchange. There is a low degree of similarity between the Nasdaq and Auspice Diversified Trust. As the main benchmark for technology stock performance its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from technology stocks, an important consideration for portfolio managers and investors alike.

## GLOSSARY

1. Commodity Trading Advisors (CTAs) are professional investment managers, similar to portfolio managers in mutual funds, who seek to profit from movements in the global financial, commodity and currency markets by investing in exchange traded futures, options, and OTC forward contracts.
2. CPI - The Consumer Price Index (CPI) is a measure of the average change overtime in the prices paid by urban consumers for a market basket of consumer goods and services. It is often referenced as a measure of inflation.
3. Value at risk (VaR) is a measure of the risk of loss for investments. It estimates how much a set of investments might lose (with a given probability), given normal market conditions, in a set time period such as a day.
4. The Margin to Equity ratio represents the amount of trading capital that is being held as margin at any particular time. For example, if a CTA fund with \$100 million AUM executes trades requiring \$25 million in margin, the margin-to-equity ratio is 25%.
5. Standard deviation is a measure of how much an investment's returns can vary from its average return. It is a measure of volatility and, in turn, risk.
6. The Sharpe ratio measures the performance of an investment such as a security or portfolio compared to a risk-free asset, after adjusting for its risk. It is defined as the difference between the returns of the investment and the risk-free return, divided by the standard deviation of the investment returns.

7. The MAR Ratio is the annualized return divided by the largest drawdown.
8. Skew is the degree to which returns are asymmetric around the mean. Why does skew matter? If portfolio returns are right, or positively, skewed, it implies numerous small negative returns and a few large positive returns. If portfolio returns are left, or negatively, skewed, it implies numerous small positive returns and few large negative returns.
9. Worst Drawdown measures the maximum fall in the value of the investment, as given by the difference between the value of the lowest trough and that of the highest peak before the trough.
10. Alpha is a measure of the active return on an investment, the performance of that investment compared with a suitable market index. An alpha of 1% means the investment's return on investment over a selected period of time was 1% better than the market during that same period.
11. Crisis alpha means that an investment strategy generates positive return in periods of high financial stress. For example, if a manager is short the market when it crashes, that manager will generate positive returns when other investors lose money.

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## QUALIFIED INVESTORS

Auspice Diversified Trust is available to all Canadian investors. For U.S. investors, the strategy is only available to Qualified Eligible Persons "QEPs" as defined by CFTC Regulation 4.7, in a LLC structure. Email [info@auspicecapital.com](mailto:info@auspicecapital.com) for more.

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