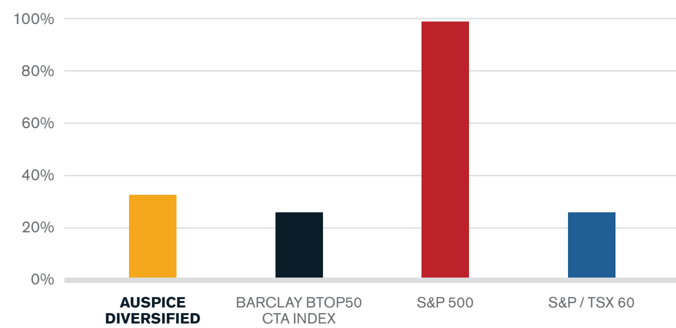
AUSPICE

DIVERSIFIED PROGRAM

COMMENTARY + PORTFOLIO FACTS

JANUARY 2018

CUMULATIVE PERFORMANCE
(SINCE JANUARY 2007*)



	AUSPICE DIVERSIFIED	BARCLAY BTOP50 CTA INDEX	S&P 500	S&P / TSX 60
	Correlation	0.69	-0.24	-0.13

*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

altegris
Winner - 2014
Altegris CTA Challenge

MORNINGSTAR® Silver
Silver Medal
Best Opportunistic Hedge Fund - 2010

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

AUSPICE **DIVERSIFIED PROGRAM**

COMMENTARY + PORTFOLIO FACTS

JANUARY 2018

SUMMARY

The Auspice Diversified Program gained 3.12% to start 2018 continuing on the Q4 momentum. By comparison, the benchmark Barclay BTOP50 CTA index produced a similar result for the month up an estimated 3.06%. The long-term outperformance remains intact per Table 1 while Chart 1 illustrates the stronger gains at critical times of CTA performance.

After an incredible 2017 for equities, 2018 has started with a strong rally with most global markets setting new records until correcting modestly at month end. The S&P and Nasdaq gained 5.62% and 7.36% respectively, while the MSCI World added 5.22% for reference. Big numbers yet the resource tilted Canadian TSX/S&P60 went the other way losing 1.59%. Is the TSX the canary in the coalmine?

Interest Rate futures continued their recent decline only slowing down at month end as Janet Yellen's final appearance as Fed chair held rates steady yet signaled the likelihood of additional raises this year. The US Dollar followed a similar path weakening vis-à-vis global currencies until month-end. This weakness remains supportive for commodities.

Commodity benchmarks gained in January led by another strong month in the energy complex with WTI crude oil leading the way to as high as $66. As such, the energy tilted GSCI gained 3.28% while the more diverse Bloomberg Commodity Index added 1.85% as demand is being acknowledged and major analysts are calling for a sector outperformance and volatility in 2018 for the first time in a decade.

OUTLOOK

After a frustrating year for CTAs up until Q4 2017, the momentum that appeared late has extended into 2018 and we believe there are a number of reasons to be optimistic on the sector. Given our commodity background and risk tilt, be believe we may be ideally positioned.

The equity market trend is undeniable, but we are now seeing trends outside of this sector. Momentum appears to be building in commodities, interest rates and currencies and we expect this shift in opportunity to continue regardless of equity direction.

There is also no doubt that there is a shift in asset allocation discussions as investors realize how undervalued commodities are on a historic basis coupled with the real threat of inflation. Note the Commodity to Equity ratio as illustrated to the right. Moreover, the reality is interest rates are rising and commodities are indeed becoming a buzz.

