AUSPICE

DIVERSIFIED PROGRAM
COMMENTARY + PORTFOLIO FACTS
NOVEMBER 2016

AUSPICE Capital Advisors

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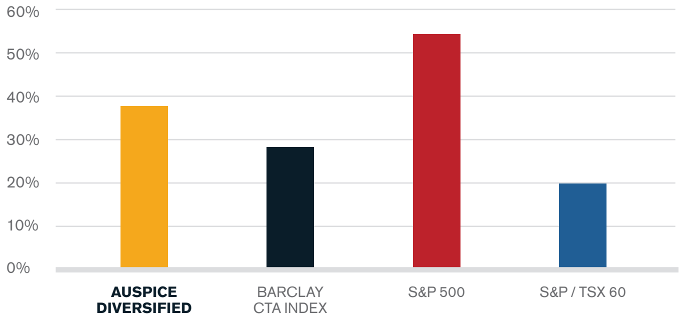
CALGARY, ALBERTA CANADA T2P 5L5

CUMULATIVE PERFORMANCE
(SINCE JANUARY 2007*)



Correlation	0.76	-0.24	-0.13

*Cumulative performance from January 2007. This represents the first full year of the fund and is most representative of the current strategy and portfolio.

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SUMMARY

The Auspice Diversified Program had a strong month gaining 2.68% in November to be up 1.29% year to date. The monthly and yearly performance sharply contrasts the industry benchmarks: Barclays CTA Index pulled back an estimated 0.64% (Table 1) while the SG CTA index lost 1.73% for reference. In addition to the recent outperformance, this extends to the long term when considering 3 and 9 year results (Table 1).

While the outcome of the election will not be something most of us will ever forget, the event can at least be described as a catalyst. While the months and weeks leading up to the event generally caused choppy and mostly weaker behavior, the moves post have been generally described as surprising.

Financial volatility led the market in November. The days leading into the election were weaker in global equity market benchmarks, and then markets reversed and headed higher after. The S&P 500 and MSCI World were +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). While commodities have been slightly more contained overall, industrial metals markets such as Copper and Zinc have had large moves since November 8th.

Chart 1 HISTORICAL GROWTH OF $1000 INVESTMENT

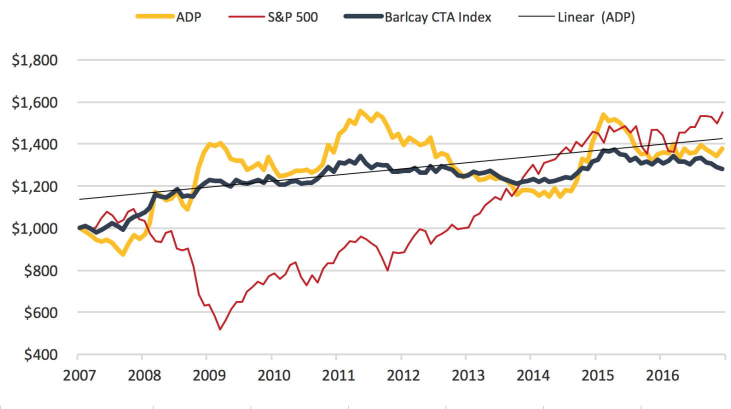


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay CTA Index	S&P 500	TSX 60
1 Month	**2.68%**	-0.64%	3.42%	2.29%
2016 YTD	**1.29%**	-1.94%	7.58%	16.17%
1 yr (Dec 15)	**1.94%**	-3.16%	5.70%	12.17%
3 yr (Dec 13)	**16.49%**	4.57%	21.78%	15.06%
9 yr (Dec 07)	**45.29%**	20.56%	48.45%	11.22%
Annualized (Jan 07)	**3.27%**	2.53%	4.20%	1.60%

OUTLOOK

While the year has generally been challenging for trend following CTA/Managed Futures strategies, the recent US election and resulting 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. It is important to remain agile to both capture trends as well as manage risk in a more volatile environment. Months like November reminds us that the benefits of trend capture and steadfast risk management outweigh the short term costs.

