



March 2017 Review

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

Market Review

The equity markets generally continued their trend higher: While the S&P 500 paused falling a mere 0.04%, the MSCI World gained 0.82%. The VIX softened to under 13, remaining near all time lows, as the market gained.

Interest Rates ended up relatively unchanged after rising only to fall again by month end.

The US Dollar weakened, renewing pattern started in January to the benefit of global currencies which were generally stronger vis-à-vis the greenback.

After starting the year correcting and stabilizing in February, March was generally weak for commodities. The benchmarks in GSCI and Bloomberg Commodity were both weak (-4.24% and -2.72% respectively). While we noted a positive bounce post the February 28th evening Trump speech to Congress regarding infrastructure and military spending, the market remains cautious despite the positive trend over the last 18 months. There were a couple pockets of strength to be found including Cotton and Natural Gas.

Index Review

The AMFERI lost 1.05% in March in line with CTA benchmarks per Table 1.

While never a glowing experience, the recent months are considered a normal correction within long term performance. In order to provide outperformance at critical times and when many CTAs are negative (a 4.9% gain in 2016), it is inevitable. It should be expected that this strategy will deviate from peers and both underperform and outperform at times highlighting its accretive value.

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

Table 1: Month and Year-To-Date

	2017	AMFERI	BTOP 50	S&P DTI ER	SG CTA
1 Month		-1.05%	-0.76%	-1.97%	-0.80%
YTD		-7.94%	-1.66%	-3.84%	0.35%
1 Yr Rolling		-4.36%	-8.50%	-1.21%	-6.34%

Table 2: Long Term Performance

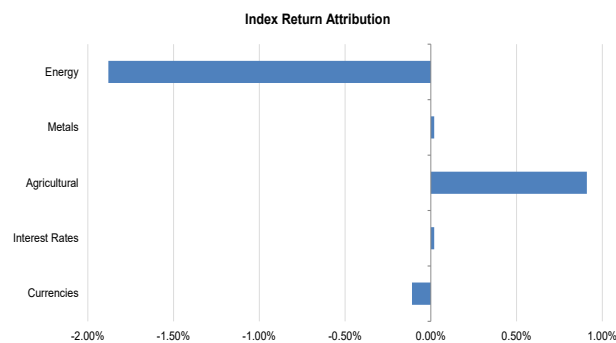
9 Year Annualized	AMFERI	BTOP50	S&P DTI ER	SG CTA
Annualized Return	6.13%	0.70%	-2.37%	1.80%
Annual Std. Dev.	11.74%	6.31%	7.97%	7.66%
Sharpe Ratio	0.58	0.14	-0.28	0.26
MAR Ratio	0.36	0.06	-0.09	0.16
Largest Drawdown	17.17%	11.67%	27.70%	11.63%

Table 3: Cumulative Return Since Inception

From Dec. 2010	AMFERI	BTOP50	S&P DTI ER	SG CTA
Cumulative Return	15.10%	1.84%	-7.42%	8.91%

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.



Portfolio Recap

Performance was positive in 3 of the 5 index sectors with Agricultural markets making decent gains (See Chart 1).

For the month, the top performing positions in the portfolio were gains from short positions in Soybeans and Sugar which continues to weaken falling over 10%. Notably Soybean futures was the only portfolio change for the month, reversing from long to short which provided immediate gains.

The worst performing components were the same as last month: Natural Gas and Wheat. The petroleum side of energy was also weak, yet positions have been maintained.

The portfolio remains stable despite the recent correction in performance. With only one change, the portfolio is long 7 of 12 commodity components (or 58%) and includes all 3 sectors – Energy, Metals, and Ags.

In the Financial markets, all positions were held: short Interest Rate futures and short currencies vis-a-vis the US Dollar.

Energy

After stabilizing last month, the petroleum side of the energy market corrected lower after trading a tight \$5 range from early December. However, the month ended with a push back up taking WTI crude over \$50. All positions maintained.

Metals

Both Base and Precious Metals started the month selling off. However, both sub-sectors rallied from mid-month to make up most of the ground. Precious metals recovered slightly better but down on the month to benefit the portfolio and provided the small gain.

Agriculture

Gains in Ags were led by weakness in Soybeans and Sugar.

While long exposure in Grains was a challenge, the Cotton market managed to drift up adding to the sector gain.

Interest Rates

The portfolio remained short across the curve for a small gain.

Currencies

All positions were maintained as weakness in the US Dollar led to currency strength.

Outlook

Despite the Q1 correction in the performance, it is notable that the portfolio remains largely unchanged. The long term trend in most commodity and financial markets remains unchanged at this time. While this may not last, the current positioning is one the strategy will be patient with, letting actual trend dictate any changes.

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.

Futures trading is speculative and is not suitable for all customers. Past results are 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.