



DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

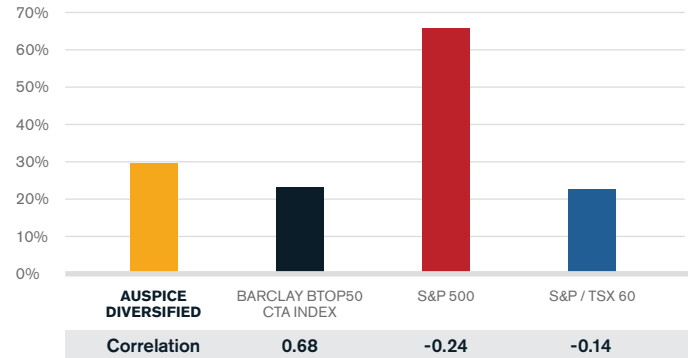
FEBRUARY 2017

AUSPICE Capital Advisors

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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
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Best Opportunistic Hedge Fund - 2010

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SUMMARY

The Auspice Diversified Program softened 1.89% in February.

After outperforming with a positive result while many peers and benchmarks were negative in 2016, the recent months are considered a normal correction. Long term performance remains ahead of the peer benchmarks on a 1, 3, and 10 year basis (Table 1).

As the market and global citizens await more information on Trump policies, the equity markets continue their trend higher. The S&P 500 and MSCI World gained 3.72% and 2.58% respectively while the commodity tilted Canadian TSX/S&P60 lagged, falling 0.18% after outperforming in the last year.

While commodities reversed course and corrected to start 2017 after a strong year, most sectors stabilized in late February. Markets awaited the February 28th evening Trump speech to Congress and more information regarding infrastructure and military spending and the result of this address appears generally positive for the commodity market.

North American Interest Rates were choppy, trading back and forth to little change which illustrates the uneasiness of market participants around the new administration's policies and possible FED movements.

The US Dollar regained its footing and gained versus currencies for the month.

OUTLOOK

We are optimistic that despite continued equity performance that volatility is emerging outside of this sector. While commodities have corrected and consolidated lately, the higher exposure to this volatile asset class may prove opportune as it has historically. We believe this volatility will be a catalyst for an optimistic opportunity set for the diverse portfolio of Auspice strategies. Moreover, as the equity market rally gets old, we are confident that the portfolio will have a chance to outperform if and when a correction occurs.

While corrections should be expected generally, we should also expect that it occurs at different time than our CTA peers. **This presents an opportunity for investors who are looking for CTA exposure that is not only non-correlated to traditional assets and alternative but to other CTAs as well.**

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

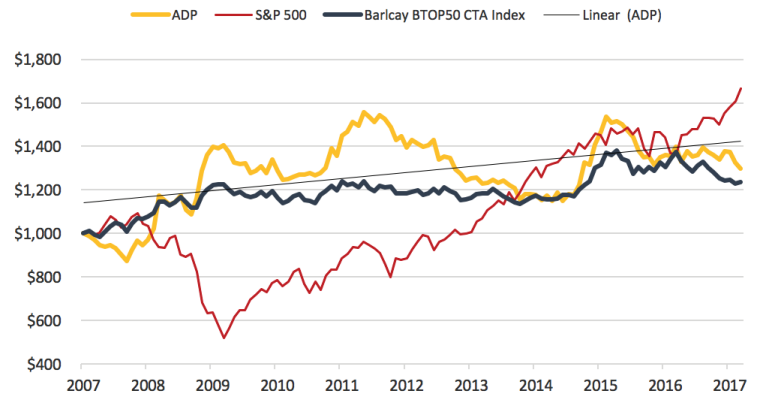


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-1.89%	0.60%	3.72%	-0.18%
2017 YTD	-5.48%	-0.84%	5.57%	0.84%
1 yr (Mar 16)	-7.13%	-9.95%	22.33%	20.16%
3 yr (Mar 14)	10.78%	6.75%	27.12%	11.60%
10 yr (Mar 07)	34.10%	24.25%	68.01%	22.02%
Annualized (Jan 07)	2.60%	2.11%	5.15%	1.99%
Worst Drawdown	-26.00%	-11.06%	-52.56%	-44.27%

With a long term correlation of -0.24 to the S&P (see front page), and a low 0.40 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 valuable. As illustrated in Chart 1, the strategy shows historic outperformance to the Barclay BTOP50 CTA Index in the critical times of 2008, 2010, 2014 and most recently in 2016 when non-correlated returns are most valuable.

ATTRIBUTIONS AND TRADES

The quick summary of performance attribution in February is quite simple: the portfolio remains tilted to commodities which have been challenging versus financial markets. Per Chart 2, it is clear to see this given all commodity sectors were down while all financial sectors made gains. While it is of course never this simple, it remains an important point.

