AUSPICE

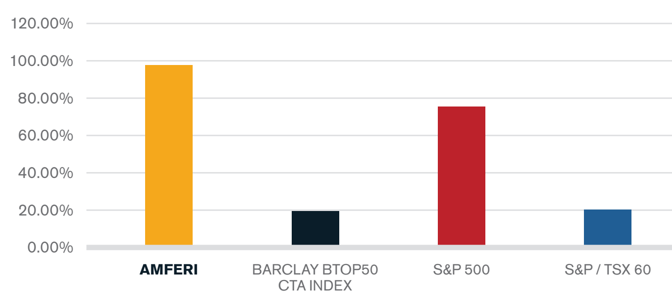
MANAGED FUTURES INDEX

COMMENTARY + STRATEGY FACTS

JULY 2017

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



Correlation		0.68	-0.24	-0.18

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Best Investable CTA Index

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The strategy was again named the Best Investable CTA Index by CTA Intelligence Magazine at the US Awards event in New York on February 16th.

SUMMARY

Data in July showed the US economy picked up steam in Q2: GDP climbed at an annualized rate of 2.6% up from 1.2% in Q1. As such, most stock markets added to the yearly gains with the S&P gaining 1.93% while the MSCI World added 2.33% for reference. However, after raising rates for the first time in 7 years, the resource tilted Canadian TSX/S&P60 continued to soften 0.16% to be one of the few stock markets negative on the year.

Interest Rate futures stabilized and moved higher much of July. The US Dollar continued to soften in July and has been on this path since the start of the year, enabling most global currencies to gather upside momentum.

After struggling for most of the first half of the year, commodities found support. Precious and Base metals moved higher and Petroleum Energies followed suit. Commodity benchmarks were stronger with the energy tilted GSCI leading with a gain of 6.11% while the more diverse Bloomberg Commodity Index gained 2.17%. This sector is choppy and challenging to trade right now but gaining volatility that is noteworthy given the underperformance over the last several years.

The CTA sector stabilized in July while the commodity tilted AMFERI fell 7.36%. The Barclay BTOP50 CTA benchmark gained an estimated 0.50% (per Table 1) while the SG CTA Index gained 0.72% for reference.

While the strategy performance is lagging recently, the real value is illustrated longer term versus peer benchmarks and the equity market. Since the beginning of 2007 and on a 10 year basis, the annualized and cumulative returns outstrip both CTA and equity benchmarks on both an absolute and risk-adjusted basis.

Chart 1 HISTORICAL GROWTH SINCE 2007

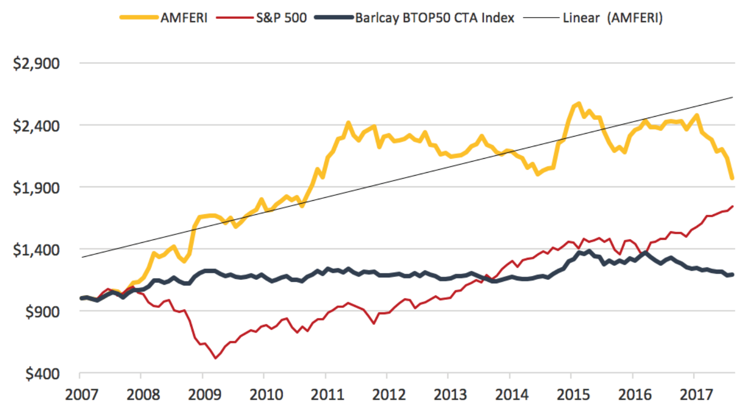

Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**-7.36%**	0.50%	1.93%	-0.16%
2017 YTD	**-20.28%**	-4.29%	10.34%	-0.98%
1 yr (Aug 16)	**-18.77%**	-10.27%	13.65%	5.17%
3 yr (Aug 14)	**-3.70%**	2.00%	27.95%	0.78%
10 yr (Aug 07)	**87.25%**	14.91%	69.75%	11.48%
Annualized (Jan 07)				
Return	**6.63%**	1.68%	5.38%	1.74%
Std Deviation	**12.10%**	6.41%	14.90%	13.04%
Sharpe Ratio	**0.65%**	0.30	0.47	0.24
MAR Ratio	**0.28%**	0.12	0.10	0.04
Worst Drawdown	**-23.32%**	-14.10%	-52.56%	-44.27%

