



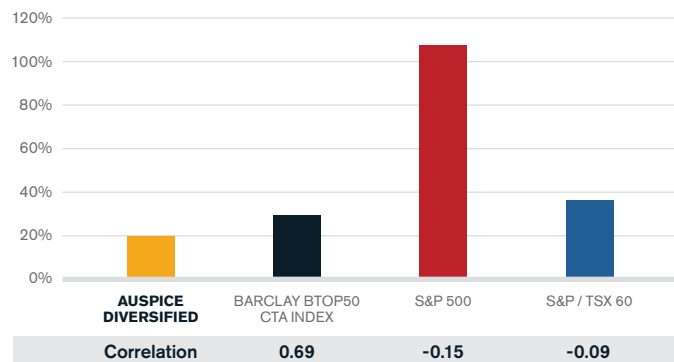
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

SEPTEMBER 2019



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 corrected in September after exceptionally strong gains last month at a critical time of needed diversification. The program gave back 7.59% as sharp reversals across a number of sectors challenged both trend-following and short-term strategies. Despite the month, as Chart 1 illustrates there is a history of stronger gains at critical times while outperforming benchmarks long-term.

Global equity markets bounced back despite another US Fed rate cut in September. While global growth remains a concern and middle-east tensions are growing, the North American markets lead and remain near all-time highs. The S&P added 1.72% while the Nasdaq was muted at 0.46% and the MSCI World gained 1.94%. The resource tilted Canadian TSX/S&P60 added 1.58% as the volatile TSX Energy sub-index jumped 9.54%.

Commodities also firmed up despite Gold softening off August highs. Grains and Soft commodities bounced off recent lows while Energy received a brief boost from attacks on the Saudi facilities and fields. The energy weighted GSCI gained 1.58% while the more diverse Bloomberg Commodity index added 1.01%.

Bond futures reversed sharply in the first week of the month before finding buying and rallying part of the way back. The US dollar consolidated before again adding to gains against most global currencies with the Japanese Yen moving sharply lower, a reversal from last month. The ongoing UK Brexit drama had the Euro continue to weaken while the Pound found strength and traded higher.

OUTLOOK

Despite the monthly correction, Auspice ADP has begun to perform recently in August after lagging to start 2019 and important outperformance in late 2018, both times when the equity market stumbled.

We believe this is likely just the beginning of an extended period of opportunity. We have finally seen volatility rise to a more "normal" level and it encompasses assets beyond just equities in commodities, currencies and interest rates. The markets are experiencing more frequent and surprising drivers including those from central bank actions, trade disputes, and commodity price dislocations and disruptions. This fits well into agile yet disciplined approach we employ that waits patiently for episodic opportunity.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

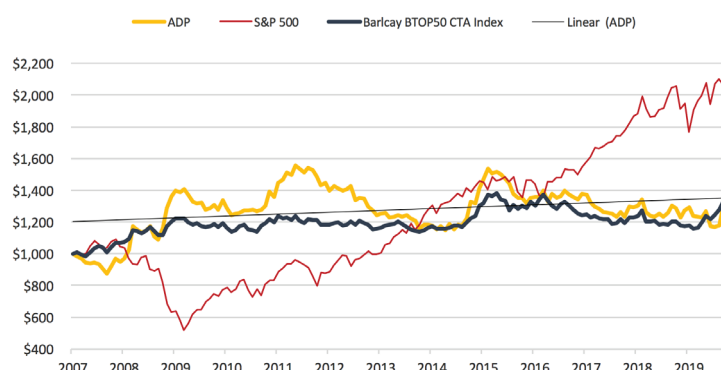
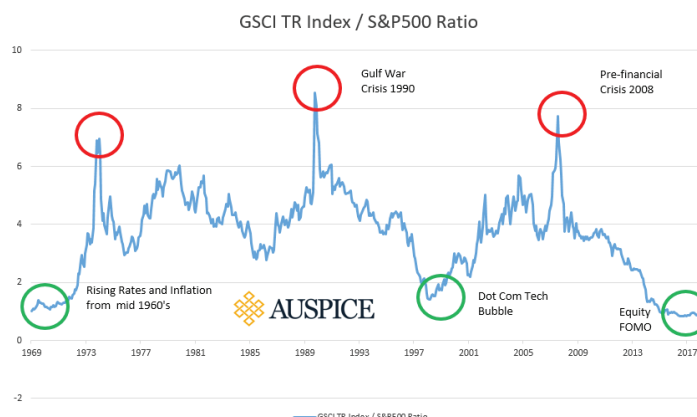