Given the overall equity sector performance, it comes as no surprise that this sector also provided the biggest gain for Auspice Diversified. While this was complimented by Currencies, the modest exposure within the sector limited gains. However, significant gains also came from the Interest Rates sector. The key takeaway from this sector is not the short exposure to North American rates, but the recently added long exposure to European rates. This is a trade we had on in late 2016, and the momentum has appeared yet again.

Within commodities, the negative attributions came primarily from Energies as well as Grains. Within Energy, the most challenging market was Natural Gas as it sold off sharply causing some Trend and Momentum strategies to reverse course. Overall the sector was plagued by the tight range that has existed since early December (e.g. WTI within \$5).

Grains also were hit by a reversal as Wheat followed the recent sector momentum and shifted to long crystallizing long term profits.

Return Drivers: While Trend and Momentum strategies had a small loss for the month, there was a small positive contribution from Mean Reversion strategies. However, the consolidation and tight range in the Energy sector was challenging for our non-correlated Short Term (non-trend) investment strategies which pulled back. See Chart 3.

POSITION HIGHLIGHTS

GAINS

- Equity Indices: NorAm indices of S&P and Nasdaq along with the Japanese Nikkei.
- Long European rates including the German Euro Schatz Bonds.
- Gasoline bucked the Energy sector for modest gains within our Short Term strategy on the short side.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

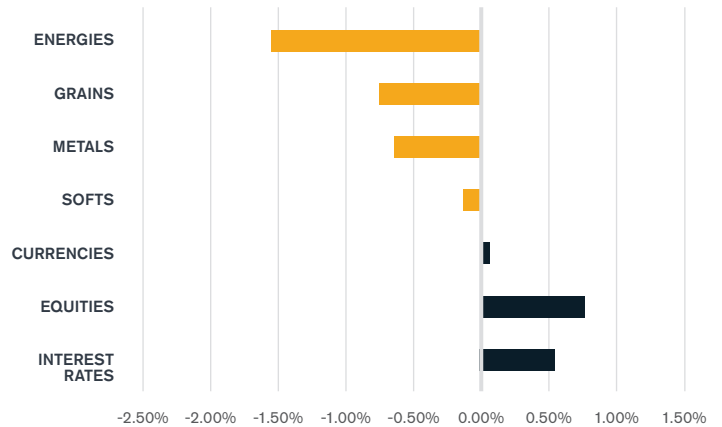
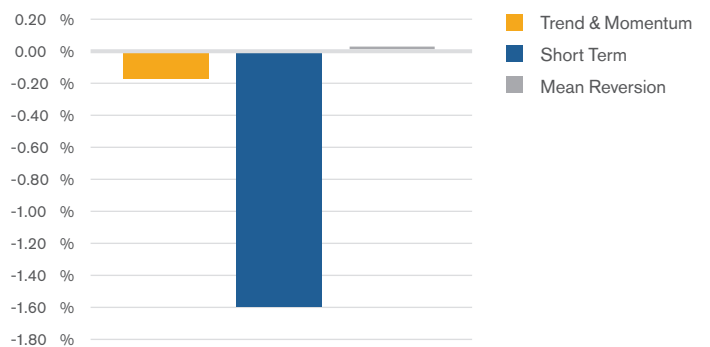


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



LOSSES

- Grains: reversal in Wheat as long term downtrend came to an end.
- Precious Metals: rally against shorts in Gold and Silver.
- Energies: challenging choppy volatility across the sector save for Gasoline which was captured.

EXPOSURE AND RISK ALLOCATION

After entering the month near the bottom of the risk band (as measured by the Margin to Equity ratio see Chart 6 next page), the portfolio added exposure during the month through a combination of new positions and mark to market gains.

While remaining commodity tilted, there was a shift in portfolio risk* back to financials primarily from increased exposure in Equity Indices and Interest Rates.

Within Equity markets exposure increased from a combination of existing and new long positions while within Interest Rates, this squarely came from adding long exposure in the Euro rates markets.

CURRENT RISK BY SECTOR

ENERGIES 18.36%

Largest Holdings	Position	% of Risk
Natural Gas	Short	10.95%
RBOB Gasoline	Long	3.33%
Heating Oil	Long	2.58%

GRAINS 12.74%

Largest Holdings	Position	% of Risk
Corn	Long	6.47%
Wheat	Long	4.05%
Soybeans	Long	2.22%

METALS 22.58%

Largest Holdings	Position	% of Risk
Copper	Long	8.64%
Zinc	Long	7.06%
Platinum	Long	3.59%

SOFTS 12.01%

Largest Holdings	Position	% of Risk
Cotton	Long	7.32%
Sugar #11	Short	4.69%

CURRENCIES 4.32%

Largest Holdings	Position	% of Risk
Japanese Yen	Short	1.67%
Euro	Short	1.25%
US Dollar Index	Long	0.70%