OUTLOOK

While AMFERI left 2016 strong for the year and on a 3 year basis, outperforming industry benchmarks by a wide margin (over 9% in 2016 and 7% on 3 year versus BTOP 50), this has been a challenging period for the strategy. Historically the periods of outperformance have been at the "right" times: in periods of crisis (2008), recovery (2010), expanding volatility (2014) and commodity opportunity (2016). However, 2017 has started with the commodity tilt and underweight in financials, specifically Equities, causing the strategy to drag.

In July, volatility picked up and sharply reversed many commodity trends. Given trend is the core return driver, this hurt the strategy with less offset from financial markets than peers despite a positive attribution in these markets (see Chart 2 next page).

While not helping at the moment, we believe the heavy equity weighting in most portfolios is a significant risk given the period of outperformance (over 9 years) Given commodity volatility and price movement has underperformed for the bulk of this period, we feel the strategy is ideally positioned to provide returns as the phase is getting long in the tooth and the strategy is not exposed to the equity sector at all.

(We encourage you to check out the Auspice Blog for more info on this specific topic).

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ATTRIBUTIONS AND TRADES

There were a number of changes to both commodity and financial assets in the portfolio.

Performance was positive in 2 of the 5 index sectors with financials providing positive performance while commodities pulled the performance down (see Chart 2). Gains in Rates and Currencies were not enough to offset losses in commodities led by trend reversals in Ags and Energies and Metals.

For the month the top performing positions in the portfolio were all currencies led by long gains in the Canadian Dollar and Euro. The worst performing components were from reversals that had Grains weaken sharply after the strategy added exposure early in the month. Metals also struggled as Copper and Silver rallied against the short positions while the existing long Gold was a modest offset.

The portfolio reduced its short commodity exposures to 8 of 12 commodity components (or 67%) and still includes all 3 sectors – Energy, Metals, and Ags (see Chart 3).

In financial markets, strength in currencies had the portfolio add long exposure in both the Canadian and Aussie "commodity currencies".

SECTOR HIGHLIGHTS

ENERGY

While natural gas remained weak and benefited, the petroleum energies rallied against existing short exposures. All short exposures have been held.

METALS

Both Base and Precious metals were strong. While Silver started the month on weak footing started in early June causing a shift to short, the strategy continues to be long Gold. A long exposure was also added in Copper late in the month.

AGRICULTURE

For a second month, Ags were the most harmful to the portfolio. Strength that erupted in June continued to start the month and moved the strategy to shift to long in Corn and Wheat. However, this reversed sharply and the remaining short in Soybeans was not an offset. Softs did not provide an offset either as Sugar rallied against the long time short position which is held alongside Cotton.

INTEREST RATES

The portfolio remains long across the curve for a modest gain in the short end of the curve (5 and 10 year Notes).

