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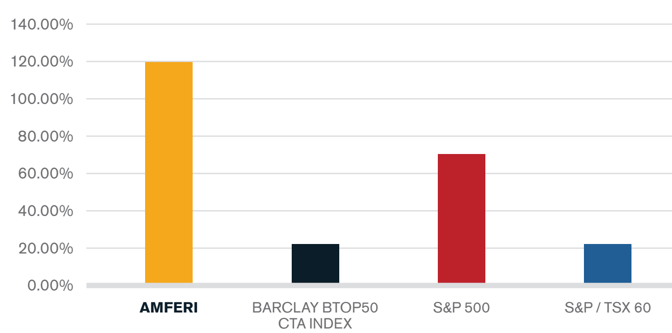
MANAGED FUTURES INDEX

COMMENTARY + STRATEGY FACTS

MAY 2017

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



Correlation	0.70	-0.24	-0.20

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CTA Intelligence

Winner - 2016 & 2017
Best Investable CTA Index

AUSPICE Capital Advisors

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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

Despite a number of geo-poltical events during the month, many global equity markets continued their trend higher: The S&P 500 gained 1.16% and the MSCI World gained 1.78% for reference while the commodity tilted Canadian TSX/S&P60 lost 1.36%.

The French elections win by Macron caused the CAC40 to sell-off. However, like most major equity benchmarks, it remains resilient and ended up higher on the month.

As accusations by the former FBI Director against Trump were revealed, the US markets had their biggest sell-off in over 8 months with the Dow dropping 1.8% (notably the AMFERI was up this day). The VIX briefly popped higher, gaining over 17%, yet quickly reversed and softened while the equity markets marched higher. As such any sign of volatility remains contained and brief at this point.

Interest Rate futures started the month falling, yet also reverted to their trend by mid-month, rising both domestically as well as in Europe.

The US Dollar extended its weakness in May vis-à-vis global currencies. The commodity currencies such as Canadian and Aussie dollars along with Asian and European benchmarks all gained against the greenback.

Lastly, commodities were choppy and mostly weaker. Grains were mixed while Energies bounced back along with some Metals after mid-month. The benchmarks were also mixed with the energy tilted GSCI slightly positive while the more diverse Bloomberg Commodity Index was softer (+0.31% and -1.41% respectively). To reiterate, while 2017 has started on weak footing, we note the commodity trend since early 2016 is still positive.

The AMFERI gained 0.84% in May which outperformed the Barclay BTOP50 CTA benchmark per Table 1.

While the performance is similar on 1 year basis to the benchmark, it is longer term the value is illustrated not only versus peers in the benchmark but also to the equity market. On a 3 year basis the AMFERI is ahead of the benchmark despite challenging CTA environment. On a 10 year basis this performance significantly outstrips both the CTA and equity benchmarks on both an absolute and risk-adjusted basis.

Chart 1 HISTORICAL GROWTH SINCE 2007

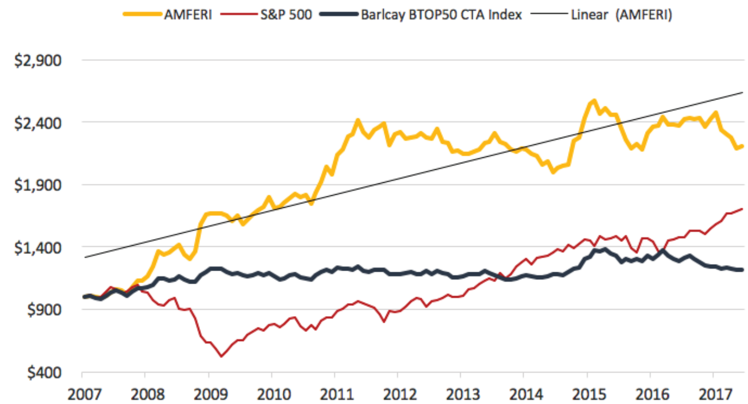

Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**0.84%**	-0.11%	1.16%	-1.36%
2017 YTD	**-10.89%**	-2.44%	7.73%	0.70%
1 yr (Jun 16)	**-6.88%**	-5.27%	15.01%	10.39%
3 yr (Jun 14)	**10.17%**	3.24%	25.38%	8.34%
10 yr (Jun 07)	**113.69%**	17.71%	57.57%	12.67%
Annualized (Jan 07)				
Return	**7.89%**	1.90%	5.23%	1.93%
Std Deviation	**11.87%**	6.41%	15.02%	13.13%
Sharpe Ratio	**0.75%**	0.33	0.46	0.26
MAR Ratio	**0.46%**	0.16	0.10	0.04
Worst Drawdown	**-17.17%**	-11.97%	-52.56%	-44.27%

OUTLOOK

We have long advocated that investors should not put all CTAs in the same bucket. Months like May illustrate the AMFERI strategy is unique. Not only can it offer the same non-correlated, crisis-alpha benefits typically discussed in the context of CTA/Managed Futures, but the returns are independent of CTA benchmarks and peers. In this case, adding value when other's struggle.

