



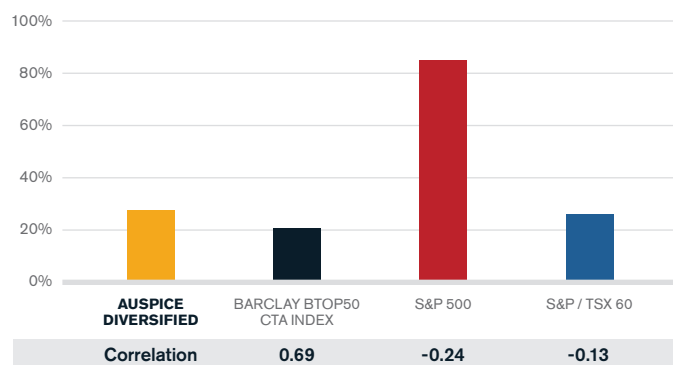
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

DECEMBER 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.

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Winner - 2014
Altegris CTA Challenge



Silver Medal
Best Opportunistic Hedge Fund - 2010

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SUMMARY

The Auspice Diversified Program gained 0.67% to end 2017 while the benchmark Barclay BTOP50 CTA index produced a similar result for the month up 0.99%. This closed the year off approximately 5.00%, slightly lagging the benchmark after outperforming in 2016. The long-term outperformance remains intact per Table 1 while Chart 1 illustrates the stronger gains at critical times.

2018 was another incredible year for global stock markets ending up again in December putting gains near 20% on the year for most benchmarks. The resource tilted Canadian TSX/S&P60 gained a more modest +6.63% for the year.

Interest Rate futures generally weakened as the US Fed added another hike in overnight rates mid-month. The Fed reiterated they anticipate additional increases in 2018 while inflation remains low in the US despite concerns voiced by the Bank of England Governor warning inflation has hit its highest level in 5 years. The US Dollar continued to weaken in the direction of the long-term trend established throughout 2017.

Commodity benchmarks gained in December led by another strong month in the energy complex and WTI oil hitting \$60, its highest in 2 years. While Grains remained weak, Metals also finished the year strong led by Copper gaining over 25% in 2017. The energy tilted GSCI gained 4.77% on the year while the more diverse Bloomberg Commodity Index added 0.75%.

OUTLOOK

While equity markets have led the low volatility push higher for a number of years, we believe other asset classes are ripe for volatility and trends. We expect commodities, equities, interest rates and currencies will provide opportunities as sentiment shifts and action is taken.

While inflation and interest rates have been low, we are observing central bankers not only voice concerns, but also take action raising rates multiple times for the first times in 7 years.

Given the commodity to equity ratio is at its widest in 20 years, the low volatility has fostered very few concerns and created an artificial comfort. Moreover, we believe current supply and demand numbers may be favorable for a move higher in commodities along with increased volatility.

For more about this specific topic, Auspice published a paper in late December available in the Resources/Research section of the website.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

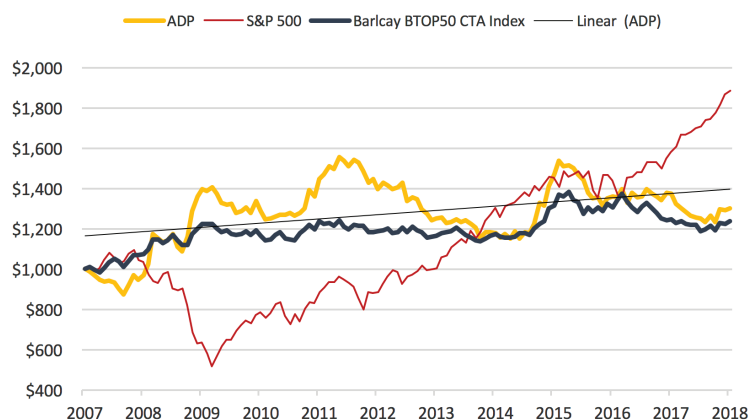


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified (2/20 fees)	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	0.67%	0.99%	0.98%	0.80%
2017 YTD	-5.31%	-0.76%	19.42%	6.63%
1 yr (Jan 17)	-5.31%	-0.76%	19.42%	6.63%
3 yr (Jan 15)	-11.39%	-6.03%	29.86%	12.26%
5 yr (Jan 13)	3.89%	6.34%	87.47%	34.46%
10 yr (Jan 08)	34.32%	15.01%	82.08%	18.70%
Annualized (Jan 07)				
Return	2.42%	1.95%	5.93%	2.36%
Std Deviation	11.17%	6.42%	14.65%	12.84%
Sharpe Ratio	0.32	0.34	0.52	0.29
MAR Ratio	0.09	0.14	0.11	0.05
Worst Drawdown	-26.04%	-14.08%	-52.56%	-44.27%

ATTRIBUTIONS AND TRADES

While most market attributions were modest, Energies and Metals provided the most volatility as many markets showed weakness to start the month before re-bounding (see Chart 2).

