



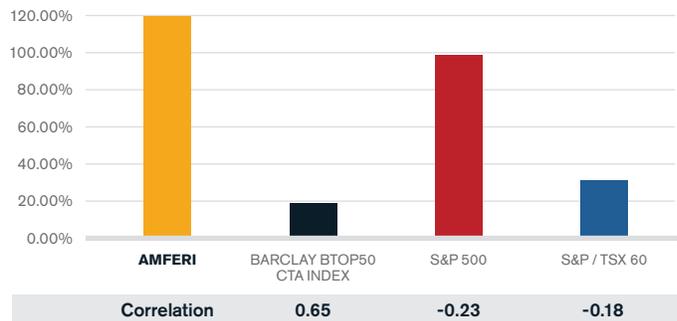
MANAGED FUTURES INDEX

COMMENTARY +
STRATEGY FACTS

JULY 2018



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007*)



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

CTA Intelligence

Winner - 2016 & 2017
Best Investable CTA Index

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. The performance of Auspice Managed Futures Index prior to 11/17/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page.

SUMMARY

Most global equities moved up in July: the S&P and Nasdaq gained 3.60% and 2.15% respectively while the MSCI World added 3.05% for reference. Despite overall commodity weakness, the resource tilted Canadian TSX/S&P60 added 1.46%. The VIX remains low at 12.83%.

Commodity benchmarks continued to correct lower overall until mid-month when some strength reappeared. Energy and Metals led weakness while Grains managed to bounce back at month-end. The energy tilted GSCI lost 3.70% yet positive for the year while the more diverse Bloomberg Commodity Index lost 2.31% on the month and is negative in 2018.

After the US Fed got back on the tightening track raising rates in June, Canada followed suit raising for the fourth time since last summer. The Bank noted economic expansion and inflation alongside trade worries and tariff disputes ongoing with the US, a similar situation to other global economies leading to much of the pressure in commodities. Rates futures softened as rates rose while most currencies consolidated as the US Dollar strength moderated.

The AMFERI performed very well gaining 2.09% while the Barclay BTOP50 CTA benchmark fell an estimated 0.63% (per Table 1) and the SG CTA index lost 0.73% for reference.

OUTLOOK

The AMFERI continues to outperform adding to a strong first half of 2018. Per Table 1, the spread to the BTOP50 benchmark is now over 11% for the year and over 12% on a 1 year basis. Moreover, the strategy illustrates long term outperformance and at critical times (Chart 1).

For much of 2018 long/short agility has been beneficial. Moreover, we believe commodities remain an ideal sector to provide opportunity and as such our portfolios have the opportunity to be exposed more significantly to commodities in addition to financial futures without a focus in equities.

Further, given overall volatility and momentum continues to improve, whether up or down (as experienced in July) and especially in commodities, we believe the opportunity remains very good for this strategy.

Chart 1 HISTORICAL GROWTH SINCE 2007

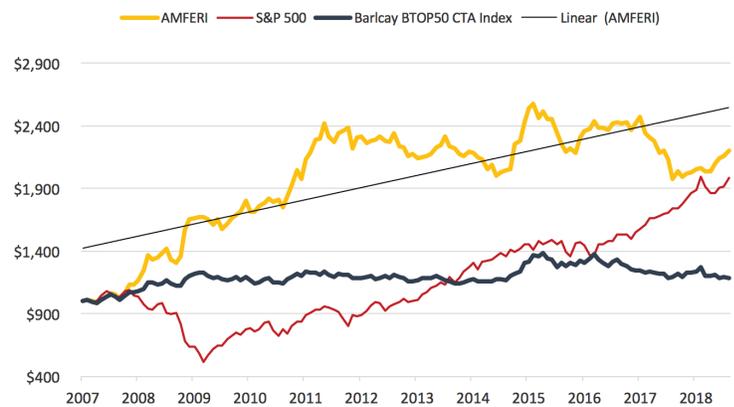


Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	2.09%	-0.63%	3.60%	1.46%
2018 YTD	7.03%	-4.22%	5.34%	2.05%
1 yr (Aug 17)	11.51%	-0.87%	14.01%	9.90%
3 yr (Aug 15)	-2.43%	-9.36%	33.86%	14.76%
5 yr (Aug 13)	-1.80%	2.47%	67.07%	37.04%
10 yr (Aug 08)	64.75%	3.70%	122.21%	20.65%
Annualized (Jan 07)				
Return	7.05%	1.47%	6.10%	2.42%
Std Deviation	11.67%	6.57%	14.48%	12.61%
Sharpe Ratio	0.70	0.25	0.53	0.29
MAR Ratio	0.30	0.10	0.12	0.06
Worst Drawdown	-23.32%	-14.36%	-52.56%	-44.27%

ATTRIBUTIONS AND TRADES

While commodities generally weakened in July, there were pockets of strength and volatility that provided opportunity per Chart 2. In Ags, gains were made both long and short even within sub-sectors such as Soft Commodities. Within Metals, weakness was captured with shorts across the sector. There were no changes within commodities during the month.

