



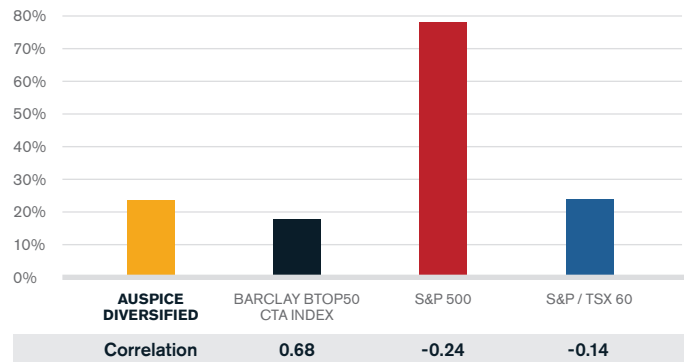
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

SEPTEMBER 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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Altegris CTA Challenge



Silver Medal
Best Opportunistic Hedge Fund - 2010

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SUMMARY

The Auspice Diversified Program fell 2.53% in September while the benchmark Barclay BTOP50 CTA index softened 2.05%. While underperforming thus far in 2017, the results remain similar on a 1 year basis and ahead of the peer benchmarks on a long term 10 year basis (Table 1).

Stock markets rallied in September with the S&P gaining 1.93% while the MSCI World added 2.08% for reference. On the back of the energy strength, the resource tilted Canadian TSX/S&P60 also gained strongly 3.27% to finally tilt positive for the year while still lagging global benchmarks.

Interest Rate futures sold off and the US Dollar gained in September as the US FED laid out plans to start unwinding its decade old stimulus plan and confirmed plans to raise rates before the year end and further in 2018. Canada went further and raised its overnight rate early in the month.

Some commodity benchmarks were stronger for the month, largely on the back of stronger petroleum prices. The energy tilted GSCI gained 3.24% while the more diverse Bloomberg Commodity Index fell a modest -0.23%.

OUTLOOK

We have stated that we believe the heavy equity weighting and correlation in most portfolios is a significant risk for investors given the 9 year period of outperformance. Moreover, we have long advocated the use of “alternatives”. However, even with the addition of traditional alternatives such as private equity and infrastructure, most portfolios remain a highly concentrated equity bet. That has been just fine as the (stock) market continues higher.

So we ask what is the point of a “hedge fund” or “CTA” like Auspice? There is a simple answer. (We encourage you to check out the Auspice Blog “What is the point?”).

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

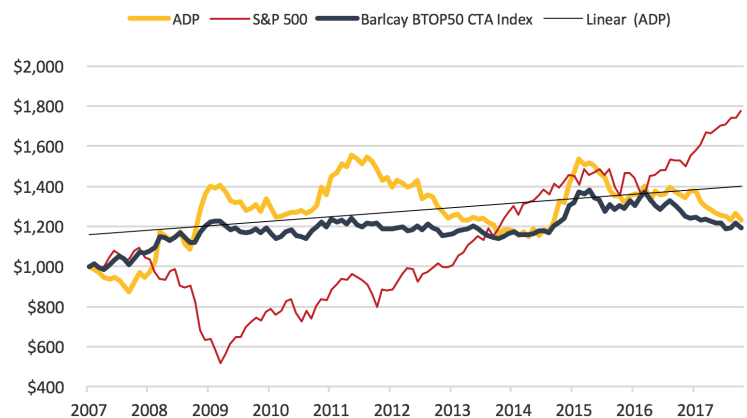


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-2.53%	-2.05%	1.93%	3.27%
2017 YTD	-10.32%	-4.39%	12.53%	2.42%
1 yr (Oct 16)	-9.28%	-6.85%	16.19%	7.38%
3 yr (Oct 14)	-7.11%	-2.54%	27.74%	6.66%
5 yr (Oct 12)	-4.89%	0.74%	74.87%	31.15%
10 yr (Oct 07)	33.14%	14.12%	65.01%	12.77%
Annualized (Jan 07)	2.00%	1.65%	5.49%	2.03%
Worst Drawdown	-26.04%	-14.10%	-52.56%	-44.27%

ATTRIBUTIONS AND TRADES

There were relatively few position changes this month as most market movement was corrective of longer term trends we are holding.