Chart 2 **INDEX RETURN ATTRIBUTION**

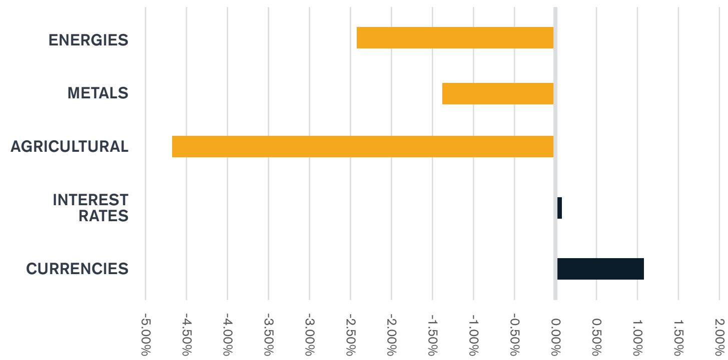
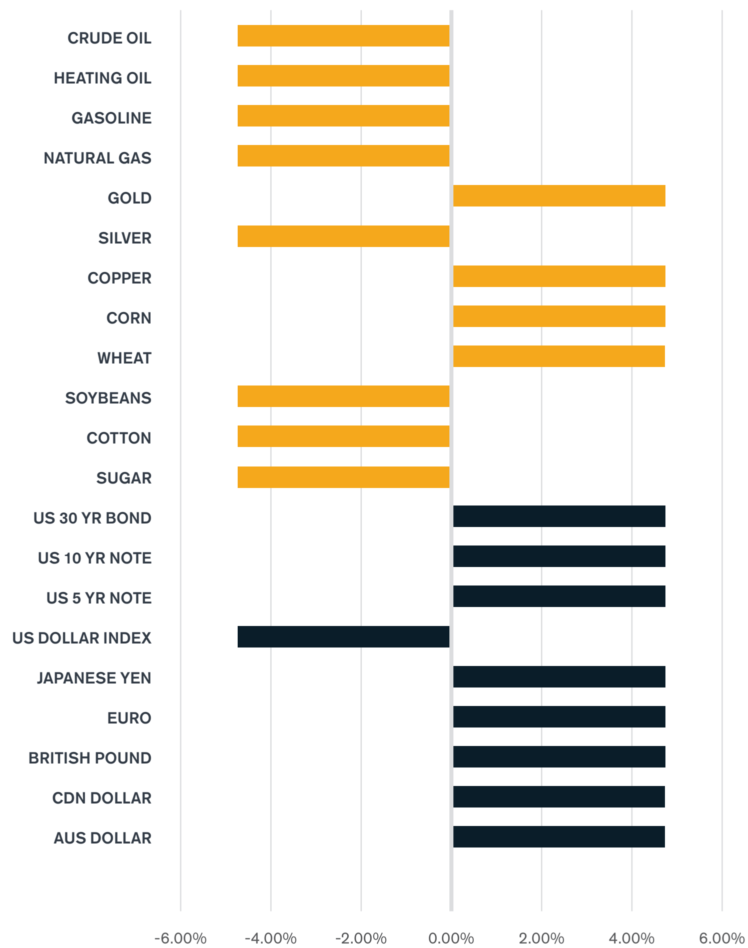


Chart 3 **COMPONENT EXPOSURE: SHORT/LONG**



CURRENCIES

Currencies had a strong month with gains across all components. The portfolio is positioned long currencies and short the US Dollar.

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WHY AUSPICE INDICES

The Auspice Indices are designed to meet the needs of investors that are looking to participate in liquid alternatives through a disciplined approach without sacrificing performance, diversification, and transparency. We believe Auspice Indices encompass everything from alpha to beta, across a return continuum. The indices blend elements of active management and indexing into a transparent, published, single strategy rules-based approach.

THE MAIN POINTS OF DIFFERENTIATION INCLUDE:

Auspice has addressed typical concerns with the valuable Managed Futures/CTA sector:

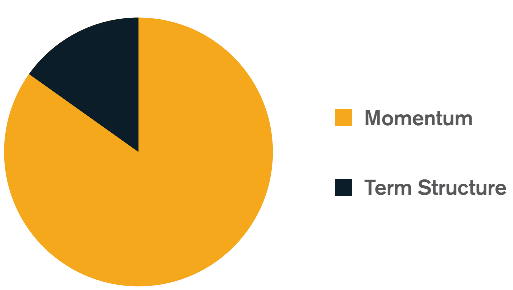
STRATEGY DESCRIPTION

The Auspice Managed Futures Index aims to capture upward and downward trends in the commodity and financial markets while carefully managing risk.

The strategy focuses on Momentum and Term Structure strategies and uses a quantitative methodology to track either long or short positions in a diversified portfolio of 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 in total return (collateralized) and excess (non-collateralized) return versions.

