AUSPICE

DIVERSIFIED PROGRAM

COMMENTARY + PORTFOLIO FACTS

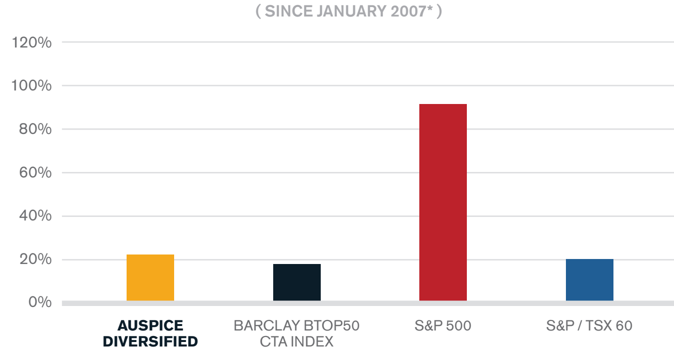
OCTOBER 2018

AUSPICE Capital Advisors

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

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



Correlation	0.69	-0.17	-0.09

*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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SUMMARY

While outperforming in Q3, the Auspice Diversified Program gave back 4.75% in October. By comparison, the benchmark Barclay BTOP50 fell an estimated 2.53% to be in a similar spot for the year (Table 1) while SocGen CTA Index lost 4.40% and is off 7.44% to lag for the year. Auspice remains ahead of both benchmarks long-term while Chart 1 illustrates the history of stronger gains at critical times of CTA performance.

October brought volatility and reversals to many long-term trends in many asset classes. Global equities had their worst month since 2008. The tech focused Nasdaq suffered the most down 9.20%, the S&P lost 6.54% while the MSCI World and Hong Kong's Hang Seng lost 7.42% and 10.75% for reference. Many major indices are down for the year highlighted by the resource tilted Canadian TSX/S&P60 down 6.73%.

Commodities also corrected in October after outperforming last month. Core trends in Energy were the most damaging and thus the GSCI suffered most dropping 6.04% while the more diverse Bloomberg Commodity index fell 2.36%. Notably despite this, the GSCI remains positive on the year and ahead of equities - a marked shift.

Central bankers continue to be cautious on sounding inflation bells despite the evidence and continue to raise rates with the Bank of Canada tightening during the month despite the driver of the economy in commodities getting hit. However, US rates eased as the equity sell-off accelerated and most currencies softened as the US Dollar strength resumed.

OUTLOOK

While a frustrating month in some respects, it is understandable and prompts a reminder – what we do is not negatively correlated to the stock market (or any other asset class), it is non-correlated. This means at times, it seems like it does the same thing even if the return drivers are very different than simply long or short equity.

Historically, for us and other managers in this space, the crisis or correction itself is very challenging given it creates a quick reversal of many trends in many asset classes. We remain steadfast in our scientifically formed belief the period we are entering holds significant opportunity for our basket of quantitative strategies. If we look to the past as a guide, we know we are much stronger than in periods when we generated excellent performance as we have continued to improve strategies, have better strategy diversification and risk management. It is about what happens next.

(CONTINUED NEXT PAGE)