Within Financial markets, gains were muted as markets were quiet. Within bond futures, the portfolio shifted to long the US 30 year while we added to short currencies with the Japanese Yen. Performance was positive in 4 of the 5 index sectors. The top performing sector was Ags followed by Metals.

For the month, the top performing positions were long exposures in Wheat and Cotton and short Sugar. These Ag exposures were complimented by short Metals across the sector. The worst performing markets were long exposures in Heating Oil and shorts in Corn and Soybeans which bounced back.

The portfolio remains tilted short commodity exposures in 7 of 12 components (or 58%) and includes all 3 sectors – Energy, Metals and Ags (see Chart 3).

SECTOR HIGHLIGHTS

ENERGY

Petroleum markets corrected within a strong rally that has lasted all year. The portfolio remains short Natural Gas which added value during the month but did not offset the negative sector attribution.

METALS

Metals had another strong performance driven by shorts in both base and precious metals. While bouncing at month end, gains were held.

AGRICULTURE

While Grains have been weak the last few months, the stronger of the markets in Wheat provided opportunity from a long perspective. The portfolio remains short Corn and Soybeans. Other strong long-term trends in Ags were solid contributors as Cotton rallied and Sugar resumed its sell-off, a trade initiated in 2016.

INTEREST RATES

After extending a rally in rate futures that started in mid-May, futures pulled back at month end. However, we have shifted exposure in US 30-year bond futures to long while remaining short in the short end of the curve. We remain net short as the overall trend has been for higher interest rates while the curve is flattening as central banks continue to slowly tighten.

Chart 2 INDEX RETURN ATTRIBUTION

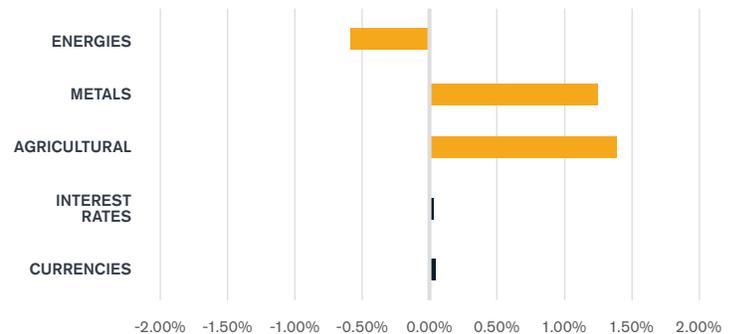
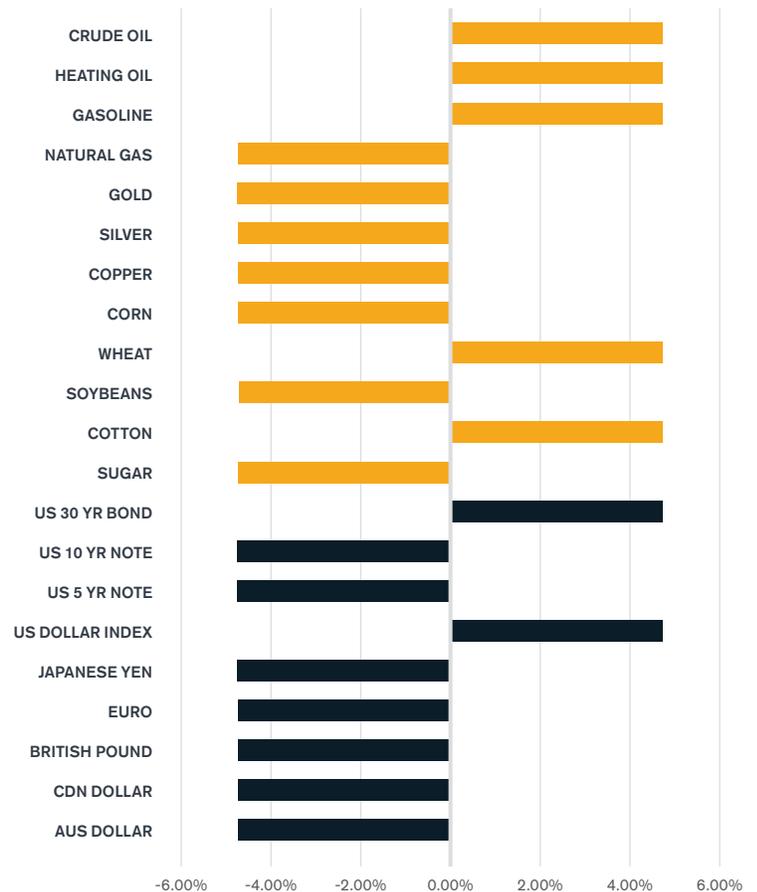


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



CURRENCIES

With the addition of the Japanese Yen, the portfolio is positioned short currencies vis-a-vis the US Dollar. Small gain for the month.