Chart 1 HISTORICAL GROWTH OF $1000 INVESTMENT

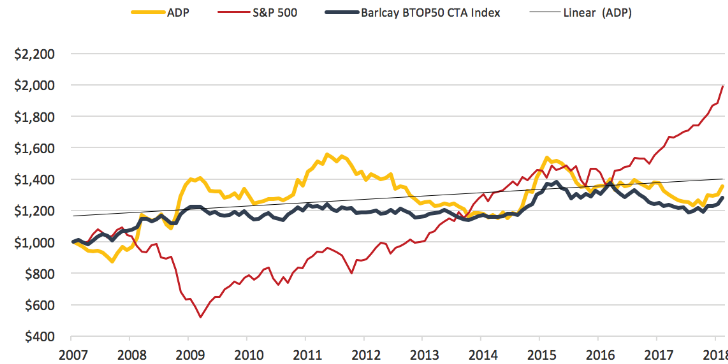
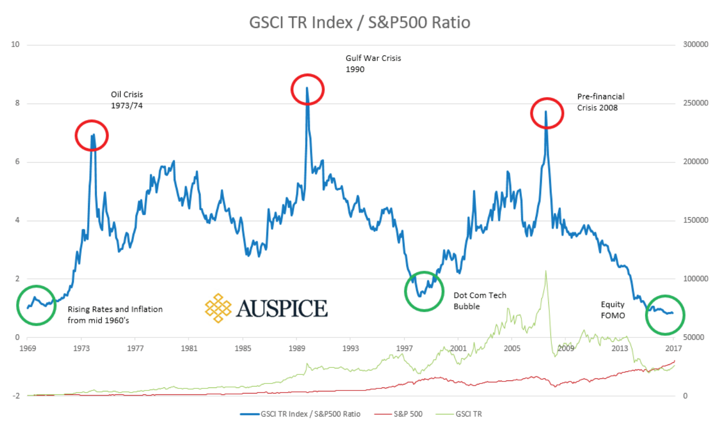


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified (2/20 fees)	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**3.12%**	3.06%	5.62%	-1.59%
2018 YTD	**3.12%**	3.06%	5.62%	-1.59%
1 yr (Feb 17)	**1.38%**	3.96%	23.91%	3.87%
3 yr (Feb 15)	**-12.67%**	-6.74%	41.55%	10.16%
5 yr (Feb 13)	**6.77%**	8.27%	88.49%	29.77%
10 yr (Feb 08)	**31.24%**	16.62%	104.84%	22.24%
Annualized (Jan 07)				
Return	**2.69%**	2.23%	6.41%	2.19%
Std Deviation	**11.16%**	6.45%	14.67%	12.81%
Sharpe Ratio	**0.34**	0.38	0.55	0.28
MAR Ratio	**0.10**	0.16	0.12	0.05
Worst Drawdown	**-26.04%**	-14.08%	-52.56%	-44.27%

GSCI/S&P500 RATIO:
EQUITIES EXPENSIVE, COMMODITIES CHEAP?



Source: Dr. Torsten Dennin, Incrementum AG

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

AUSPICE

AUSPICE DIVERSIFIED PROGRAM
COMMENTARY + PORTFOLIO FACTS

JANUARY 2018

ATTRIBUTIONS AND TRADES

While Energies performed well, the increased volatility caused other commodity sub-sectors to lag for the strategy as markets moved against established trends. Grains and Metals were most challenging while Softs added a bit of value (see Chart 2).

Petroleum Energies were strong led by Crude Oils and long exposures across the sector with the exception of Natural Gas where we remain short on a marginal basis having further trimmed exposure.

Other sub-sectors of commodities were also in transition: Soft commodities eked out a small gain from weakness in Sugar and Coffee while Metals struggled as we repositioned to take advantage of strength in Precious metals. We have moved Gold and Silver to net long exposures yet Industrial metals found pockets of strength and new positions in Zinc and Nickel were added while Copper lagged. Similarly, Grains remain tilted short but we have reduced exposure in Wheat and Corn as most markets rallied.

Financials sectors did better led by the Equity indices with the largest gain. All markets gained with the exception of Canada's TSX/S&P 60 which was cut. We added Asian exposure but also cut our short VIX exposure which has been very profitable dropping from 18 to 13 since late September.

Within Rates, we are short and added exposure in the long of the curve in the US and UK. Strong month of gains in this sector. In Currencies, a number of adjustments were made as the US Dollar weakened and we added long exposure in the Aussie dollar, Swiss Franc, Pound and Euro.

Return Drivers: Trend following strategies drove returns in January complimented by Mean Reversion strategies while Short Term experienced a small loss (see Chart 3).