To reiterate, 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 a valuable level of trend and volatility in coming months.

November illustrates to investors that all CTA programs are not equal. The Auspice Diversified Program remains a potentially valuable addition to many portfolios including those with existing CTA/Managed Futures exposure. With a long term correlation of -0.24 to the S&P (see front page), this illustrates equity and Auspice returns are accretive together. With a low 0.50 correlation to the SG CTA Index on a 1 year basis (daily returns), the combined performance and non-correlation to other CTAs is also valuable. As illustrated in Chart 1, the strategy shows historic outperformance to the Barclay CTA Index in the critical times of 2008, 2010 and 2014 when non-correlated returns are needed most.

ATTRIBUTIONS AND TRADES

While we were clearly well positioned for the trends that developed after November 8th, we made a number of position changes leading into and post-election that have performed well.

Leading up to the election, general equity weakness and volatility had us trim exposure in the Nasdaq, Nikkei and short VIX futures. However, the strength that ensued post-election caused a reversal and we added back both trades. To be clear this happens systematically based on risk and trend, it is not a discretionary decision.

Post-election, shifts in the Metals sector led the portfolio outperformance. The addition of Industrial Metals such as Copper and Nickel along with Zinc already in the portfolio made a big difference. Moreover, the shift to short Gold and Silver alongside an existing Platinum exposure were profitable. (See Chart 2).

The US Dollar strength during the month had us continue to shift to short currencies as well. The addition of short Yen was most notable adding to gains in Swiss Franc, Euro and the Canadian Dollar.

Interest Rates were the second largest contributor as existing shorts in U.S. and U.K. rate futures were complimented by a long position in the 2 Year German Euro Schatz market which moved in the opposite direction.

Losses in Energy were due to a flip-flopping of trends in a number of markets that are challenging for trend following programs. Natural Gas sold off on a lack of weather before turning quickly as forecasts changed. Similar reversals occurred in Crude, Gasoline and Heating Oil. Month end OPEC related gains helped gain back some ground as we leave the month net long on overall sector strength.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

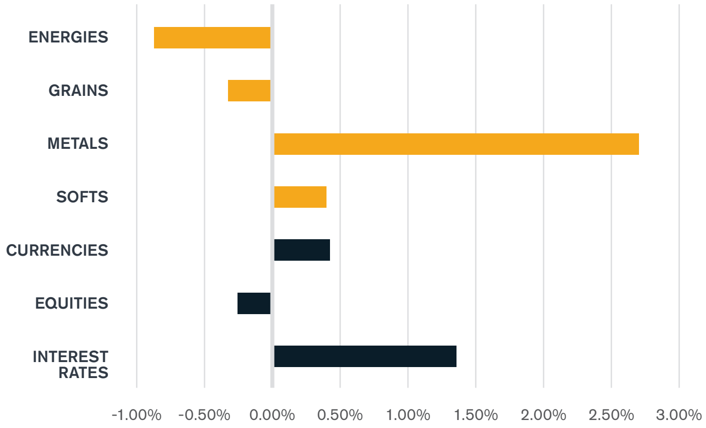
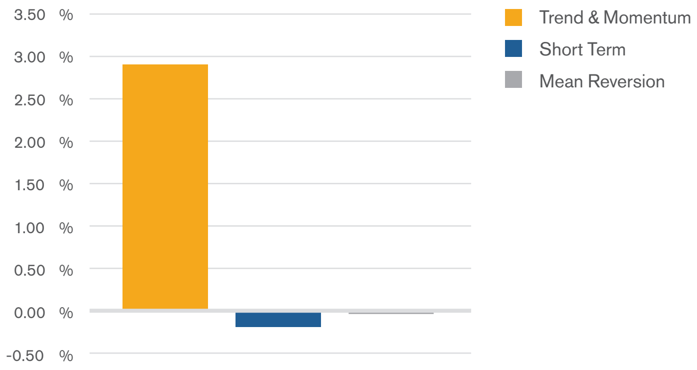


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



Return Drivers: This month was all about Trend agility and Momentum which had struggled since July. These strategies performed exceptionally well. The Short Term (non-trend) strategies were off slightly while Mean Reversion strategies were neutral. See Chart 3. The value in this combination remains the lack of correlation in the return drivers.