Petroleum Energies drove returns from the long side although we trimmed the Gasoline exposure. We remain short Natural Gas at this time but will be important to watch given the move higher at month end due to cold weather.

Grains remain tilted short and we added to this exposure with a weakening Canola market. The Soft Commodity sector added portfolio value largely on a newly added long exposure in Cotton. The rest of the sector remains weak and we added a short in Coffee. However, most activity occurred within Metals as weakness initiated new shorts in Precious metals that had to be trimmed as the market quickly reversed course. Industrial metals were stronger and we added to the Copper length.

Within Rates, we exited the long exposure to the German Schatz (2 years) to be tilted short globally. While we remain long NorAm and Asian equity indices, we exited the Hang Seng with a 20% gain from early in 2017.

Currencies adjusted as the US Dollar weakened causing us to trim the Aussie dollar as it rallied against existing shorts.

Return Drivers: All core strategy types made small gains for the month. Gains were led by Trend strategies but complimented by Short Term and Mean Reversion strategies (see Chart 3).

POSITION HIGHLIGHTS

GAINS

- Energy gains from petroleum products: Brent and WTI Crude, Heating Oil and Gas Oil.
- Strong gains from newly added Cotton long as it rallied 8% on the month.
- Copper moved higher and we added exposure.

LOSSES

- After strong gains last month, we exited the Hang Seng for a monthly loss yet preserving significant trade gains.
- Shifted and added shorts in Gold was followed by a month end rally.
- Added a long position in Soybean Meal which was quickly covered on weakness.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

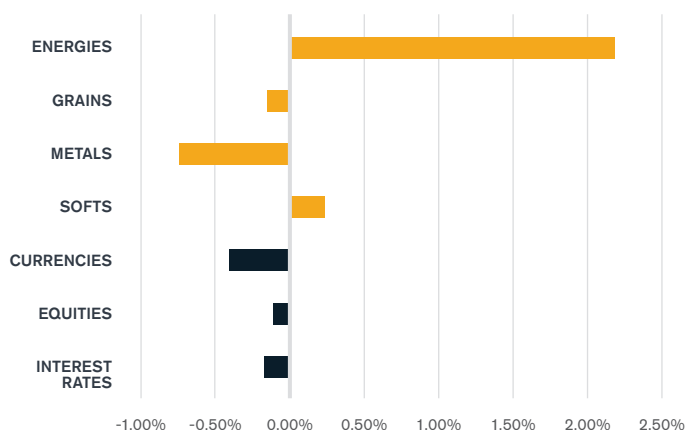
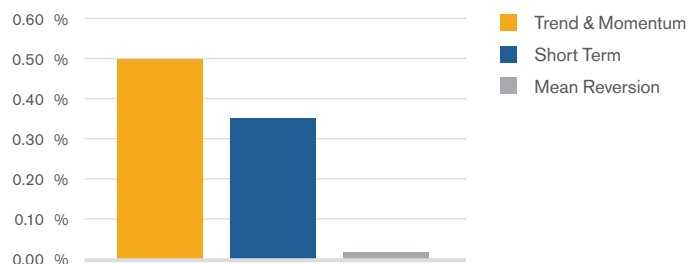


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



* Strategy Attribution excludes all fees.

EXPOSURE AND RISK ALLOCATION

Exposure levels in the portfolio were shifted to commodities away from financials - from 67:33 last month to 80:20 per Chart 4.

Within commodities, the most notable changes were increases from gains in long exposure in Energies and adding Soft Commodity exposures.

In financials, the largest change came from reducing Asian equity exposures and reducing exposure to the Aussie dollar.

Portfolio exposure is at the high end of our typical band as measured by the Margin to Equity ratio (see Chart 6 next page), illustrating opportunity existing.