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:

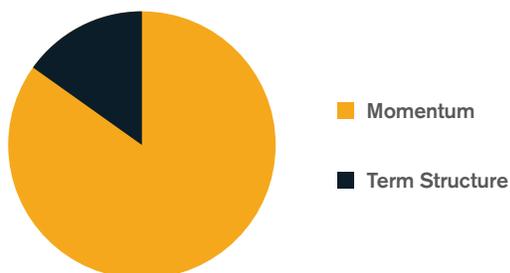
STRATEGY DESCRIPTION

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 indices 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



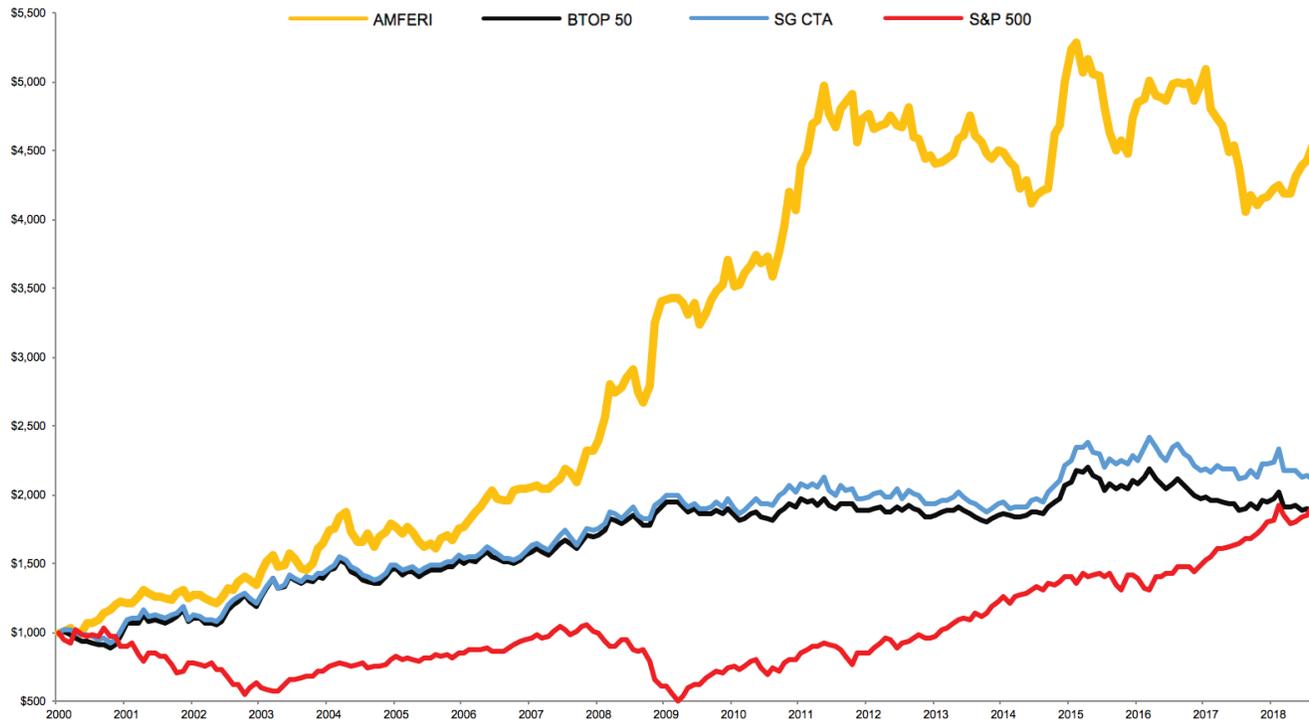
OTHER DETAILS

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

▶ **COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE**



▶ **MONTHLY PERFORMANCE TABLE***

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2018	0.43%	-1.25%	-0.10%	2.99%	1.99%	0.74%	2.09%						7.03%
2017	-5.56%	-1.48%	-1.05%	-4.02%	0.84%	-3.43%	-7.36%	3.08%	-1.95%	1.32%	0.20%	1.54%	-16.94%
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

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 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.

The CTA indexes do not encompass the whole universe of CTAs. The CTAs that comprise the indices have submitted their information voluntarily and the performance has not been verified by the index publisher.

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.

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