Chart 1 HISTORICAL GROWTH OF $1000 INVESTMENT

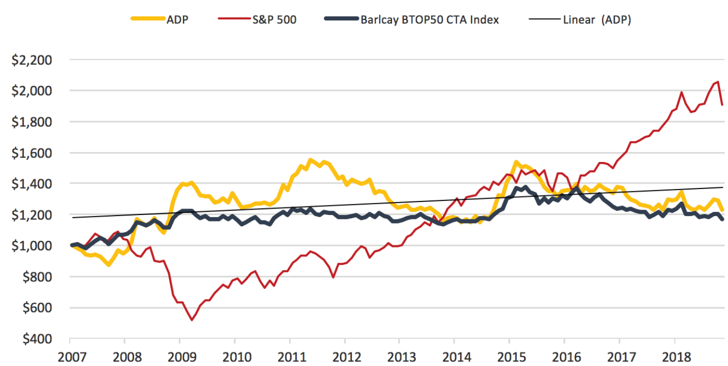
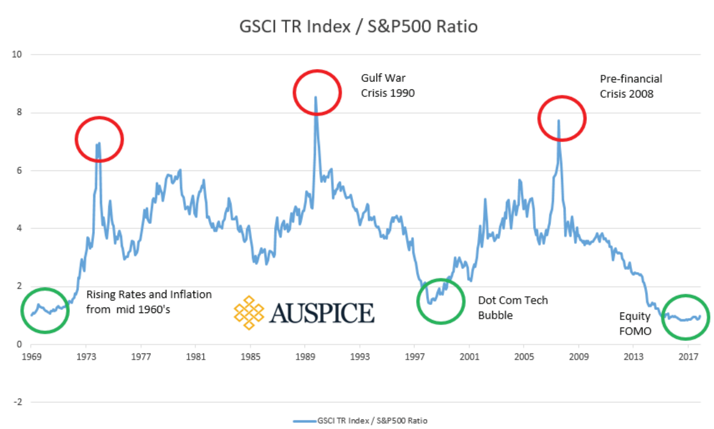


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified (2/20 fees)	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**-4.75%**	-2.53%	-6.94%	-6.01%
2018 YTD	**-5.66%**	-5.05%	1.43%	-6.73%
1 yr (Nov 17)	**-5.20%**	-4.51%	5.30%	-5.50%
3 yr (Nov 15)	**-6.63%**	-8.91%	30.41%	12.66%
5 yr (Nov 13)	**4.07%**	2.04%	54.38%	16.63%
10 yr (Nov 08)	**-4.48%**	-0.07%	179.92%	51.38%
Annualized (Jan 07)				
Return	**1.76%**	1.36%	5.63%	1.59%
Std Deviation	**11.13%**	6.56%	14.51%	12.63%
Sharpe Ratio	**0.25**	0.24	0.50	0.23
MAR Ratio	**0.07**	0.09	0.11	0.04
Worst Drawdown	**-26.04%**	-15.03%	-52.56%	-44.27%

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



Source: Dr. Torsten Dennin, Incrementum AG

OUTLOOK (CONTINUED)

If history is a guide, our results will likely deviate from "feeling" like equity in October and provide accretive returns that benefit the long-term goal of positive absolute returns coupled with improved risk-adjusted returns for the portfolio.

ATTRIBUTIONS AND TRADES

As illustrated in Chart 2, after sector gains were concentrated in Energy markets last month, the loss was also focused here. While most other sectors were challenged, the losses were contained including the long-standing equity trend.

After highlighting last month that equity markets were choppy while still "in-trend" we began exiting the exposures in the first week of the month. We exited NASDAQ, S&P as well as the short VIX trade first and followed with Nikkei then added shorts in TSX60 and Eurostoxx to an already short Hang Seng. We ended the month short in all equity markets covered and long the VIX. This is a big change. The result was a very modest loss of less than 1% for this sector while most indexes were down 6 to 11%. Stay tuned.

Within commodities, a sharp reversal in the petroleum energy trend higher started in the first days of the month and did not let up. This caused us to reduce risk while little providing little opportunity for our Short Term strategies to capture reversals. We have shifted to short in the weakest of the energy markets while remaining long Natural Gas which moved higher for a gain on the month.

Other highlights include weak Metals other than Gold rallying providing a gain. Both base metals and precious markets contributed from the short side. Within Softs, the Sugar market rallied a massive 27% accounting for most of the sector loss but locked in gains from positions originating in late 2016.

In financials, Currencies were the top performing sector for the portfolio as short currencies vis-à-vis the US Dollar paid off.

Return Drivers: Trend strategies were hit in October as sharp reversals moved against long term trends. Additionally, the Short Term strategies were again quiet and lacked significant opportunity (see Chart 3).