POSITION HIGHLIGHTS

GAINS

- Copper and Zinc: Largest portfolio gains as both markets moved sharply higher on the month (+9.8% and 18.8% respectively).
- Rubber: massive move for existing position gaining over 23.0%.
- Japanese Yen: fell 5.0 % since adding short mid month.
- Rates: US 30 Year Bond futures fell over 6% while 10 Year Notes fell 3.5%.
- TSX S&P 60 Equity Index: strong performance gaining 2.3%.

LOSSES

- Coffee: after entering in late October, corrected and we exited.
- Canola: moved higher in recent months but choppy in November, remain long.
- British Pound: exited short trend as was strongest currency vis-à-vis the US Dollar.

EXPOSURE AND RISK ALLOCATION

While we do not hide that we are a commodity tilted quant manager, months like November highlight two important things: First, the portfolio is not only commodity. Second, we are just as capable in capturing opportunities in the financial markets should the opportunity present itself as it did recently.

After shifting to a more balanced split last month, portfolio risk* continued to shift away from the commodity market dropping another 2% of the total risk budget of the portfolio over financials (which gained the same amount). The portfolio is now quite balanced with a slight commodity tilt as can be seen in Chart 4.

The most significant changes came from decreases in Grains and Soft Commodities risk while adding exposure across financial markets including Currencies and Interest Rates. The largest change came from added Metals risk due to the sector outperformance (See Chart 5).

It should be noted (at the right) that across most sectors, the largest exposures have both long and short positions. This should be highlighted in Energies, Grains, and Metals within the more disparate commodities sector but also financials within global Interest Rates with a long position in Europe while short the US.

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

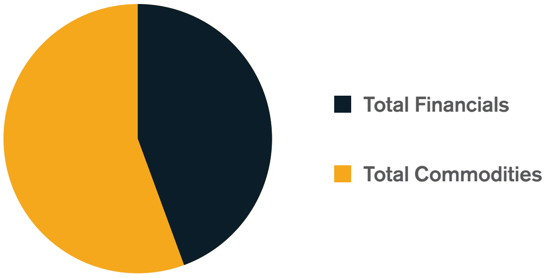
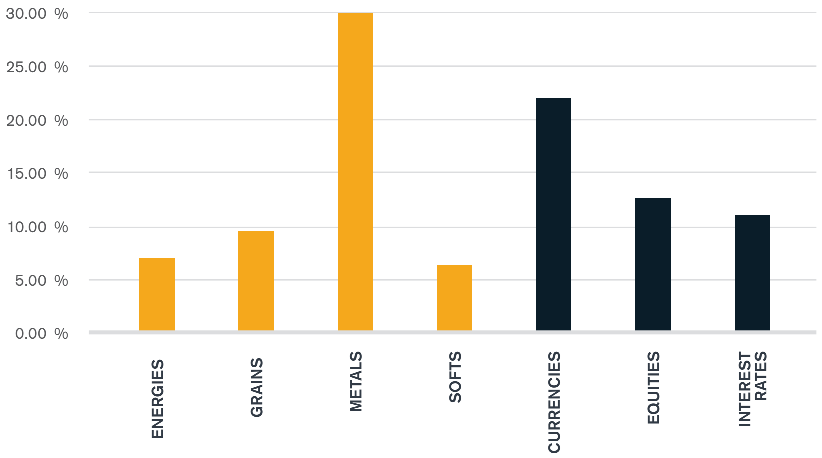


