



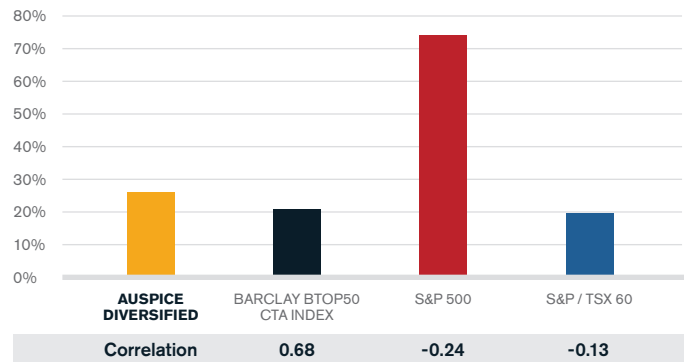
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

AUGUST 2017



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007*)



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

INVEST WITH AUSPICE

Call us

888 792 9291

Visit us online to find out more

auspicecapital.com

AUSPICE Capital Advisors

SUITE 510 - 1000 7TH AVE SW
CALGARY, ALBERTA CANADA T2P 5L5



Winner - 2014
Altegris CTA Challenge



Silver Medal
Best Opportunistic Hedge Fund - 2010

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. *Returns represent the performance of the Auspice Managed Futures LP Series 1.

SUMMARY

The Auspice Diversified Program gained 2.76% in August while the benchmark Barclay BTOP50 CTA index gained 1.53%. While underperforming thus far in 2017, the results remain similar on a 1 year basis and ahead of the peer benchmarks on a 3 and 10 year basis (Table 1).

Stock markets stagnated in August with the S&P gaining a mere 0.05% while the MSCI World lost -0.07% for reference. While there were some month end commodity gains, the resource tilted Canadian TSX/S&P60 was also pressured softening -0.08% and remains one of the few stock markets negative on the year.

Interest Rate futures moved higher throughout the month extending July's gains. After months of weakness, the US Dollar rallied into mid-month but failed to sustain and fell back in the end.

While commodity benchmarks are lower for the month, there were some strong gains for tactical approaches. Precious and Base metals continued higher while some Energies followed suit led by refined products due to the damage to important energy infrastructure in Texas. The energy tilted GSCI fell 3.11% while the more diverse Bloomberg Commodity Index lost only 1.39%. We note new commodity trends emerging and volatility coming back and anticipate further opportunity throughout the fall.

OUTLOOK

While low volatility and reversing commodity trends has hurt the strategy this year more than peers given the commodity tilting to the portfolio, months like August remind investors of the ability to capture opportunities. Gains made in Metals and Energies fall into this category both from a Trend and Short Term return driver perspective. Moreover, while few opportunities to demonstrate this in recent years, the strategy historically does well specifically when equity stagnates, or performs poorly.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

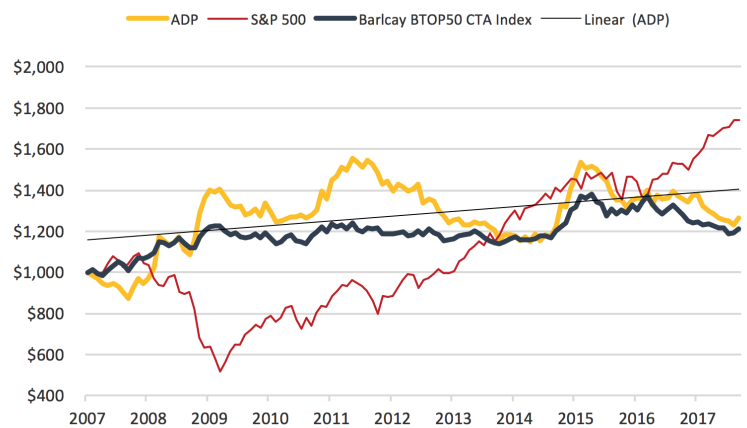


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	2.76%	1.53%	0.05%	-0.08%
2017 YTD	-8.00%	-2.74%	10.40%	-1.06%
1 yr (Sep 16)	-7.90%	-6.84%	13.85%	4.60%
3 yr (Sep 14)	3.45%	0.99%	23.37%	-0.86%
5 yr (Sep 12)	-5.97%	1.57%	75.72%	30.29%
10 yr (Sep 07)	44.55%	20.13%	67.68%	12.24%
Annualized (Jan 07)	2.22%	1.82%	5.35%	1.72%
Worst Drawdown	-26.04%	-14.10%	-52.56%	-44.27%

We view the timing as great for the strategy and consider the current environment a statistically good entry point given the long history of performance versus peer benchmarks and the equity market (see Chart 1). Given the strategy has outperformed peer benchmarks at critical times since inception, while providing non-correlated performance to equity, the current pricing implies this strategy is "on sale". (We encourage you to check out the Auspice Blog for more info on investment strategies being "On Sale").