Chart 2 **SECTOR PNL MONTHLY ATTRIBUTION**

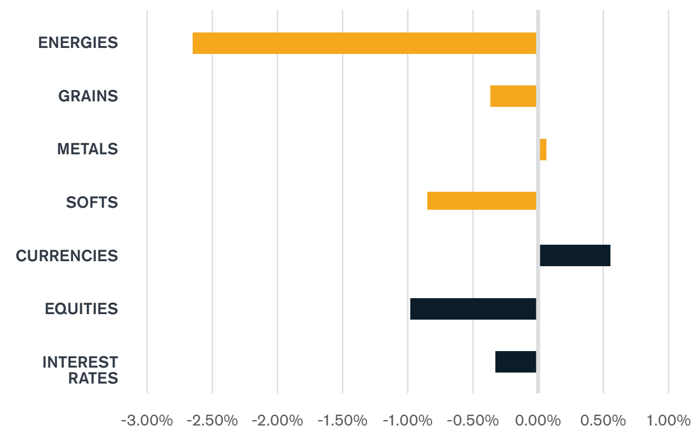
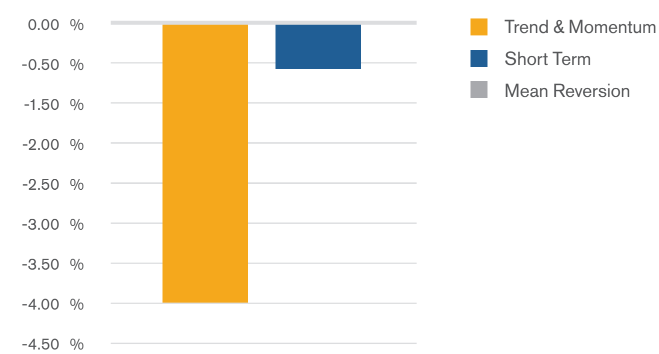


Chart 3 **STRATEGY (RETURN DRIVER) ATTRIBUTION**



* Strategy Attribution excludes all fees.

POSITION HIGHLIGHTS

GAINS

- Short Hang Seng equity index complimented by Eurostoxx and Canada's TSX60.
- Long gain in Natural Gas.
- Currencies shorts led by the Aussie dollar.
- Short Copper and Silver.

LOSSES

- Heating Oil and Gasoline led Energy losses.
- Gold remains short despite the loss on the month.
- Sugar reversal of long-term shorts to be net long.
- Nikkei equity index slowest to exit.

EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure again changed to 66:34 down from 74:26 last month per Chart 4. While slightly lower commodity exposure, this reflects the same commodity to financial tilt that we have seen much of 2018 and highlights the tactical tilt that is marquee to the Auspice approach.

Within commodities, the most notable changes were decreases in Energies that was offset by a similar increase in Financials focused in Currencies.

Portfolio exposure was maintained above average at 9.0% while the historical average level is 6.8% as measured by the Margin to Equity ratio (see Chart 6 next page).

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

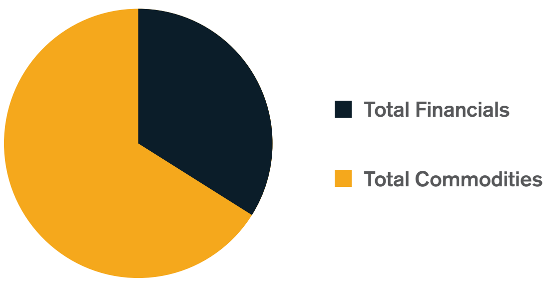
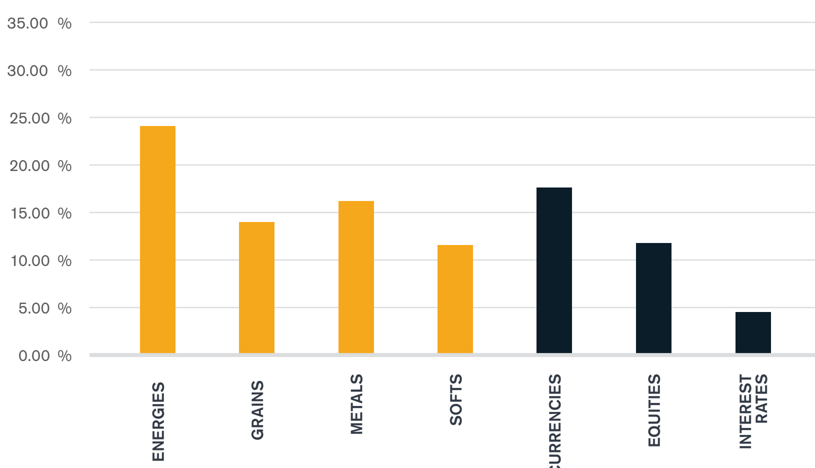