While portfolio performance came from 2 of the 4 commodity sectors, corrections both up and down offset the more widespread gains. Metals corrected lower after adding significant value to end the summer while Grains also rallied against recent down trends for a small sector loss.

Energies performed by being tilted long refined products and to Brent Crude while remaining short WTI. Softs added some value on the back of shorts in Cotton and Sugar.

Financially, while existing and newly added long Equity exposure made some gains, the reversal in recent trends in Rates and Currencies lower pushed portfolio performance down.

Return Drivers: Gains in Short Term strategies were eclipsed by the reversals within the Trend & Momentum return driver. See Chart 3.

POSITION HIGHLIGHTS

GAINS

- Energy gains led by Brent Crude, long Heating Oil and Gas Oil.
- Long Zinc outperformed all other base and precious metals.
- Long equity indices S&P500 and TSX60 (Canada).

LOSSES

- Long Gold and Copper in Metals.
- Long US 30 Year Bonds and 10 Year Notes.
- Long Gasoline while short WTI Crude has been held.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

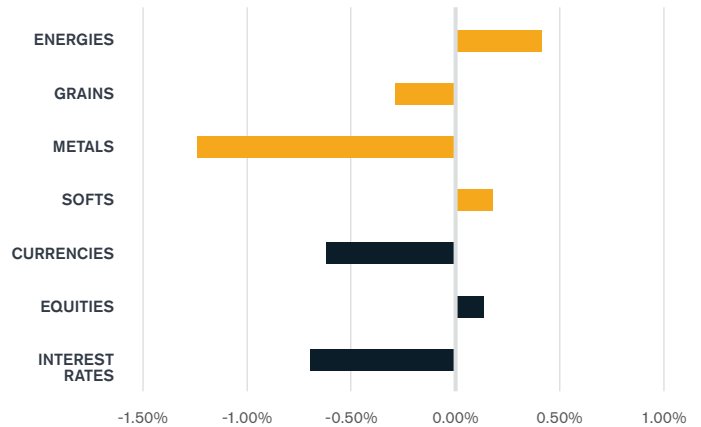
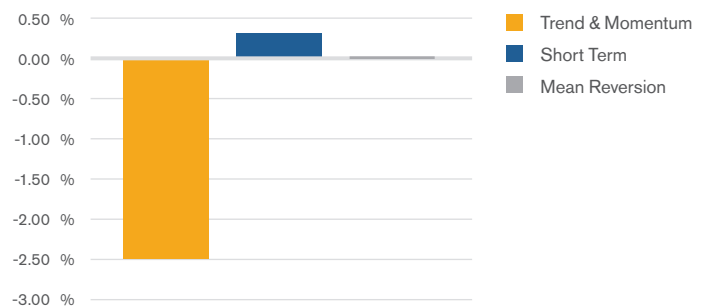


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



EXPOSURE AND RISK ALLOCATION

Reversals in commodities, both long and short, had the portfolio decrease exposure to the sector. Both Metals and Grains fall in this category in different directions. The exposure moves Commodity to Financial to 67:33 per Chart 4.

Within commodities, the most notable additions were increases from long exposure in Energies and mark-to-market gains in short Soft commodities. Metals and Grains were decreased.

Within financials, exposure was added in Equities with the addition of long positions in the Dow Jones EuroStoxx 50 Index and TSX 60. Decrease in risk exposure came from the correction in Rates.

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

CURRENT RISK BY SECTOR

ENERGIES 34.04%

Largest Holdings	Position	% of Risk
Heating Oil	Long	12.70%
Gasoline	Long	7.60%
Gas Oil	Long	4.59%

GRAINS 10.18%

Largest Holdings	Position	% of Risk
Wheat	Short	5.49%
Corn	Short	3.30%
Soybeans	Short	1.39%

METALS 15.95%

Largest Holdings	Position	% of Risk
Zinc	Long	5.18%
Copper	Long	4.94%
Gold	Long	3.19%

SOFTS 7.18%

Largest Holdings	Position	% of Risk
Cotton	Short	4.50%
Sugar #11	Short	2.68%

CURRENCIES 13.29%

Largest Holdings	Position	% of Risk
British Pound	Long	4.43%
Canadian Dollar	Long	4.21%
Euro	Long	2.25%

EQUITIES 15.98%

Largest Holdings	Position	% of Risk
Nikkei (Japan)	Long	3.08%
S&P500 (USA)	Long	2.85%
Hang Seng	Long	2.75%