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified (2/20 fees)	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-7.59%	-2.94%	1.72%	1.58%
2019 YTD	-7.05%	9.29%	18.74%	16.13%
1 yr (Oct 18)	-6.13%	7.05%	2.15%	4.79%
3 yr (Oct 16)	-11.51%	0.75%	37.29%	16.25%
5 yr (Oct 14)	-9.40%	5.42%	50.93%	15.47%
10 yr (Oct 09)	-7.99%	8.38%	181.60%	46.59%
12 yr (Oct 07)	29.90%	23.44%	94.97%	22.09%
Annualized (Jan 07)				
Return	1.50%	2.01%	5.99%	2.34%
Std Deviation	11.69%	6.67%	14.71%	12.60%
Sharpe Ratio	0.21	0.33	0.51	0.29
MAR Ratio	0.06	0.13	0.11	0.05
Worst Drawdown	-26.04%	-16.11%	-52.56%	-44.27%

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



Source: Dr. Torsten Dennen, Incrementum AG

ATTRIBUTIONS AND TRADES

While the monthly result may imply many changes were made, the reality is the portfolio was remarkably stable with many major positions held through corrective volatility.

Losses in Energy came from both trend and non-trend strategies but were led by new shorts entered in Gasoline with unfortunate timing before the Saudi oil attacks. We covered these new shorts quickly.

Metals were challenged as precious markets pulled back, led by Silver. However, Palladium bucked this trend and we entered a new long position which helped offset the sector loss. Much of the exposure has been held although we took profits in some of the Gold exposure yet remain net long.

The Interest Rate futures markets were volatile which caused us to reduce some foreign markets including German Euro Schatz and the UK Long Gilts. Both of these trades crystalized very profitable long-term gains. Sector remains long.

Lastly, while we entered short positions in the weakest of the global equity markets in August, these Asian index positions were covered in September.

Return Drivers: Both trend following strategies and the non-correlated short-term strategies corrected in September (see Chart 3).

POSITION HIGHLIGHTS

GAINS

- Long Wheat performed well.
- Long Palladium led the Metals sector.
- Short Euro provided currency diversification.

LOSSES

- Entry into new Gasoline shorts were reduced.
- Exit long equity index exposure in Hang Seng and Nikkei.
- Long Silver led precious metals losses but was held.
- Exit long Euro Schatz (German) bond futures.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

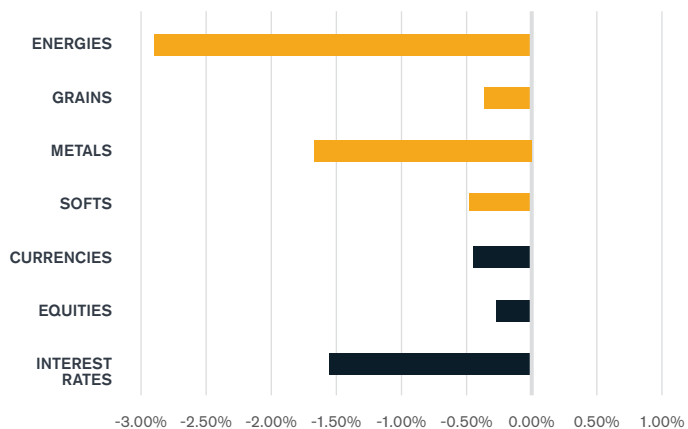
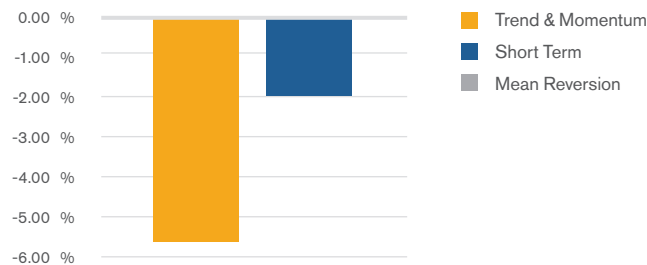


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



* Strategy Attribution excludes all fees.

EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure was the same with commodity at 58:42 from last month per Chart 4.

Within commodities, the most notable changes were adding to Grains while reducing Metals and Softs. Within Financials, a small addition in Equity Indices was offset by reduced Currency exposure.

Portfolio exposure, as measured by the Margin to Equity ratio, ended the month at 5.3% which is slightly below the historical average level of 6.9% (see Chart 6 next page).