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

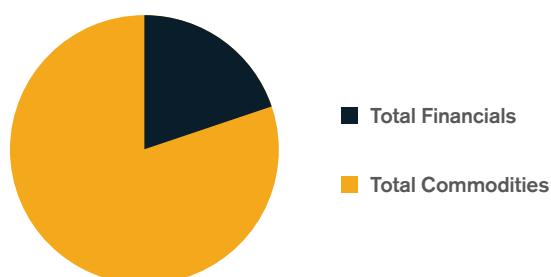
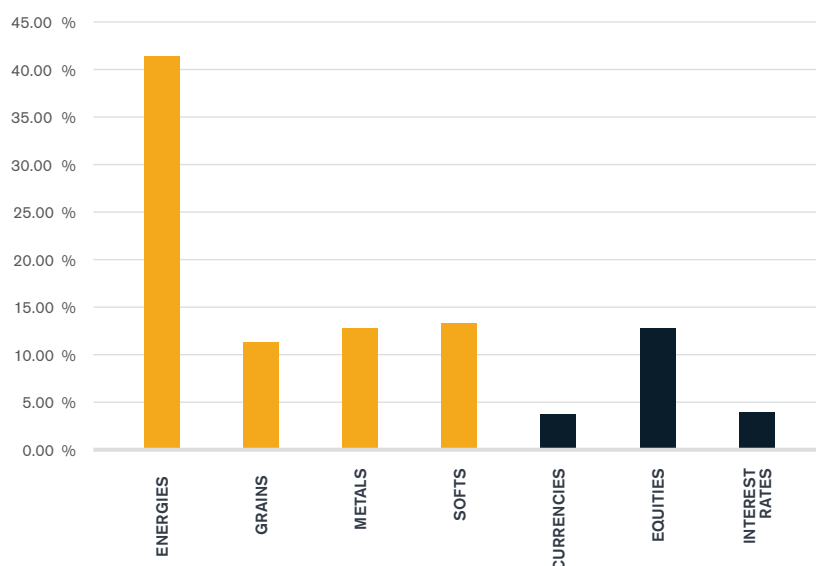


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 42.16%

Largest Holdings	Position	% of Risk
WTI Crude Oil	Long	13.55%
Heating Oil	Long	10.48%
Brent Crude	Long	6.05%

GRAINS 11.69%

Largest Holdings	Position	% of Risk
Wheat	Short	3.79%
Canola	Short	3.61%
Corn	Short	2.91%

METALS 13.02%

Largest Holdings	Position	% of Risk
Copper	Long	6.02%
Gold	Short	2.42%
Palladium	Long	2.33%

SOFTS 13.39%

Largest Holdings	Position	% of Risk
Cotton	Long	11.56%
Coffee	Short	1.54%
Sugar #11	Short	0.29%

CURRENCIES 3.52%

Largest Holdings	Position	% of Risk
British Pound	Long	0.66%
Canadian Dollar	Short	0.58%
Japanese Yen	Short	0.55%

EQUITIES 12.48%

Largest Holdings	Position	% of Risk
Nikkei (Japan)	Long	3.75%
S&P 500 (US)	Long	2.43%
NASDAQ (US)	Long	1.93%

INTEREST RATES 3.74%

Largest Holdings	Position	% of Risk
Treasury Note/10yr (USA)	Short	1.80%
Treasury Note/5yr (USA)	Short	0.96%
Euro Schatz (German)	Short	0.60%

* 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 0.65 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)

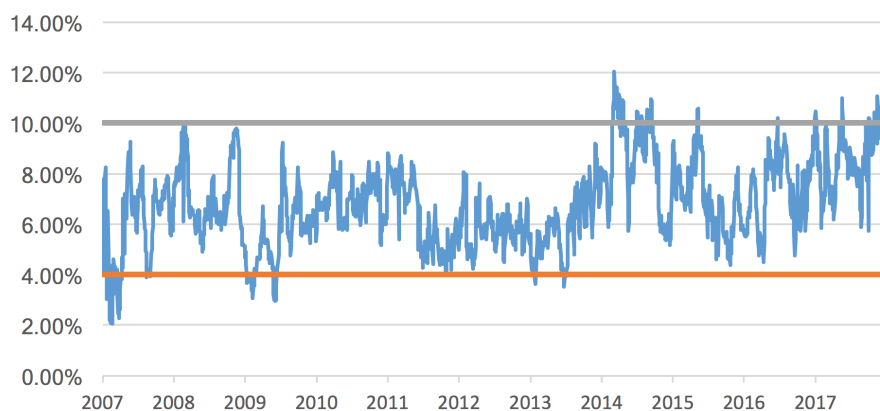


Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1170.3762	0.67%
NAV	Auspice Diversified Trust	
Class A	9.0874	0.63%
Class F	9.5318	0.72%
Class S	8.8664	0.63%
Class I	11.3276	0.81%
Class X	10.9041	0.72%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.42%	Avg Monthly Gain	2.81%
Annualized Std Dev	11.17%	Avg Monthly Loss	-2.03%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio ¹	0.32	Daily VAR (sim w/99% conf)	-1.25%
MAR Index ²	0.09	Round Turns per \$million	450
Sortino	0.59	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.16 / 0.05	Average Hold Period (Days)	23
Correlation to S&P 500	-0.24	% Profitable	43%
Correlation to TSX60	-0.13	\$Win / \$Loss	1.3
Correlation to BCOM ER	0.05	Skew	1.24

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	\$160M
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%	-2.53%	5.16%	-0.27%	0.67%	-5.31%
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.

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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 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.

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