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

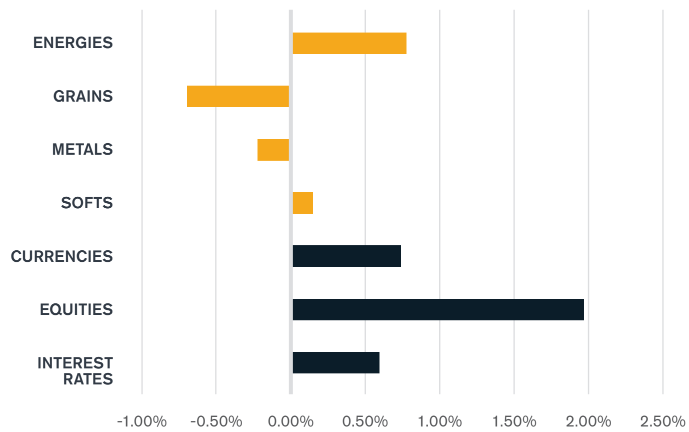
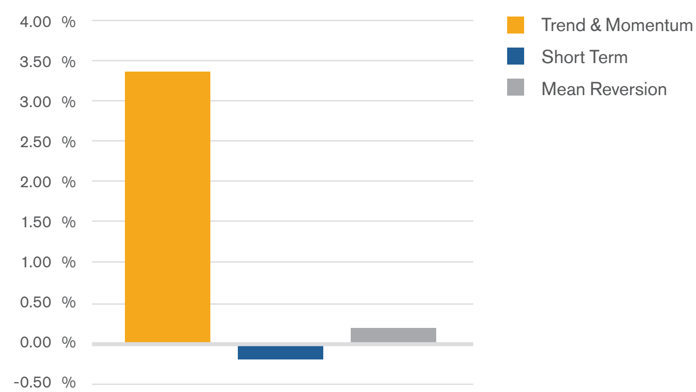


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



* Strategy Attribution excludes all fees.

POSITION HIGHLIGHTS

GAINS

- Equity markets were led by the Nasdaq and complimented with Hang Seng and S&P.
- Energy gains from petroleum products: Brent and WTI Crude.
- Zinc added early in month performed exceptionally gaining 18% from inception.
- Sugar was weak falling approximately 13% for the month.

LOSSES

- Soybean short was entered on weakness early in the month and covered as the Grains market rallied.
- Cotton, while a strong upside performer in recent months, pulled back. Remain long.
- Copper long exposure was reduced on weakness.

EXPOSURE AND RISK ALLOCATION

While exposure levels in the portfolio remain tilted to commodities, financial exposure increased by month end - from 80:20 last month to 61:39 per Chart 4.

Within commodities, the most notable changes were decreases in Energies and reducing Grain short exposures while also adding long exposure in both Industrial and Precious Metals.

In financials, changes came from adding long currency risk (versus the US Dollar) and short interest rate exposure while trimming equity sector exposure.

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

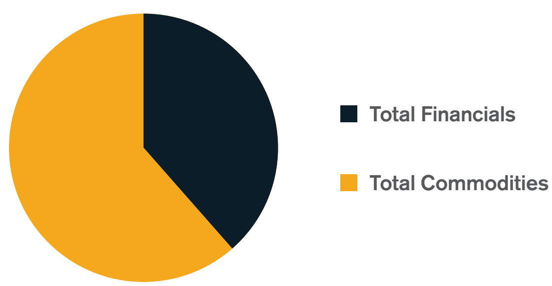
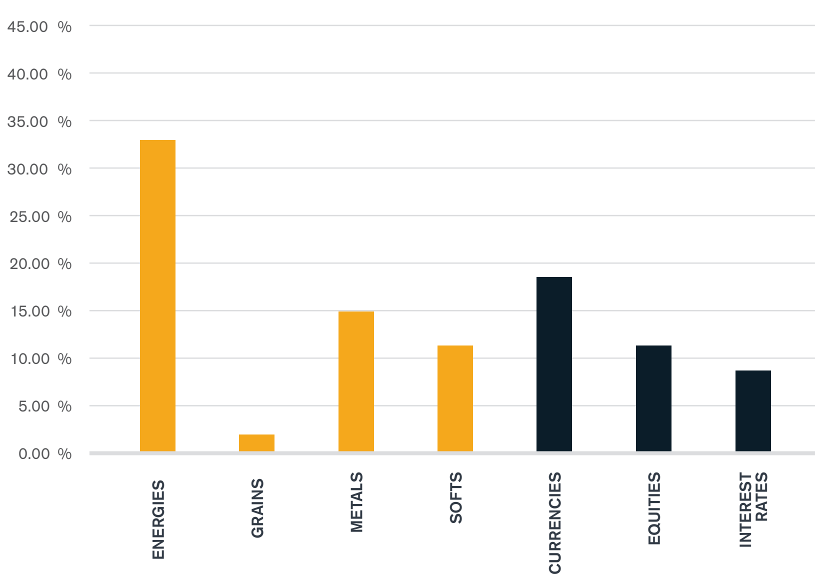