As such it should be expected that this strategy will deviate from peers and both underperform and outperform. While historically the outperformance has come at critical times as illustrated in Chart 1 (2008-2010, 2014 and most recently in 2016), when non-correlated returns are most valuable, it will also underperform like the first four months of 2017. This is expected. However, this underperformance may be an opportunity given the long-term outperformance (illustrated in the 3 and 10 year comparison to the benchmark BTOP50) along with that during the critical times.

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ATTRIBUTIONS AND TRADES

While financial assets were largely unchanged in the portfolio, there were a number of changes in trends for commodities.

Performance was positive in 3 of the 5 index sectors with Ags and both financial markets leading the strategy to a solid monthly gain (see Chart 2). Within commodities, reversals in trends and position changes caused negative attribution.

For the month, the top performing positions in the portfolio were gains from short positions in Soybeans, Sugar and Natural Gas complimented with long gains in the Euro and short the US Dollar Index.

The worst performing components were the petroleum markets within Energy and Copper which all had reversal from long to short weights.

The portfolio changes now shifts the bulk of the commodity portfolio short, 8 of 12 commodity components (or 66%) and includes all 3 sectors – Energy, Metals, and Ags (see Chart 3).

All financial markets position were held and both Currencies and Interest Rate futures adding value as interest rate futures drifted higher and the US dollar weakened.

SECTOR HIGHLIGHTS

ENERGY

The weakness on the petroleum side of the energy market caused reversal in trends to the remaining markets. The sector is now short alongside Natural Gas.

METALS

The strategy is now long Precious Metals and short Base metals. While both Gold and Silver had a strong end to the month continuing the recent momentum, Copper softened. We have shifted back to short which, with the exception of the rally from November to December 2016, is the long term pervasive trend since 2011.

AGRICULTURE

Ags were the largest contributor to gains this month with attribution from both Soft Commodities and Grains. While Corn remains strong, our shorts in Soybeans and Wheat were also beneficial. Sugar remains weak and gains eclipsed the loss from the remaining long Cotton exposure. It is clear remaining agile and allocating based on individual market trend and momentum is opportune in this diverse sector.

INTEREST RATES

The portfolio remains long across the curve and had a positive month.

Chart 2 INDEX RETURN ATTRIBUTION

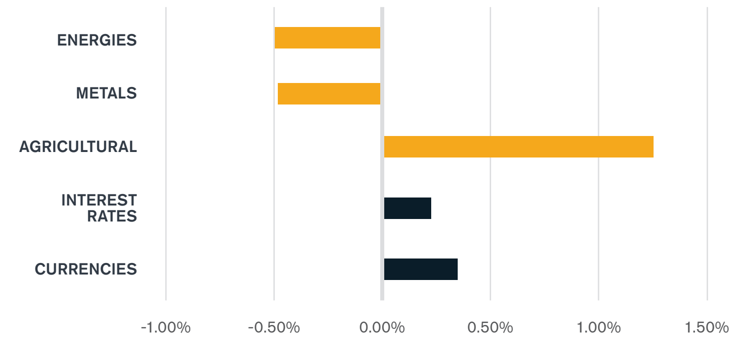
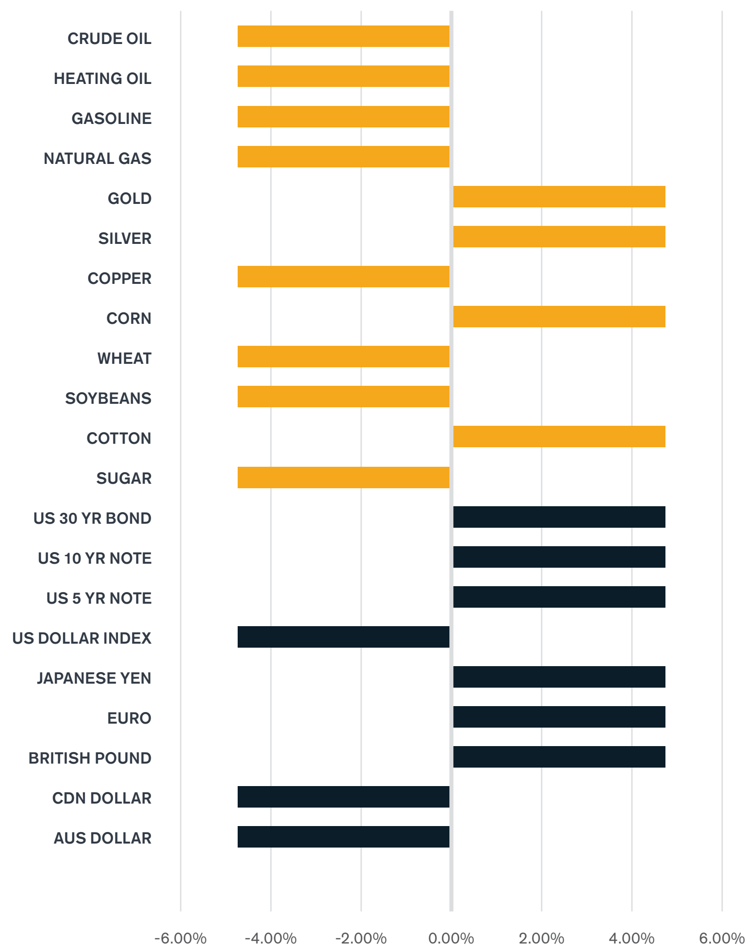