EQUITIES 18.26%

Largest Holdings	Position	% of Risk
S&P500 (USA)	Long	4.42%
Nasdaq (USA)	Long	3.66%
DJ EuroStoxx 50	Long	3.47%

INTEREST RATES 11.72%

Largest Holdings	Position	% of Risk
Euro Schatz	Long	5.64%
Long Gilt (UK)	Long	4.58%
Treasury Note/5yr (USA)	Short	0.81%

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

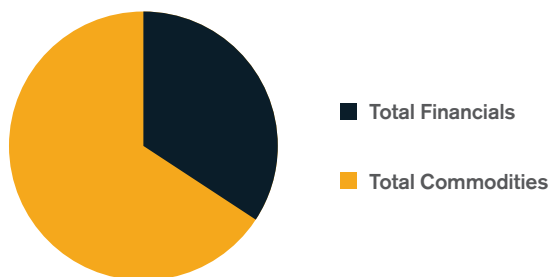
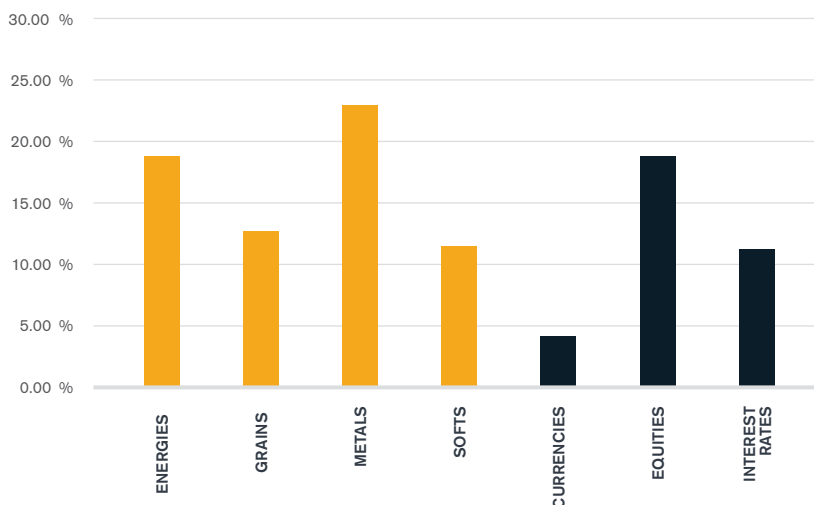


Chart 5 CURRENT SECTOR RISK



* 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.

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)

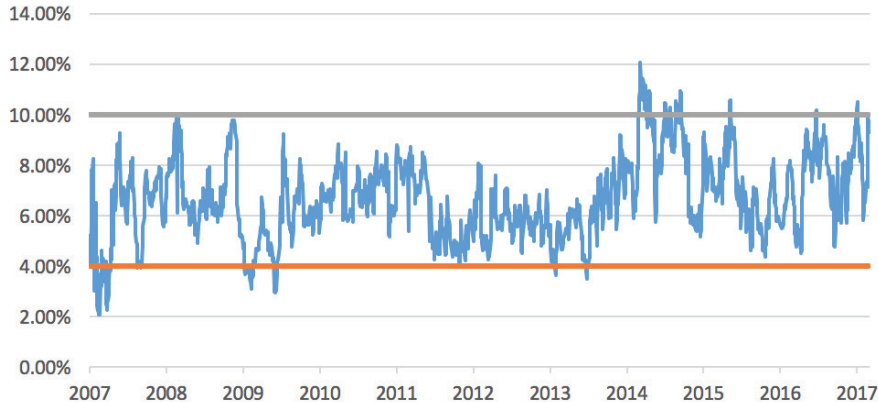


Table 3 NAVS

NAV	Auspice Managed Futures LP*	
Series 1	1168.2890	-1.89%
NAV	Auspice Diversified Trust	
Class A	9.1052	-1.95%
Class F	9.4681	-1.86%
Class S	8.8834	-1.94%
Class H	10.3366	-1.86%
Class I	11.1522	-1.77%
Class X	10.8295	-1.86%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	2.60%	Avg Monthly Gain	2.81%
Annualized Std Dev	11.41%	Avg Monthly Loss	-2.10%
Largest Drawdown	-26.04%	Daily Std Dev	0.70%
Sharpe Ratio ¹	0.33	Daily VAR (sim w/99% conf)	-1.82%
MAR Index ²	0.10	Round Turns per \$million	444
Sortino	0.66	Margin to Equity ratio	6.66
Upside/Downside Deviation	0.16 / 0.05	Average Hold Period (Days)	21
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	\$240M
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%											-5.48%
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 **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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