Chart 5 CURRENT SECTOR RISK



* 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 23.97%

Largest Holdings	Position	% of Risk
Natural Gas	Long	10.52%
Gasoline	Short	4.99%
Heating Oil	Long	4.79%

GRAINS 14.14%

Largest Holdings	Position	% of Risk
Wheat	Short	6.20%
Soybeans	Short	3.14%
Canola	Short	2.78%

METALS 16.19%

Largest Holdings	Position	% of Risk
Copper	Short	6.96%
Silver	Short	5.55%
Gold	Short	3.06%

SOFTS 11.71%

Largest Holdings	Position	% of Risk
Cotton	Short	6.66%
Sugar #11	Long	3.52%
Rubber	Short	1.54%

CURRENCIES 17.73%

Largest Holdings	Position	% of Risk
Aussie Dollar	Short	4.56%
Euro	Short	4.30%
Swiss Franc	Short	4.13%

EQUITIES 11.88%

Largest Holdings	Position	% of Risk
Hang Seng	Short	2.57%
CBOE VIX	Long	2.29%
DJ EuroStoxx	Short	2.24%

INTEREST RATES 4.39%

Largest Holdings	Position	% of Risk
Treasury Bond/30yr (USA)	Short	2.76%
Treasury Note/10yr (USA)	Short	1.27%
Treasury Note/5yr (USA)	Short	0.36%

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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 -0.17 to the S&P (see front page), and a modest 0.66 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)

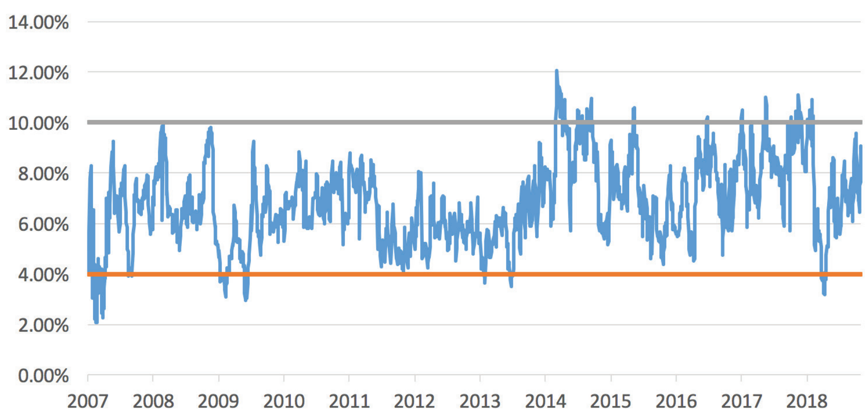

Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1104.0747	-4.75%
NAV	**Auspice Diversified Trust**	
Class A	8.5242	-4.82%
Class F	9.0183	-4.73%
Class S	8.3174	-4.82%
Class I	10.8151	-4.64%
Class X	10.3196	-4.73%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	1.76%	Avg Monthly Gain	2.79%
Annualized Std Dev	11.13%	Avg Monthly Loss	-2.07%
Largest Drawdown	-26.04%	Daily Std Dev	0.67%
Sharpe Ratio[1]	0.25	Daily VAR (sim w/99% conf)	-0.87%
MAR Index[2]	0.07	Round Turns per $million	500
Sortino	0.45	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.15 / 0.05	Average Hold Period (Days)	63
Correlation to S&P 500	-0.17	% Profitable	40%
Correlation to TSX60	-0.09	$Win / $Loss	1.5
Correlation to BCOM ER	0.06	Skew	1.15

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	$235M
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%	-5.81%	-2.27%	-0.19%	1.41%	-1.48%	1.89%	3.57%	-0.84%	-4.75%			**-5.66%**
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), and based in Canadian Dollars (CAD). 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 and based in Canadian Dollars (CAD).

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 **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 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.

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.

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.

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