



April 2016 Commentary and Performance

Summary

The Auspice Diversified Program had a solid month gaining approximately 3.60%.

The month presented another shift in momentum with commodities broadly pushing sharply higher and currencies gaining vis-à-vis the US Dollar (ex. GSCI +10.1% and US Dollar index has fallen 6% from its peak in March). Equities continued to grind higher to start the month but many markets corrected at month end giving back much of the gain. S&P 500 and MSCI World ended up +0.27% and +1.38% respectively while Nasdaq lost 1.94%.

While this can be a challenging environment for trend followers, the agility of the Auspice Diversified program shines and we were able to make gains through nimble trend capture approaches complimented with our short-term strategies.

Sectors and Trades

April's gains were led by stronger commodity markets, specifically positions in Grains and Metals. See Figure 1.

The largest position gains came from Soybeans, Soybean Meal, Silver, Gold and Heating Oil. The largest position losses came from reversals in Corn, Swiss Franc and profit taking in British Pound (see page 2) and Cotton. We have added a breakdown of the different return drivers contained within the multi-strategy Diversified portfolio (see Figure 2). While Trend and Momentum make up the bulk of the return this was heavily complimented by Short-Term trading strategies in April. Gains in our short term strategies are focused in energies which provided many opportunities this past month. This explains some of the recent outperformance versus CTA benchmarks such as Barclay CTA as outlined in Table 1.

As the month ended, we have shifted risk to commodities - adding to Grains and Metals while reducing Energies and Soft Commodities. Offsetting this we reduced financial exposure - increasing Equity while reducing Currencies and Rates.

Program NAVs for the Canadian LP and Trust in Table 3 on page 2.



Winner - 2014 Altegris CTA Challenge

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

Chart 1: Historical Growth since January 2007

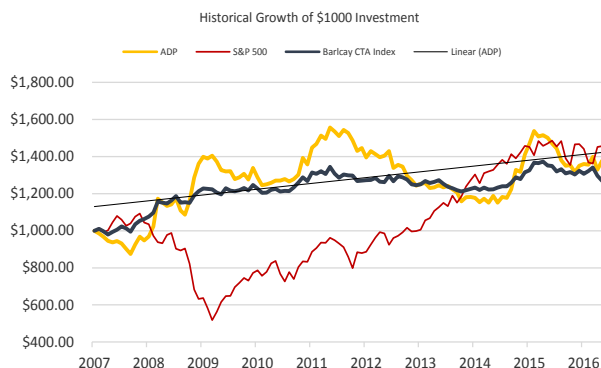


Table 1: Recent Program Performance

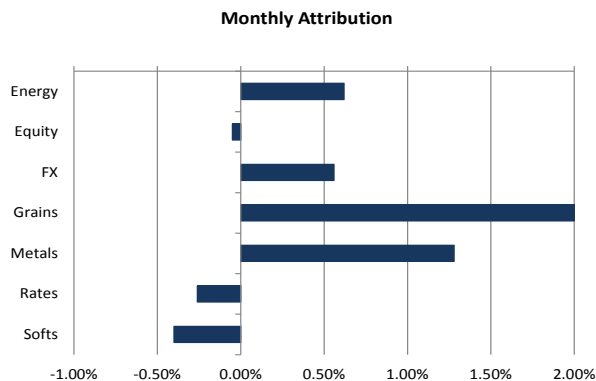
	Auspice Diversified	TSX 60	S&P 500	Barclay CTA Index
1 Month	3.60%	3.10%	0.27%	-2.05%*
2016 YTD	1.32%	6.66%	1.05%	-1.06%*

Table 2: Long-term Program Performance (Since Jan 2007)

	Auspice Diversified	TSX 60	S&P 500	Barclay CTA Index
Annualized Return	3.49%	1.00%	4.11%	2.79%*
Cumulative Return	37.70%	9.77%	45.61%	29.30%
Annualized Std Dev	11.72%	13.79%	15.73%	5.47%
Sharpe Ratio	0.30	0.07	0.26	0.51
MAR Ratio	0.13	0.02	0.08	0.28
Largest Drawdown	26.04%	44.27%	52.55%	9.92%

*Performance for the Barclays CTA Index is estimated using the performance for the SG CTA Index (formerly Newedge)

Figure 1: Attribution for Auspice Diversified





Notable Positions

While we have a deeply rooted belief in providing transparency to our positions, going as far as discussing individual trades on a monthly basis, or even publishing indices in the sector, we have decided to try this in a different format. Each month, we will detail a couple notable trades. Some will be profitable, some may illustrate a lack of trend or sharp reversal in a market, and other will just be interesting. For further information regarding positions or for feedback, please contact Auspice directly.