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

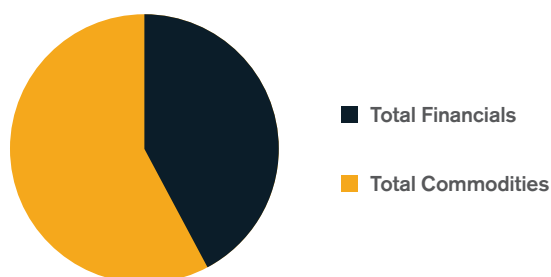
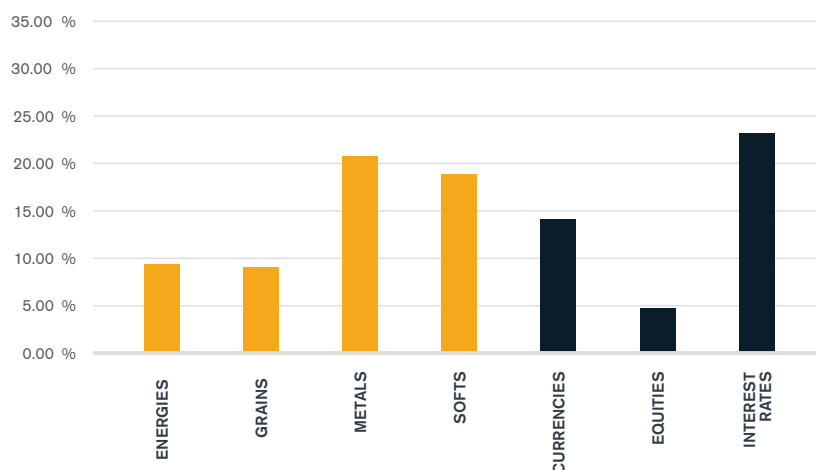


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 9.48%

Largest Holdings	Position	% of Risk
Natural Gas	Short	2.62%
Gasoline	Short	2.35%
Heating Oil	Short	2.34%

GRAINS 9.18%

Largest Holdings	Position	% of Risk
Corn	Short	5.80%
Wheat	Long	2.10%
Soybeans	Short	1.28%

METALS 20.43%

Largest Holdings	Position	% of Risk
Copper	Short	5.10%
Silver	Long	4.46%
Gold	Long	3.95%

SOFTS 18.64%

Largest Holdings	Position	% of Risk
Cotton	Short	13.33%
Sugar	Short	3.52%
Rubber	Short	1.78%

CURRENCIES 14.34%

Largest Holdings	Position	% of Risk
Euro	Short	6.95%
Aussie Dollar	Short	4.71%
British Pound	Short	1.14%

EQUITIES 4.74%

Largest Holdings	Position	% of Risk
S&P/TSX 60 (Canada)	Long	4.74%

INTEREST RATES 23.18%

Largest Holdings	Position	% of Risk
Treasury Bond/30yr (USA)	Long	16.69%
Treasury Note/10yr (USA)	Long	5.86%
Treasury Note/5yr (USA)	Long	0.63%

* 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 -0.15 to the S&P (see front page), and a modest 0.61 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)

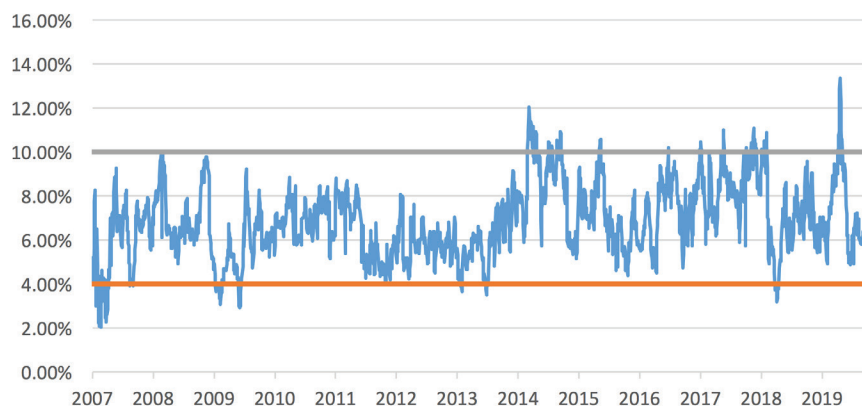


Table 3 NAVS

NAV	Auspice Managed Futures LP*		
LP		MTD	YTD
Series 1	1081.1786	-7.59	-7.05
NAV	Auspice Diversified Trust		
Class A	8.2812	-7.66%	-7.60%
Class F	8.8449	-7.57%	-6.87%
Class S	8.0809	-7.66%	-6.11%
Class I	10.7126	-7.48%	-7.59%
Class X	10.1236	-7.57%	-6.86%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	1.50%	Avg Monthly Gain	2.88%
Annualized Std Dev	11.69%	Avg Monthly Loss	-2.16%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio ¹	0.21	Daily VAR (sim w/99% conf)	-0.84%
MAR Index ²	0.06	Round Turns per \$million	600
Sortino	0.36	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.15 / 0.05	Average Hold Period (Days)	65
Correlation to S&P 500	-0.15	% Profitable	43%
Correlation to TSX60	-0.09	\$Win / \$Loss	1.29
Correlation to BCOM ER	0.04	Skew	0.98

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	\$195MM
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
2019	-4.14%	-0.47%	-0.65%	3.50%	-7.43%	-0.37%	0.52%	10.60%	-7.59%				-7.05%
2018	3.12%	-5.81%	-2.27%	-0.19%	1.41%	-1.48%	1.89%	3.57%	-0.84%	-4.75%	3.66%	1.64%	-0.61%
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.

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