CHALLENGE	SOLUTION
Transparency	Rules-based index published approach that is completely transparent
Liquidity	Daily available (40 act Mutual Funds, ETFs)
High Fees	Low cost, management fee-only provider. No underlying or hidden fees typically associated with sub-advisory
Ability to perform in bear market	Outperformance in critical times
All Managed Futures the same	Compliments many single or multi-manager Managed Futures strategies
Financial markets concentration resulting in high correlation to equities	More balance of commodities and financials with no stock indicies exposure results in lower correlation to equity and peers
Lack of long term track record	Proven long term track record is published by NYSE
Brand recognition	Strategy used by public pensions, institutional investors and retail distributors in US and Canada

RETURN DRIVERS



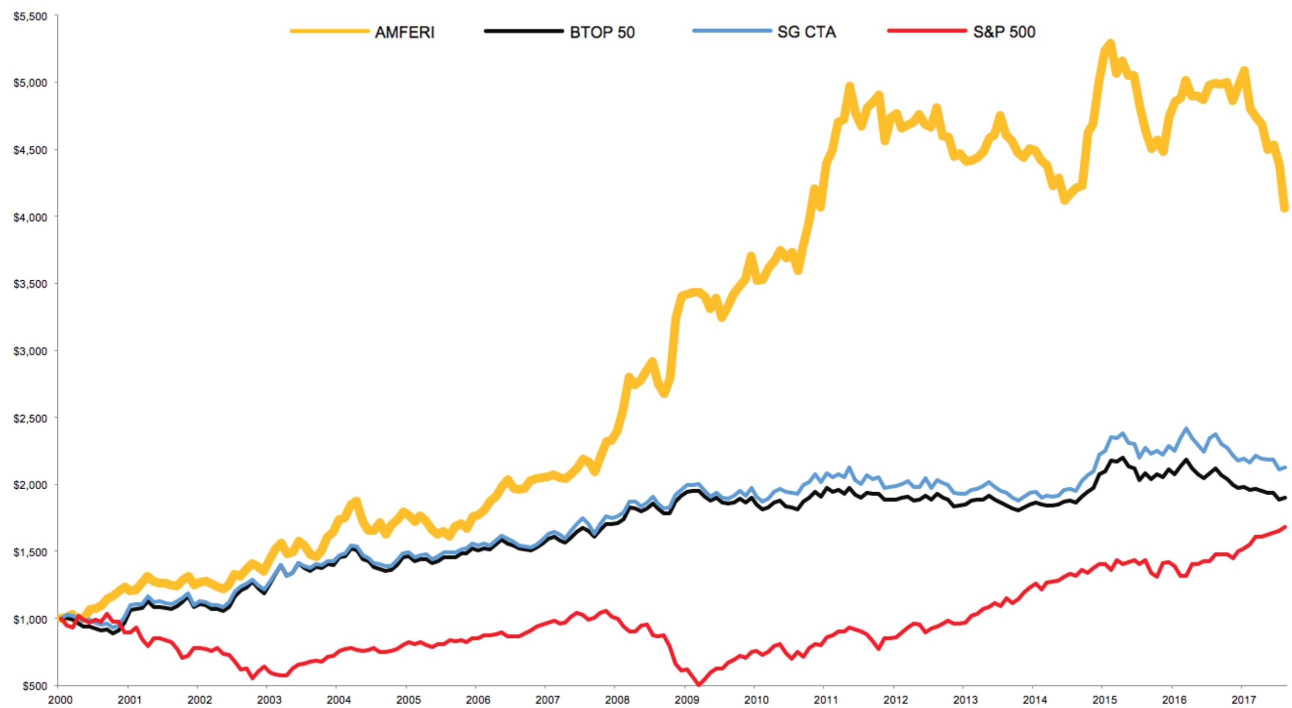
OTHER DETAILS

Calculated and published by NYSE since 2010.
Tickers: Bloomberg AMFERI, Reuters AMFERI

PRODUCT AVAILABILITY

Licensing and/or sub-advisory of the strategy
Bespoke product design
ETFs: through partner firms
40 Act Mutual Funds: US investors through partner firms
Separately Managed Accounts

COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE



MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2017	-5.56%	-1.48%	-1.05%	-4.02%	0.84%	-3.43%	-7.36%						**-20.28%**
2016	0.57%	2.67%	-2.25%	-0.07%	-0.51%	2.29%	0.26%	-0.25%	0.31%	-2.70%	2.44%	2.17%	**4.87%**
2015	1.11%	-4.22%	1.89%	-2.14%	-0.04%	-4.59%	-3.79%	-2.78%	1.40%	-1.92%	5.85%	2.26%	**-7.26%**
2014	-1.67%	-0.86%	-3.50%	1.47%	-3.79%	1.38%	0.96%	0.38%	9.45%	1.26%	6.70%	4.64%	**16.55%**
2013	0.08%	0.55%	1.01%	2.27%	0.55%	3.09%	-3.05%	-0.96%	-1.87%	-0.86%	1.47%	-0.31%	**1.82%**
2012	-2.20%	0.46%	0.40%	1.21%	-1.48%	-0.41%	3.11%	-4.44%	-0.22%	-3.16%	0.60%	-1.38%	**-7.45%**
2011	2.23%	4.62%	0.54%	5.20%	-4.05%	-2.00%	2.91%	0.98%	1.08%	-7.07%	3.85%	0.60%	**8.48%**
2010	0.31%	2.47%	1.50%	2.09%	-1.55%	1.14%	-3.74%	4.92%	4.81%	6.42%	-3.14%	7.91%	**24.87%**
2009	0.41%	-0.14%	-1.02%	-2.52%	2.51%	-4.43%	2.46%	2.86%	1.70%	1.52%	4.97%	-5.03%	**2.80%**
2008	6.80%	9.39%	-2.14%	1.42%	2.58%	2.12%	-5.75%	-2.49%	4.42%	16.05%	4.92%	0.50%	**42.65%**
2007	0.75%	-1.02%	-0.45%	1.90%	2.05%	2.94%	-0.82%	-3.48%	5.56%	5.18%	0.12%	3.19%	**16.68%**
2006	2.34%	3.43%	2.02%	3.61%	2.71%	-3.20%	-0.30%	0.09%	3.24%	0.62%	0.25%	0.41%	**16.06%**
2005	-2.46%	2.45%	-1.94%	-3.87%	-2.36%	1.70%	-2.48%	4.80%	1.03%	-2.03%	5.04%	0.90%	**0.35%**
2004	0.76%	5.16%	1.70%	-7.67%	-4.21%	0.12%	3.53%	-5.24%	4.32%	2.20%	3.33%	-1.56%	**1.52%**
2003	5.61%	2.95%	-5.34%	0.93%	5.66%	-2.64%	-4.26%	-0.92%	2.93%	7.09%	2.28%	5.80%	**20.92%**
2002	0.65%	-1.93%	-1.81%	-1.12%	2.66%	5.99%	-0.72%	3.94%	2.96%	-1.54%	-2.51%	6.40%	**13.15%**
2001	0.50%	3.90%	3.87%	-2.30%	-1.13%	-0.53%	-0.65%	-1.01%	3.72%	2.35%	-5.23%	2.00%	**5.18%**
2000	1.43%	1.78%	-3.61%	1.19%	6.54%	0.03%	2.32%	4.74%	1.85%	3.01%	2.27%	-1.81%	**21.17%**

Represents index data simulated prior to third party publishing as calculated by the NYSE

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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 Managed Futures Excess Return Index (AMFERI)** represent returns calculated and published by the NYSE. The index does not have commissions, management/incentive fees, or operating expenses.

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.

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.

The S&P Goldman Sachs Commodity Excess Return Index **(S&P GSCI ER)**, is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

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.

The **Barclay BTOP50 CTA Index** seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The BTOP50 employs a top-down approach in selecting its constituents. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50.

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. Adding non-correlated assets within a portfolio has the potential to reduce portfolio volatility and drawdowns.

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.

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