Currency – British Pound



While the US dollar has spent the better part of 2 months weakening, some may argue the far reaching effects include a more attractive commodity market. However, the more direct impact can be seen in other currencies.

For the Pound, which has been weakening since mid 2015, it has resulted in a push to new highs after a period of consolidation since March. As such, the short position established in early November 2015 was exited for a gain. For Auspice, the reward to risk taken on this was approximately 2.6 to 1.

Grains on the move - Soybeans



After a period of consolidation, The Grains sector has led recent gains in the Ags markets overall. Within this, the Soybeans market has been stronger, rallying since early March and breaking out of recent highs in April. We entered the market at the end of March, and the price rallied sharply in April gaining 11% and we continue to hold this position. This was one of the most profitable contributors to the monthly performance.

Figure 2: Return Drivers

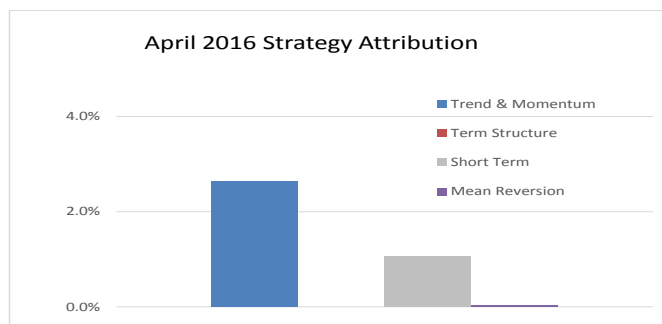


Table 3: NAVs ending April 2016

NAV	Auspice Managed Futures LP*
Series 1	1238.1129
NAV	Auspice Diversified Trust
Class A	9.6934
Class F	9.9919
Class S	9.4568
Class H	10.9096
Class X	11.4274



Important Disclaimers and Notes

Futures trading is speculative and is not suitable for all customers. Past results is not necessarily indicative of future results. This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. Auspice Capital Advisors Ltd. makes no representation or warranty relating to any information herein, which is derived from independent sources. No securities regulatory authority has expressed an opinion about the securities offered herein and it is an offence to claim otherwise.

Comparable Indices

*Returns for **Auspice Diversified** or “ADP” represent the performance of the Auspice Managed Futures LP Series 1.

Performance is calculated net of all fees.

The **Barclay CTA Index** is a leading industry benchmark of representative performance of commodity trading advisors. There are currently 532 programs included in the calculation of the Barclay CTA Index for 2016. The Index is equally weighted and rebalanced at the beginning of each year. It is a non-investable index.

The **S&P/TSX 60 Index** is designed to represent leading companies in leading industries. Its 60 stocks make it ideal for coverage of companies with large market capitalizations and a cost-efficient way to achieve Canadian equity exposure. Price Return data is used (not including dividends).

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).

The **(MSCI) World Index**, Morgan Stanley Capital International, is designed to measure equity market performance large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. This index offers a broad global equity benchmark, without emerging markets exposure.

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

Performance Notes

The Equity benchmarks used in this material are intended to reflect the general equity market performance. They are shown to illustrate the non-correlated attributes versus other assets such as the Barclay CTA Index and the Auspice Diversified Program. Adding non-correlated assets within a portfolio has the potential to reduce portfolio volatility and drawdowns.

Qualified Investors

For U.S. investors, any reference to the Auspice Diversified Strategy or Program, “ADP”, is only available to Qualified Eligible Persons “QEP’s” as defined by CFTC Regulation 4.7.

For Canadian investors, any reference to the Auspice Diversified Strategy or Program, “ADP”, is only available to “Accredited Investors” as defined by CSA NI 45-106.