Auspice Managed Futures Index Commentary & Performance
Auspice Managed Futures Excess Return Index (AMFERI)

September Review

Market Review

September began with equity market optimism after the negative performance and sharp pullback in August ended with a closing rally. The markets rose into the US Federal Reserve meeting on the 17th, but the response to the unchanged policy and rate level left the market to renew the same trend lower. Commodities followed a similar path and were mostly weak on the month. Many other alternatives also softened, including Real Estate, Infrastructure and Private Equity making it difficult to find positive returns.

The month ended with a quick, last-minute rally upwards (a familiar pattern now), yet the downward trend appears to be firming. The continued sell-off in equities has turned most global markets significantly negative on the year, and momentum has picked up.

While the markets are jittery and choppy, they are operating at a volatility level that should bring opportunity to those agnostic to price direction. These are the times when true non-correlated alternatives becomes a critical portfolio component.

Index Review

The AMFERI had a strong month, gaining 1.40%. While this represents some underperformance compared to the financially tilted CTA benchmarks year to date (see Table 1), the performance during the month - and specifically at times when equities pulled back - is exceptional. During September, specifically as the Fed decision came out and equities sold-off, the strategy gained 1.91% over 2 days while the S&P lost 1.87% This follows a similar performance last month as the S&P dropped 11.17% in a week while the AMFERI gained 1.43% (see charts below).

Portfolio Recap

In September, performance was positive in 4 of the 5 index sub-sectors. Notably, the Energy sector was responsible for the bulk of gains made while the Ags provided negative performance. Gains from Metals and Interest Rates also helped.

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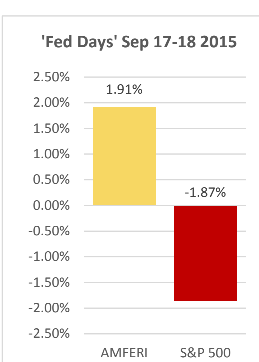


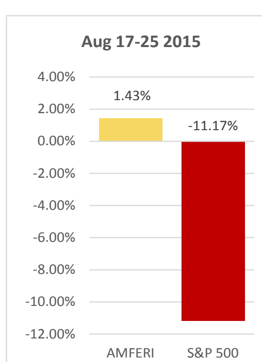


Table 1: Month and 2015 Year-To-Date

2015	AMFERI	BTOP50	S&P DTI ER	Newedge CTA Index
Sep 2015	**1.40%**	1.50*%	0.39%	1.20*%
2015 YTD	**-12.65%**	-1.11*%	-3.99%	0.90*%

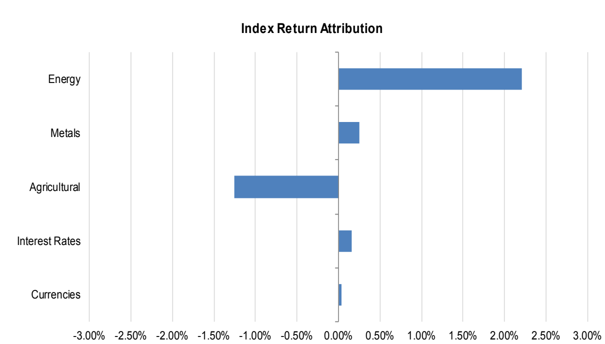
Table 2: 8 Year Annualized Performance

8 Year Annualized	AMFERI	BTOP50	S&P DTI ER	Newedge CTA Index
Annualized Return	**10.08%**	3.08%	-1.15%	4.02%
Annual Std. Dev.	**12.72%**	6.41%	8.27%	7.61%
Sharpe Ratio	**0.79**	0.48	-0.14	0.53
MAR Ratio	**0.59**	0.37	-0.04	0.34
Largest Drawdown	**17.17%**	8.34%	27.07%	11.78%

Table 3: Cumulative Return Since Inception

From Dec. 2010	AMFERI	BTOP50	S&P DTI ER	Newedge CTA Index
Cumulative Return	**12.50%**	8.91%	-7.21%	12.17%

As a single strategy investable CTA index, this strategy provides the benefits of traditional CTA through trend following and risk management along with the benefits of transparency and third party publishing, monitoring and benchmarking. The strategy now underlies ETFs, 40 Act mutual funds and managed accounts providing a low cost means of allocating to Managed Futures without sacrificing performance.