ATTRIBUTIONS AND TRADES

Portfolio performance came from most Commodity sectors led by Metals and Energies complemented with Equity indices in financial futures. Metals led the performance attribution with Copper and Zinc outperforming while complemented by Gold, Nickel and Palladium, a full sector effort.

Energies also performed well by positioning to participate in existing weakness in Crude Oil while adding long risk in refined products: Gasoline, Heating Oil.

Grains performed well on the back of existing and new shorts in Wheat, Corn and Soybeans while a long exposure in Canola was a small drag.

While still long the Equity sector, we continue to trim dropping both Nikkei and short VIX exposures to be modestly exposed as the sector shows signs of stagnation.

Return Drivers: Gains were diversified with the dominant portfolio Trend & Momentum return driver performing very well for the bulk of the return as prescribed. This was heavily complemented by Short Term strategies and to small degree by Mean Reversion exposures. See Chart 3.

POSITION HIGHLIGHTS

GAINS

- Energy gains led by short Crude and long Heating Oil.
- Metals long led by base metals Copper and Zinc.
- Hang Seng equity index outperformed gaining over 3%.

LOSSES

- Canola long position is held.
- Exit long positions in British Pound and Swiss Franc on weakness. Aussie and Canadian dollars held while weak on the month.
- Exit profitable short VIX on sharp rally.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

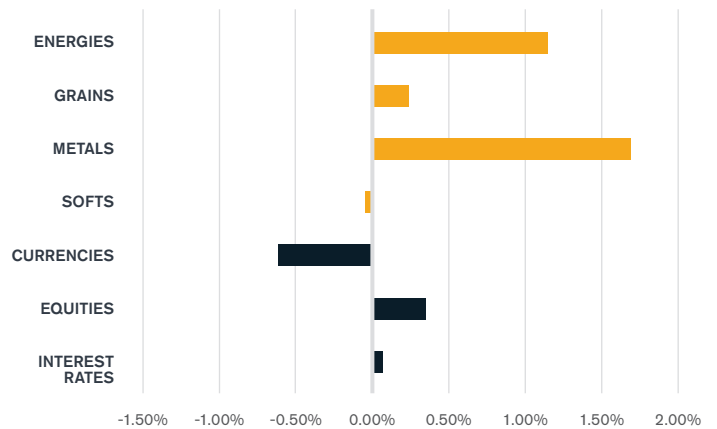
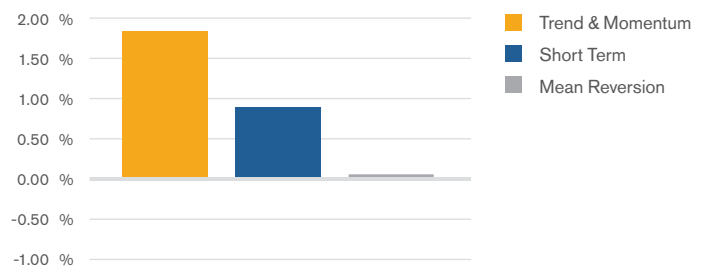


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



EXPOSURE AND RISK ALLOCATION

Opportunities in commodities, both long and short, had the portfolio increase exposure to the sector. While much of the month end addition comes from mark to market gains, the exposure move from near 50:50 to 72:28 per Chart 4.

Within commodities, the most notable additions were from Energies and Metals with additional exposure coming from both long and short positions. Exposure was also added in Metals from Base metals of Zinc and Nickel, which performed nicely thereafter. Gold exposure was increase while Platinum was also added in Precious metals.

Within financials, the decrease in risk exposure came predominantly from both an overall re-size (lower) in many long currency positions as well as exiting the Pound and Swiss Franc.

Portfolio exposure continues to fluctuate but within our typical band as measured by the Margin to Equity ratio (see Chart 6 next page).

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

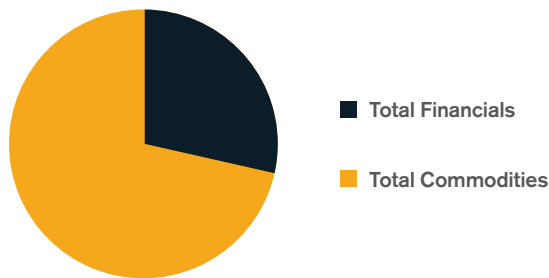
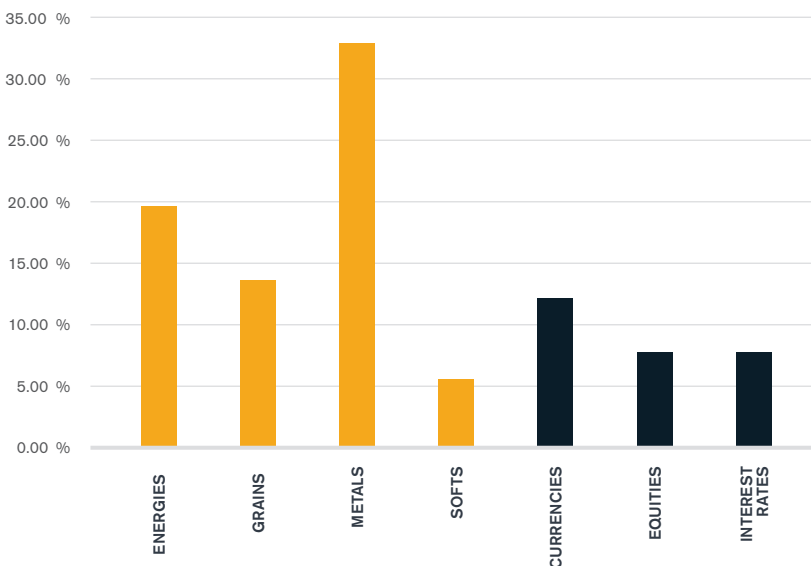


