



## November 2015 Commentary and Performance

### SUMMARY

The Auspice Diversified Program gained 2.56% in November. The strategy found opportunities in both the weakness of commodities and was complemented by gains in currencies and interest rates while on the sidelines in equity. The Auspice portfolio gains have again come at a key time for Equity and Commodity asset class allocations.

Last month, we puzzled as to whether market strength was a temporary reprieve, or longer term shift away from the recent equity and commodity weakness after October's rally. While Q4 started with a strong equity market last month, the realities of global unrest, high personal debt and tempered retail performance has made the markets cautiously optimistic at best. The US FED bought some time by giving fiscal candy to the baby, but the markets have become concerned again. US equities were flat for the month while other global markets fell, keeping many negative on the year.

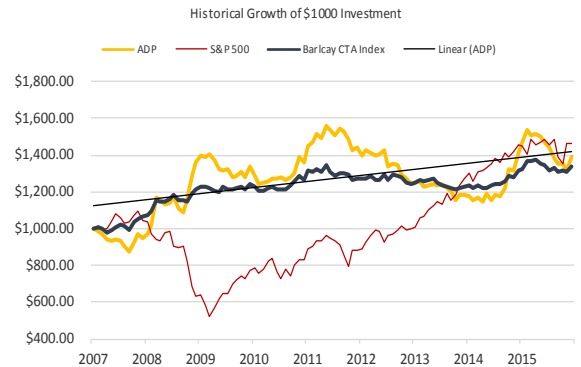
### Sectors and Trades

After the equity rally and commodity stability of October, the markets have resumed their recent patterns.

The equity market appears to be at a crossroads since June – gaining then falling for a neutral to slightly softer result on the year. However, commodities confidently resumed the downtrend as the asset-class looks for the right balance of supply to long-term global demand. As such, trend followers benefitted significantly as these markets moved sharply during the month, breaking through the recent period of choppy volatility.

While traditional and alternative markets have struggled recently, this has become an ideal environment for our approach. Gains were made in 6 of 7 sectors, with a balance struck between commodity and financial gains. While Metals led the performance, this was complemented by Currencies and all other sectors, with the exception of Equities. This is exciting to see and causes us to be optimistic that there may be persistence in the momentum that is building.

The largest position gains came from shorts in Copper, Natural Gas, Heating Oil, and the Swiss Franc, along with a long position in the 2 year Euro-Schatz interest rate futures. The largest loss came from a quick reversal and whipsaw in Gasoline. We have reducing overall commodity exposure in Energy, Grains and Softs while increasing exposure in Metals. Financial risk has increased slightly, predominantly by adding currency exposure.



**Table 1: Recent Program Performance**

	Auspice Diversified	TSX 60	S&P 500	Barclay CTA Index
1 Month	2.56%	-0.34%	0.05%	2.54**%
2015 YTD	-8.07%	-7.38%	1.04%	1.09**%

**Table 2: Long-term Program Performance (11/07 - 11/15)**

	Auspice Diversified	TSX 60	S&P 500	Barclay CTA Index
8 Year Annualized Return	4.53%	-0.11%	4.34%	*2.94%
Cumulative Return	42.57%	-0.85%	40.45%	26.12%
Annualized Std Dev	11.93%	14.33%	16.40%	5.39%
Sharpe Ratio	0.38	-0.01	0.26	0.55
MAR Ratio	0.17	0.00	0.09	0.30
Largest Drawdown	26.03%	44.27%	49.94%	9.92%
Correlation to Auspice Diversified	1.00	-0.18	-0.28	0.78

\*Performance for the Barclays CTA Index is estimated using the performance for the Newedge CTA Index



Winner - 2014 Altegris CTA Challenge

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\*Returns represent the performance of the Auspice Managed Futures LP Series 1.



## Key Positions

### Energies

*Energy markets were profitable*

- While we traded in and out of Gasoline, which bounced higher at month end, the month was weaker overall where we are predominantly short and able to take advantage.
- Natural Gas and Heating Oil moved sharply lower.

### Metals

*Metals led portfolio gains*

- After cautiously trimming exposure in this sector, we have added back risk in Metals.
- Gains were led by new shorts in Gold and Copper in addition to a long term existing short in Platinum.

### Grains

*Grains contributed*

- The strategy remains short Grains with strongest attributions from shorts in Soybean Meal and Wheat.

### Soft Commodities

*Softs were positive*

- Strong gains from the long position in Sugar were complemented by a short in Cotton for a modest sector gain

### Equity Indices

*Equities were mixed and mute*

- After exiting all equity exposure in October, we added a single long position in Nasdaq for a small risk.

### Currencies

*Currencies had a great month*

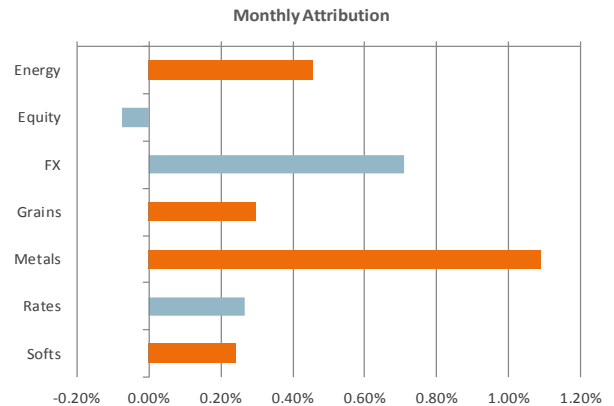
- Recent concern in Europe highlighted a comfort in the US dollar and gains were made in currency shorts led by the Euro and Swiss Franc.
- We remain short the Canadian Dollar, British Pound, Aussie Dollar while continuing long the Yen.

### Interest Rates

*Interest Rate futures fell sharply before rallying back*

- Gains came from Europe in the form of long the 2 year Euro-Schatz
- We remain long weights in US 5 and 10 Year Note futures while short the long end 30 year Bond futures.

**Figure 1: Attribution for Auspice Diversified**



**Table 3: NAVs ending November 2015**

NAV	Auspice Managed Futures LP*
Series 1	1213.9750
NAV	Auspice Diversified Trust
Class A	9.5225
Class F	9.7731
Class S	9.2901
Class H	10.6712
Class X	11.1768

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