Chart 5 CURRENT SECTOR RISK



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

CURRENT RISK BY SECTOR

ENERGIES 32.37%

Largest Holdings	Position	% of Risk
WTI Crude Oil	Long	12.42%
Gasoline	Long	6.93%
Heating Oil	Long	5.99%

GRAINS 2.54%

Largest Holdings	Position	% of Risk
Canola	Short	0.90%
Wheat	Short	0.79%
Soybeans	Short	0.53%

METALS 15.01%

Largest Holdings	Position	% of Risk
Zinc	Long	6.24%
Gold	Long	2.67%
Silver	Long	2.58%

SOFTS 11.24%

Largest Holdings	Position	% of Risk
Cotton	Long	5.48%
Sugar #11	Short	3.98%
Coffee	Short	1.78%

CURRENCIES 18.34%

Largest Holdings	Position	% of Risk
British Pound	Long	5.57%
Euro	Long	5.37%
Aussie Dollar	Long	3.48%

EQUITIES 11.54%

Largest Holdings	Position	% of Risk
Nikkei (Japan)	Long	3.32%
NASDAQ (US)	Long	2.93%
Hang Seng (Hong Kong)	Long	2.91%

INTEREST RATES 8.97%

Largest Holdings	Position	% of Risk
Treasury Note/10yr (USA)	Short	2.53%
Treasury Bond/30yr (USA)	Short	2.31%
Euro Schatz (German)	Short	1.81%

COMMENTARY + PORTFOLIO FACTS

JANUARY 2018

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 0.68 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)

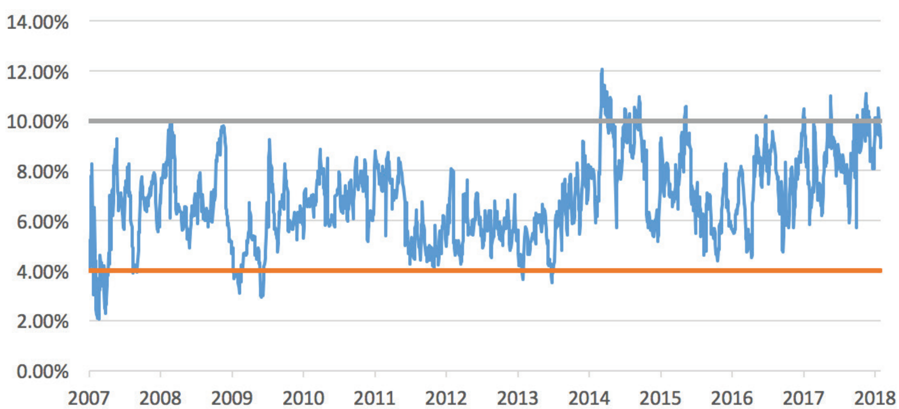


Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1206.8873	3.12%
NAV	**Auspice Diversified Trust**	
Class A	9.3666	3.07%
Class F	9.8301	3.13%
Class S	9.1389	3.07%
Class I	11.6955	3.25%
Class X	11.2487	3.16%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.69%	Avg Monthly Gain	2.82%
Annualized Std Dev	11.16%	Avg Monthly Loss	-2.03%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio[1]	0.34	Daily VAR (sim w/99% conf)	-1.59%
MAR Index[2]	0.10	Round Turns per $million	450
Sortino	0.63	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.15 / 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	0.06	Skew	1.22

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
2018	3.12%												**3.12%**
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.

AUSPICE

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

AUSPICE