AUSPICE

Auspice Managed Futures Index Commentary and Performance

Auspice Managed Futures Excess Return Index (AMFERI)

November 2016 Review

Market Review

While the months and weeks leading to the US election generally caused choppy and mostly weaker behavior, the moves post have been generally described as surprising. In addition to the outcome of the election being something most of us will never forget (regardless of political views), the benefit of the event can surely be described as a catalyst.

The days leading into the election were weak in global equity market benchmarks, markets reversed and headed higher post with financial volatility leading the market. The S&P 500 and MSCI World gained +3.42% and +1.25% respectively. The same can be said for Interest rate futures, particularly US rates which have fallen sharply as rate increases gather momentum. Additionally, the US dollar has risen farther and faster than recent memory (the US Dollar Index is at 13 year highs).

Commodities have been positive yet slightly more contained and mixed overall. Weakness in some Soft Commodities, Grains and Precious Metals was eclipsed by Industrial metals and Energy. This area is also showing opportune volatility developing.

Index Review

The AMFERI gained 2.44% in November outperforming most CTA benchmarks. The year to date result is positive while most benchmarks and peers are negative. On a rolling 1 year basis, the performance remains a solid stand out at 4.96% with a healthy spread of 6 to 10%. (See Table 1).

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 in 2008.

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.

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.

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

Table 1: Month and 2016 Year-To-Date

2016	AMFERI	BTOP 50	S&P DTI ER	SG CTA
1 Month	**2.44%**	-0.64%	4.14%	-1.73%
2016 YTD	**2.64%**	-4.58%	1.85%	-3.35%
1 Yr Rolling	**4.96%**	-6.11%	-1.11%	-4.66%

Table 2: Long Term Performance

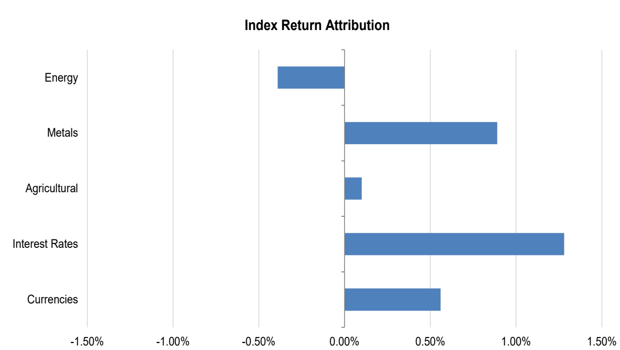
9 Year Annualized	AMFERI	BTOP50	S&P DTI ER	SG CTA
Annualized Return	**8.84%**	1.76%	-1.13%	2.44%
Annual Std. Dev.	**12.11%**	6.47%	8.15%	7.73%
Sharpe Ratio	**0.73**	0.27	-0.14	0.31
MAR Ratio	**0.54**	0.18	-0.04	0.21
Largest Drawdown	**17.17%**	9.16%	27.07%	11.78%

Table 3: Cumulative Return Since Inception

From Dec. 2010	AMFERI	BTOP50	S&P DTI ER	SG CTA
Cumulative Return	**22.37%**	4.27%	-4.57%	7.48%

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



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Portfolio Recap

Performance was positive in 4 of the 5 index sectors. Interest Rates and Metals led the performance while the sole negative sector was Energy.

The top performing positions in the portfolio were gains from short positions in Interest Rate futures (rising rates), and Wheat, complimented by long positions in Copper, Cotton and US Dollar index. The worst performing positions were long positions in Sugar and shorts in Soybeans and Natural Gas.

There were a number of changes to the commodity positions during the month. Pre-election, the strategy shifted to short Natural Gas. Post-election, the strategy quickly changed course in both Precious (to short) and Industrial Metals (to long). The slightly more choppy characteristic of the commodity sector had the portfolio drop one market to be long 6 of 12 components (or 50%) and includes all 3 sectors – Energy, Metals, and Ags. The trend in commodities generally remains positive.

In the Financial markets the shift to short Interest Rates futures was held. Additionally, the shift to short currencies vis-a-vis the US Dollar continued to occur.

Energy

After correcting in October, the petroleum side of the energy market found a base and started to move higher post-election. The strategy shifted to long Gasoline early in the month. As the OPEC rhetoric picked up, the market found its legs and ultimately moved sharply higher on the last day of the month (WTI Crude gained over 8%) with the announcement of “cuts” to production levels by OPEC member nations.

Natural Gas provided a challenge as early month weakness shifted the trend to short. However, post-election witnessed some cold weather forecasts and gas reacted positively. Gas remains the only short in the energy sector and is being monitored closely.

Metals

Metals sub-sectors diverged greatly during the month with Precious Metals weakening substantially while Industrial Metals rallied. As such, the strategy shifted direction in both to be short Gold and Silver while long Copper. The sector was profitable on this change which illustrates the agility of the strategy employed.

Agriculture

Ags were slightly positive while trends and performance was mixed throughout the sector. While Grains were generally weaker and the strategy is short all components, Soybeans strengthened. Cotton continued to move higher and added value while Sugar corrected for a loss. This market has been a very profitable long weight since the fall of 2015 and is close to trend reversal without new upside momentum.

Interest Rates

Interest rate futures fell sharply after the strategy made a wholesale shift to short last month. For example, US 10 Year notes fell over 3.5%. The move was so sharp that we resized and reduced the risk down. Both events, the shift to short and re-size in this sector are rare and notable. Most importantly they have been very profitable.

Currencies

Currencies contributed to the positive portfolio performance largely on the back of US Dollar strength. The remaining Aussie Dollar and Japanese Yen long markets were shifted to short with the Yen contributing on the month. The US Dollar has been a global outperformer, with the Dollar index gaining approximately 3.75% post- election.

Outlook

We believed that it was likely trends would emerge and extend post the US election, and that patience and discipline has indeed been rewarded. The market needed clarity and catalyst, and with that we anticipate an opportune level of trend and volatility in coming months. While the year has generally been a challenging for trend following CTA/Managed Futures strategies, the recent US election and resulting financial volatility is beneficial. Regardless of the anticipation or expectation, those positioned agnostically to ride and capture the momentum are in a good place at this time.

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.