AUSPICE

Auspice Managed Futures Index Commentary and Performance

Auspice Managed Futures Excess Return Index (AMFERI)

Note: Please refer to "Important Disclaimers" regarding comparable indices used herein.

June 2016 Review

Market Review

After a volatile start to the year, followed by a good run of returns, the Equity market ended the first half of the year with a wimper.

"Unknowns" including the US Fed meeting and OPEC, appeared to have had little effect while Brexit brought in significant immediate volatility in the global marketplace. Yet while volatility is showing up in both commodities and financial markets, it appears that many prior trajectories and trends remain intact in general despite the unknowns. Equity may be the exception.

Equities ended mixed with MSCI World index off 1.28% to be negative year to date while the S&P 500 was near flat on the month yet held onto a gain for the year (+2.69%).

Currencies were clearly volatile given Brexit. Prior to the decision the US Dollar Index fell over 3% only to gain 3.4% post decision.

Commodities had a strong first half generally (e.g. S&P GSCI +9.71% YTD) yet slowed in June as overall commodity gains were offset with weaknesses in specific markets including Grains. Volatility remains at an opportunistic level with sharp moves in diverse markets such as Silver, Corn and Sugar.

Of note, the AMFERI strategy was named the Best Investable CTA Index by CTA Intelligence Magazine at the US Awards event in New York February 25th.

Index Review

The AMFERI gained 2.29% in June . While surprise market events such as Brexit can wreak havoc for trend followers, it appears most did well as indicated by the benchmarks (See Table 1). This may be attributable to the fact that trends generally continued post Brexit volatility. Additionally there may have been little equity exposure overall, a key feature of the AMFERI strategy.

The strategy had a positive first half of 2016 following a strong Q4 result where it outperformed benchmarks significantly. It is important to note the unique and accretive performance as demonstrated by the low correlation to benchmarks – e.g. at 0.15 to the SG CTA Index (formerly Newedge CTA) since October 1, 2015 (daily returns). The outperformance during this period is notable per Table 1 given it is right when non-correlated performance is most beneficial.

Table 2 highlights that the long-term outperformance of AMFERI on both an absolute and risk-adjusted basis (versus both investable and non-investable CTA/managed futures indices) since the financial crisis started and the challenging environment in recent years. Table 3 illustrates the cumulative outperformance to benchmarks since the strategy has been published by the NYSE (as a third party index) in December 2010.

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Table 1: Month and 2016 Year-To-Date

2016	AMFERI	BTOP 50	S&P DTI ER	SG CTA
1 Month	**2.29%**	1.93%	0.27`%	4.41%
2016 YTD	**2.65%**	0.33%	2.45%	4.05%
Q4-Q2	**8.98%**	0.51%	3.45%	4.11%

Table 2: Long Term Performance

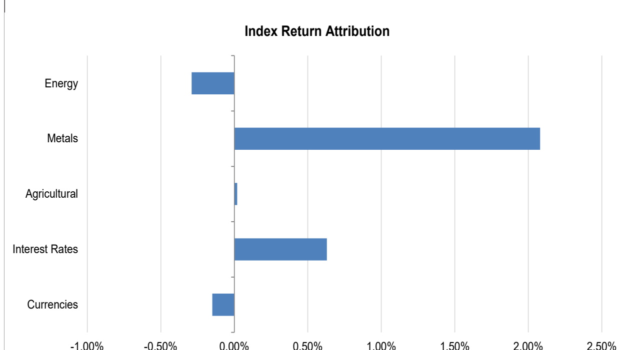
8 Year Annualized	AMFERI	BTOP50	S&P DTI ER	SG CTA
Annualized Return	**6.93%**	1.48%	-2.36%	2.56%
Annual Std. Dev.	**12.10%**	6.40%	8.09%	7.75%
Sharpe Ratio	**0.57**	0.23	-0.29	0.33
MAR Ratio	**0.40**	0.18	-0.09	0.22
Largest Drawdown	**17.17%**	8.34%	27.07%	11.78%

Table 3: Cumulative Return Since Inception

From Dec. 2010	AMFERI	BTOP50	S&P DTI ER	SG CTA
Cumulative Return	**22.38%**	9.59%	-4.01%	15.71%

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.