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES **6.59%**

Largest Holdings	Position	% of Risk
RBOB Gasoline	Long	2.63%
Heating Oil	Long	1.98%
Natural Gas	Short	1.48%

GRAINS **9.61%**

Largest Holdings	Position	% of Risk
Canola	Long	3.57%
Wheat	Short	2.62%
Soybeans	Short	2.09%

METALS **31.36%**

Largest Holdings	Position	% of Risk
Copper	Long	9.53%
Zinc	Long	7.03%
Silver	Short	5.52%

SOFTS **5.95%**

Largest Holdings	Position	% of Risk
Rubber	Long	4.40%
Cotton	Long	1.29%
Sugar #11	Long	0.25%

CURRENCIES **22.57%**

Largest Holdings	Position	% of Risk
Euro	Short	6.01%
Japanese Yen	Short	5.64%
Swiss Franc	Short	3.90%

EQUITIES **12.73%**

Largest Holdings	Position	% of Risk
Nikkei (Japan)	Long	4.81%
S&P TSX 60 (Canada)	Long	3.52%
S&P500 (USA)	Long	2.81%

INTEREST RATES **11.19%**

Largest Holdings	Position	% of Risk
Euro Schatz 2yr (German)	Long	3.59%
Treasury Note/10yr (USA)	Short	3.52%
Treasury Bond/30yr (USA)	Short	2.30%

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* Risk is expressed as the maximum expected loss in a position or sector divided by the total portfolio risk across all positions.

AUSPICE **DIVERSIFIED PROGRAM**

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STRATEGY DESCRIPTION

Auspice Diversified is our flagship strategy. It is a rules-based multi-strategy investment program designed to deliver superior, non-correlated returns at critical times. It represents the culmination of the ongoing research and experience of the Auspice Portfolio Management and Research teams.

The strategy draws from all of Auspice's current research (the Auspice Building Blocks). The strategy is rooted in trend following but is our most active and evolving multi-strategy quantitative approach pulling together other complementary strategies and wrapping them in a rigorous risk and capital allocation model. The strategy is designed to be agile and resilient as we believe these traits are necessary in order to generate performance long term.

THE MAIN POINTS OF DIFFERENTIATION INCLUDE:

- Higher allocation to commodities relative to our peers,
- Negative correlation to equity, no correlation to commodity,
- Low risk (margin to equity average <7.0%) makes it scalable, low round turns per million.
- Portfolio Management team with experience trading in volatile environments.
- Positive skew: Auspice Diversified has outperformed at critical times of crisis, recovery, and volatility expansion.

FUND FACTS

Chart 6 PORTFOLIO EXPOSURE (MARGIN TO EQUITY)

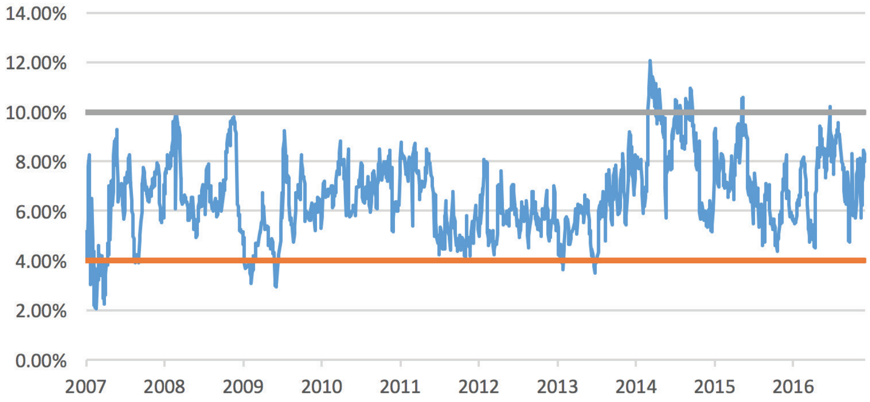

Table 3 NAVS

NAV	Auspice Managed Futures LP*
Series 1	1237.6818
NAV	**Auspice Diversified Trust**
Class A	9.6608
Class F	10.0192
Class S	9.4253
Class H	10.9395
Class I	11.7694
Class X	11.4595