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 19.68%

Largest Holdings	Position	% of Risk
Gasoline	Long	9.06%
Heating Oil	Long	3.84%
Gas Oil	Long	2.77%

GRAINS 13.55%

Largest Holdings	Position	% of Risk
Wheat	Short	6.58%
Corn	Short	3.60%
Canola	Long	1.76%

METALS 32.87%

Largest Holdings	Position	% of Risk
Copper	Long	9.63%
Zinc	Long	9.17%
Gold	Long	6.91%

SOFTS 5.45%

Largest Holdings	Position	% of Risk
Cotton	Short	3.32%
Sugar #11	Short	2.12%

CURRENCIES 12.33%

Largest Holdings	Position	% of Risk
Euro	Long	4.69%
Canadian Dollar	Long	3.56%
Aussie Dollar	Long	2.52%

EQUITIES 8.03%

Largest Holdings	Position	% of Risk
Hang Seng	Long	4.21%
NASDAQ (USA)	Long	2.31%
S&P500 (USA)	Long	1.50%

INTEREST RATES 8.09%

Largest Holdings	Position	% of Risk
Treasury Bond/30yr (USA)	Long	2.73%
Euro Schatz (German)	Long	2.71%
Treasury Note/10yr (USA)	Long	2.35%

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

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.

With a long term correlation of -0.24 to the S&P (see front page), and a modest 0.56 correlation to the SG CTA Index (1 year basis - daily returns), this demonstrates the combined performance and non-correlation to equity and other CTAs is accretive and valuable.

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)

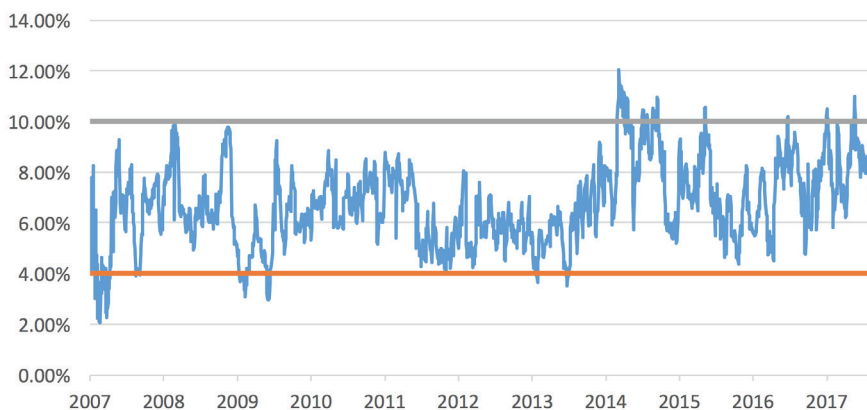


Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1137.2168	2.76%
NAV	Auspice Diversified Trust	
Class A	8.8373	2.71%
Class F	9.2377	2.80%
Class S	8.6223	2.71%
Class H	10.0820	2.80%
Class I	10.9393	2.89%
Class X	10.5670	2.80%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.22%	Avg Monthly Gain	2.81%
Annualized Std Dev	11.21%	Avg Monthly Loss	-2.04%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio ¹	0.30	Daily VAR (sim w/99% conf)	-1.61%
MAR Index ²	0.09	Round Turns per \$million	450
Sortino	0.56	Margin to Equity ratio	6.7
Upside/Downside Deviation	0.16 / 0.06	Average Hold Period (Days)	22
Correlation to S&P 500	-0.24	% Profitable	43%
Correlation to TSX60	-0.13	\$Win / \$Loss	1.3
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	\$200M
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.

FUND FACTS (CONT)

▶ **MONTHLY PERFORMANCE TABLE***

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017	-3.66%	-1.89%	-1.35%	-1.39%	-0.53%	-0.51%	-1.61%	2.76%					-8.00%
2016	-0.22%	3.12%	-4.93%	3.59%	-1.64%	0.56%	2.44%	-1.55%	-1.06%	-1.34%	2.68%	-0.13%	1.15%
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%

* 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.

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 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.

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 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.

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.

INVEST WITH AUSPICE

Call us

888 792 9291

Visit us online to find out more

auspicecapital.com

AUSPICE Capital Advisors

SUITE 510 - 1000 7TH AVE SW

CALGARY, ALBERTA CANADA T2P 5L5