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



CURRENCIES

All positions were held: short the US Dollar Index along with long positions the British Pound, Euro and Yen. Remain short the commodity currencies of Aussie and Canadian dollars.

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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:

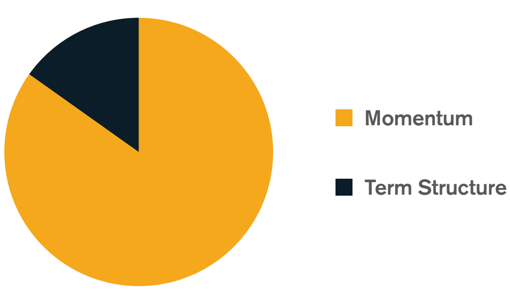
STRATEGY DESCRIPTION

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

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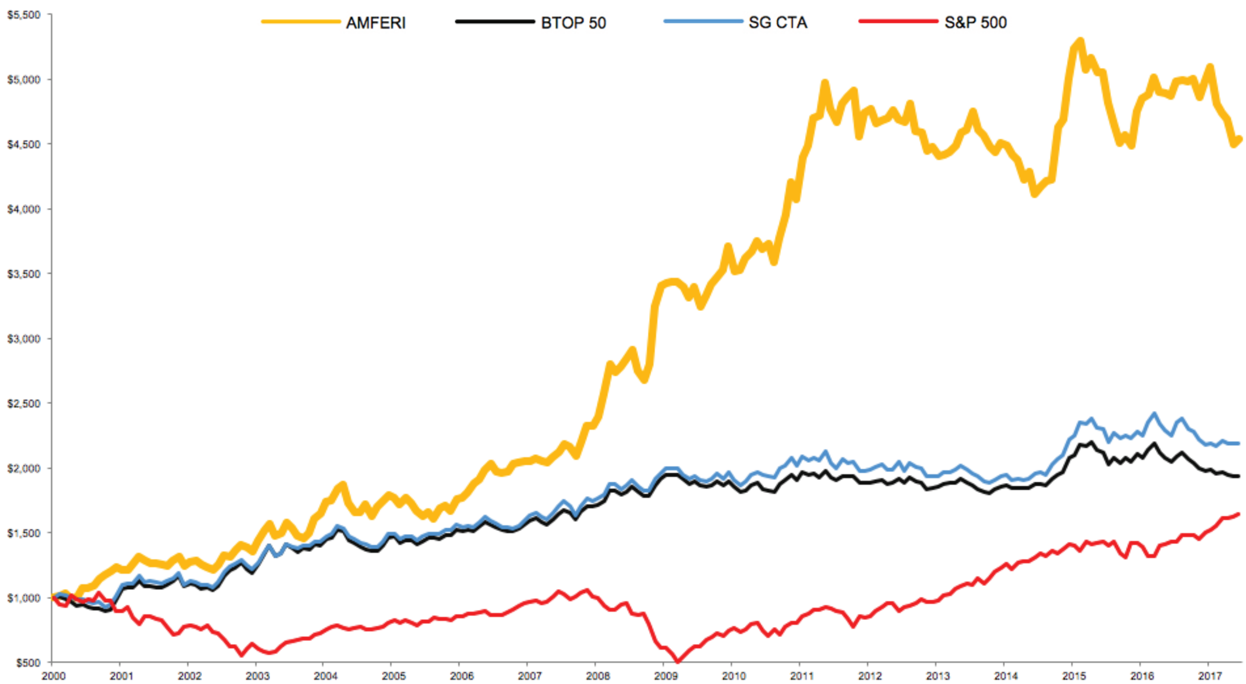
COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE



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%								**-10.89%**
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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