Chart 1: Index Return Attribution



The performance of Auspice Managed Futures Index prior to 11/17/2010 is simulated and hypothetical as published by the NYSE. All performance data for all indices assumes the reinvestment of all distributions. To the extent information for the index for the period prior to its initial calculation date is made available, any such information will be simulated (i.e., calculations of how the index might have performed during that time period if the index had existed). Any comparisons, assertions and conclusions regarding the performance of the index during the time period prior to the initial calculation date will be based on back-testing. These results are based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under-or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to these being shown. The index does not have commissions, management / incentive fees, or operating expenses. * Note performance estimates for the BTOP50 Index and the SG CTA index.

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Auspice Managed Futures Excess Return Index

Portfolio Recap

Performance was positive in 2 of the 5 index sub-sectors and flat in another. Metals sector led the attribution (see Chart 1) complimented by Interest Rates while Energies and Currencies were slightly off. Ags were virtually flat where volatility in Soft Commodities and Grains provided offsets in performance.

The top performing positions in the portfolio were gains from long positions in Metals- both Gold and Silver. This was complimented by gains in Soybeans and Sugar in Ags. The worst performing position were both Ags as Corn fell while Cotton rallied against the respective index weights.

The index added 2 more commodity long exposures and additional short, such that commodity positions are net tilted 83% long - a significant change from 25% ending March.

In the Financial markets, both Currencies and Interest Rates remain without a position change at month end despite the volatility.

Energy

The petroleum sub-sector of energy was little changed on the month – Crude a little stronger, Gasoline a little softer. The markets appeared to digest the month's news with little response. However, natural gas, largely more domestically driven, was another story moving sharply higher gaining approximately 25%, As a result, the index shifted to long a weight. This is the first time this entire sector has been long since 2014. Small negative attribution per Chart 1.

Metals

Metals led the index performance with gains from existing long weights in Gold and Silver, Both Precious and Industrial metals moved higher on the month while the strategy continues to be short Industrial metals (Copper).

Agriculture

Ags had a small overall gain as markets moved sharply in both directions and within the sub-sector. Soybeans were stronger while Wheat and Corn fell. As such, the index exited the long Wheat position, shifted to short, and made gains as it softened 7% on the month. On the Soft Commodity side of Ags, Sugar exploded higher gaining 15.7% while Cotton also moved higher and the index shifted to long weight for a negative attribution on the month. The index remains net long 4 of the 5 components that make up the Ag sector with the two offsetting changes.

Interest Rates

Strong month for Rates as gains from higher prices came across the curve. This primarily occurred post-Brexit decision.

Currencies

The sector had a small negative month primarily from the British Pound. While gains were made from long weights in Canadian Dollar, Yen and Aussie Dollar, the volatility of the Pound caused the strategy to exit the short before re-entering. The British Pound remains the only short currency position in the portfolio.

Outlook

While a few of the unknowns are now known, such as OPEC, FED, and importantly Brexit, this appears to have created many more questions than answers. While which way markets respond is always the question, it would appear the only thing we do know for certain is there is indeed volatility. Managed Futures strategies are generally well position in these environments.

While equity direction is difficult to assess, there remains opportunities in commodities and currencies.

The overweighting in commodities and underweighting in equities (not included) can be a drag to benchmarks at times while provide outperformance at other times. This enables the strategy to be accretive alongside Managed Futures/CTA peers and benchmarks as illustrated by the low correlation since last fall.

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.

Important Disclaimers

The **BTOP50** Index seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure.

The **S&P DTI ER** is a long/short rules-based index constructed of 24 liquid commodity and financial futures contracts grouped into 18 sectors, with 50% exposure to commodity futures and 50% exposure to financial futures.

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.

Excess Return (ER) Indexes do not include collateral return.