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	3.27%	**Avg Monthly Gain**	2.80%
Annualized Std Dev	11.47%	**Avg Monthly Loss**	-2.12%
Largest Drawdown	-26.04%	**Daily Std Dev**	0.69%
Sharpe Ratio[1]	0.29	**Daily VAR (sim w/99% conf)**	-1.55%
MAR Index[2]	0.13	**Round Turns per $million**	360
Sortino	0.74	**Margin to Equity ratio**	6.62
Upside/Downside Volatility[3]	2.82% / 1.27%	**Average Hold Period (Days)**	71
Correlation to S&P 500	-0.24%	**% Profitable**	37.48%
Correlation to TSX60	-0.13%	**$Win / $Loss**	1.65
Correlation to BCOM ER	0.05		

Program Details	
Structure	Unit Trust / LP / Mngd Account / Offshore
Mgmt Fee	0-2%
Incentive Fee	20% w/High-Water Mark
Liquidity	Monthly (no lockup)
Firm Assets	$245M
Min. Investment	Accredited Investor / QEP
Unit Pricing	$CAD or $USD

1. Assumes Risk free rate of 0%. 2. MAR is the annualized return divided by the largest drawdown.
3. Standard deviation of positive (Upside) or negative (Downside) monthly returns over the risk free rate.

FUND FACTS (CONT)

MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016	-0.22%	3.12%	-4.93%	3.59%	-1.64%	0.56%	2.44%	-1.55%	-1.06%	-1.34%	2.68%		**1.29%**
2015	4.66%	-1.93%	0.47%	-0.98%	-2.03%	-1.84%	-4.36%	-2.14%	0.26%	-2.74%	2.56%	0.66%	**-7.47%**
2014	-2.02%	1.62%	-1.84%	3.25%	-3.11%	2.65%	-0.43%	3.92%	8.56%	-0.78%	7.05%	4.19%	**24.76%**
2013	0.40%	-2.23%	0.26%	0.99%	-0.90%	0.66%	-1.54%	-1.33%	-4.07%	2.01%	0.04%	-0.36%	**-6.01%**
2012	2.41%	-1.11%	-1.19%	0.60%	1.72%	-6.29%	1.17%	-0.70%	-3.64%	-1.80%	2.38%	-0.81%	**-10.24%**
2011	1.39%	2.97%	-1.16%	4.09%	-1.31%	-1.62%	2.16%	-1.09%	-2.60%	-3.82%	1.07%	-3.44%	**-3.66%**
2010	-3.26%	0.45%	0.61%	0.95%	0.01%	0.62%	-1.02%	1.07%	1.82%	6.98%	-2.51%	6.68%	**12.53%**
2009	-0.61%	1.08%	-2.27%	-3.32%	-0.58%	0.15%	-3.23%	0.75%	1.44%	-2.31%	4.84%	-3.83%	**-7.93%**
2008	5.60%	14.59%	-1.72%	-1.58%	0.71%	2.86%	-5.61%	-1.99%	6.86%	10.80%	5.77%	2.73%	**44.30%**
2007	-1.43%	-1.76%	-2.42%	-0.79%	0.71%	-1.32%	-3.16%	-3.07%	5.87%	4.53%	-2.13%	2.29%	**-3.11%**

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* Returns represent the oldest series of Auspice Managed Futures LP, Series 1 (2% management and 20% performance fee).
See Important Disclaimers and Notes for additional details.

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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.

The Bloomberg Commodity (Excess Return) Index **(BCOM ER)**, is a broadly diversified index that allows investors to track 19 commodity futures through a single, simple measure.

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

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.

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.

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