AUSPICE capital advisors
www.auspicecapital.com
Suite 301, 615 - 3rd Ave SW; Calgary AB T2P 0G6 TEL 888.792.9291

The strategy only made a few changes to positions during the month. In commodities, the month began with continued overall weakness and the sole remaining long position was shifted to short in the Agricultural sector. As such, the strategy is now short 12 of 12 components (or 100%) of the possible basket. This puts the strategy back to a similar position to last fall, when all commodity components were short.

In the financial markets, the only change was within Currencies as the British Pound was shifted to short right at month end.

The top performing positions in the portfolio were all shorts in commodities led by Energy and complemented by Gold and Cotton. The worst performing positions resulted from the exit and reversal in Wheat (which rallied after the short was taken) along with a rally in Sugar.

Energy

The strategy remains short all components within the energy sector and profitable as this sector slowly fell much of the month. The greatest weakness came from Heating Oil but was complemented by Crude Oil (WTI) and Gasoline. Natural Gas held up better than the other energies to start the month but drifted off later in the month to end lower.

Metals

Gains were made as the strategy remained short the entire sector. Precious metals held in better than most commodities but could not manage significant upward momentum. Silver was the strongest of this weak sector, while Copper rallied early in the month before falling back.

Agriculture

We exited the remaining long Ag position in Wheat to start the month. However, Grains spent most of the month moving slightly higher against our short weights. This was led by Wheat and Corn while Soybeans traded sideways. On the Softs side, Sugar followed a similar pattern drifting higher while Cotton outperformed, moving sharply lower to the benefit of the established short weight. While weak over the last few months, the Ag sector remains one to watch for developing upside momentum.

Interest Rates

Interest Rate futures pushed higher across the curve for most of the month. Gains were thus made in the short end of the curve from our long weights in US 10 Year and 5 Year Note futures with a slight negative offset from the short in the US 30 Year Bond futures.

Currencies

Slight gain in the sector was of little portfolio consequence as shorts in Aussie and Canadian Dollars coupled with a long position in the Yen offset the loss in shifting the British Pound from long to short.

Outlook

As mentioned to start this commentary, it was hard to find positive returns in markets, asset classes, and investment strategies in September. The Managed Futures / CTA strategy is one of those few positive performers.

Moreover, the unique aspects of the Auspice strategy enable it to outperform at times when the non-correlation is needed most. The lack of equity exposure may cause a drag at times of low volatility and grinding higher equity markets, but it is in itself an asset as the equity market rolls over or gyrates. This aspect further enhances the value of the AMFERI as low beta managed futures strategy amongst many that generate the bulk of their returns from the financial markets. Be aware of this difference as you consider the purpose of this type of exposure.

We believe this is an ideal time to add to or initiate this type of low beta exposure to lower overall portfolio risk given the current level of market volatility and the risks of further market deterioration.

Synopsis of AMFERI Drawdown and Return Analysis.

Managed Futures is typically a difficult strategy to time because of the non-correlated performance that results from the widespread diversification of market sectors covered. One of the best ways to consider an entry point is through an understanding of drawdowns over time. Pullbacks occur in every strategy, however given transparency of the returns, it is intuitive to analyze the character of the pullbacks and subsequent gains with managed futures. These pullbacks generally represent an opportunity from which trends develop and extend. Furthermore, the time to make new gains is often quicker than the length of the pullback (peak to valley).

Please contact us at info@auspicecapital.com for the complete analysis.

Strategy and Index

The Auspice Managed Futures Index is an investable single strategy CTA. The index aims to capture upward and downward trends in the commodity and financial markets while carefully managing risk. The index uses a quantitative methodology to track either long or short weights in a diversified portfolio of 21 exchange traded futures which cover the energy, metal, agricultural, interest rate, and currency sectors. The index incorporates dynamic risk management and contract rolling methods. The index is available as either a total return index (includes a collateral return) or as an excess return index (no collateral return). Auspice is an innovative asset manager that specializes in applying formalized investment strategies across a broad range of commodity and financial markets. Auspice's portfolio managers are seasoned institutional commodity traders. Their experience, trading one of the most volatile asset classes, forms the backbone of their strategy for generating profits while preserving capital and dynamically managing risk.

About Auspice

Auspice Capital Advisors Ltd. is a registered Portfolio Manager / Investment Fund Manager / Exempt Market Dealer in Canada and a registered Commodity Trading Advisor (CTA) and National Futures Association (NFA) member in the US. Auspice's core expertise is managing risk and designing and executing systematic trading strategies.