INTEREST RATES 3.37%

Largest Holdings	Position	% of Risk
Euro Schatz (German)	Long	1.54%
Long Gilt (UK)	Short	1.05%
Treasury Bond/30yr (USA)	Long	0.40%

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

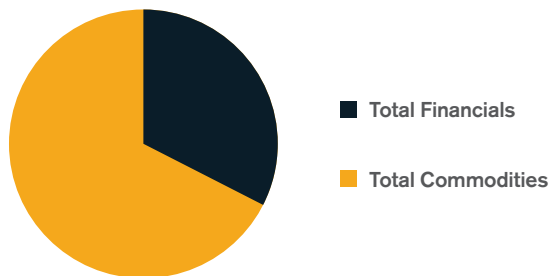
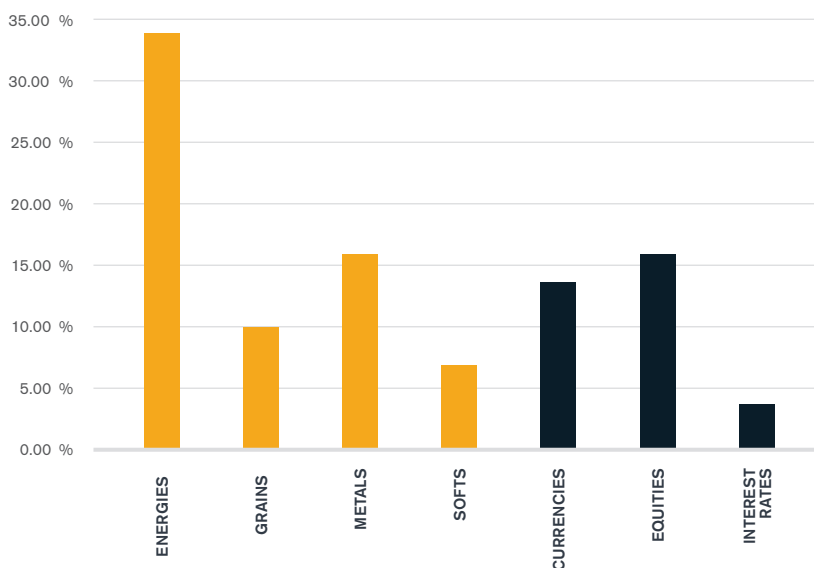


Chart 5 CURRENT SECTOR RISK



* 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 0.58 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)

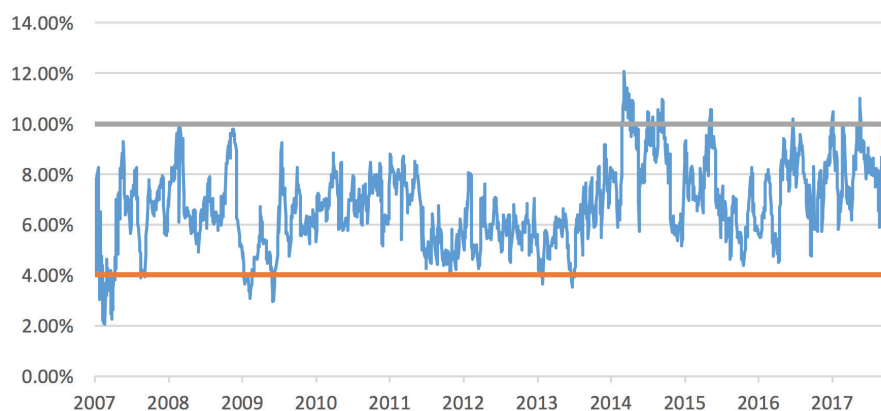


Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1108.4392	-2.53%
NAV	Auspice Diversified Trust	
Class A	8.6095	-2.58%
Class F	9.0075	-2.49%
Class S	8.4000	-2.58%
Class I	10.6765	-2.40%
Class X	10.3038	-2.49%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.00%	Avg Monthly Gain	2.81%
Annualized Std Dev	11.20%	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)	-1.59%
MAR Index ²	0.08	Round Turns per \$million	450
Sortino	0.52	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.16 / 0.06	Average Hold Period (Days)	22
Correlation to S&P 500	-0.24	% Profitable	43%
Correlation to TSX60	-0.14	\$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%	-2.53%				-10.32%
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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