

March Review

Market Review

Commodities were generally soft in March as very few markets other than global equities moved higher.

Because of the lack of sustained upside, the strategy trimmed long exposure, moving to cash in half of the already modest, existing long positions. While slowly taking long positions after shifting out of all length in September 2014, the tide has not yet turned and agility in protecting capital is the first priority.

As such, the strategy remains positioned to selectively capture upward trends in the commodity markets while minimizing risk during downtrends

Index Review

The ABCERI was off 1.64% in March (see Table 1). This significantly outperformed the more volatile long-only Commodity indices, as was done throughout 2014. This continues to illustrate the benefits of the long/flat tactical approach for commodities in the context of an asset allocation approach. The ABCERI remains cautious in its entrance back into significant long commodity exposure.

The ABCERI has performed well as a store of value over this period of significant commodity weakness. The index has produced better long term absolute returns and risk-adjusted returns than its peers while minimizing drawdowns. Table 2 highlights the strategy's ability to limit the downside and volatility, while Table 3 reveals the index's ability to capture the upside over time despite a very challenging period for commodities. In both cases, the ABCERI is the only positive result in this comparison.

The ABCERI does not attempt to track the broad commodity markets or predict their direction. It aims to capture upward price trends tactically from only commodities that are making sustained moves higher while preserving capital on those that are making sustained moves lower.

Portfolio Recap

After slowly adding long weights since early December, the strategy trimmed the underperforming Grains markets and now only holds Gold and Cotton. The index has no exposure to the Energy sector, and holds only 17% of the total possible long commodity allocation for the strategy.

Continued on next page >>



Table 1: Month and 2015 Year-To-Date

2015	ABCERI	S&P GSCI ER	BLOOMBERG COMMODITY INDEX	DB LCI OY
Mar 2015	-1.64%	-6.81%	-5.14%	-5.33%
2015 YTD	-3.91%	-8.22%	-5.95%	-7.40%

Table 2: 7 Year Annualized Performance

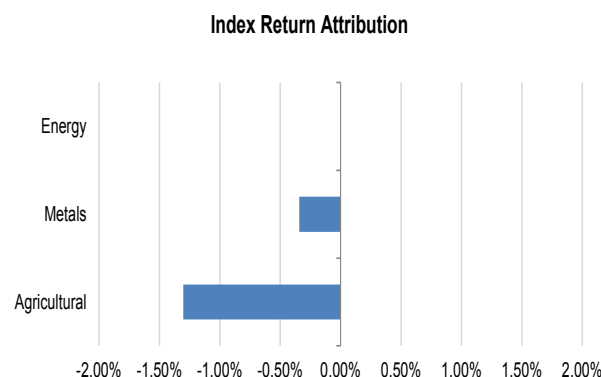
7 year Annualized Return	ABCERI	S&P GSCI ER	BLOOMBERG COMMODITY INDEX	DB LCI OY
Annualized Return	2.34%	-13.71%	-9.78%	-9.37%
Annual Std. Dev.	10.94%	24.63%	18.81%	21.88%
Sharpe Ratio	0.21	-0.56	-0.52	-0.43
MAR Ratio	0.09	-0.19	-0.17	-0.16
Largest Drawdown	25.86%	72.20%	57.90%	59.84%

Table 3: Cumulative Return since Inception

From Oct. 2010	ABCERI	S&P GSCI ER	BLOOMBERG COMMODITY INDEX	DB LCI OY
Cumulative Return	0.13%	-32.12%	-30.07%	-28.27%

As outlined in an independent report by ETF Securities, the Auspice Broad Commodity Index remains one of the top performing global broad commodity indices. If you would like a copy of the most recent report, please contact Auspice.

Figure 1: Monthly Index Return Attribution



Energy

The petroleum component of the energy sector continues to soften, albeit it a slower pace, while Natural Gas consolidated. The index remains without a long weighting in this sector.

Metals

While Copper rallied, showing more base metal strength extending from last month, precious metals remain soft. We continue to hold Gold while the strategy remains without a weighting in Silver or Copper at this time. Negative performance on the month.

Agriculture

After showing some strength last month, Grains were weaker and the strategy exited both Wheat and Corn positions. The index continues to hold Cotton which was also softer on the month. The sector had a negative month overall.

Outlook

After pause in February, March showed continued weakness in the Commodity markets. We continue to think this is likely a correction within a longer term trend, and that the long-term outlook for commodities remains promising in a global context. However, the sustained and prolonged trend lower highlights the value of a tactical approach in gaining long commodity exposure and inflation protection.

Strategy and Index

The Auspice Broad Commodity Index aims to capture upward trends in the commodity markets while minimizing risk during downtrends. The index, which is considered to be a “third generation commodity index”, considers both risk and reward. The index uses a quantitative methodology to track either long or flat weights in a diversified portfolio of 12 commodity futures which cover the Energy, Metal, and Agricultural sectors.

The Broad Commodity index is available in Total and Excess Return versions. The cash return for the total return index will be calculated daily using the 3-month CDOR (Canadian Dealer Offered Rate). The CDOR is the average rate for Canadian bankers’ acceptances for specific terms-to-maturity (one year or less), determined daily from a survey on bid-side rates provided by the principal market-makers, including the major Canadian banks.

About Auspice

Auspice Capital Advisors Ltd. is a registered Portfolio Manager / Investment Fund Manager / Exempt Market Dealer in Canada and a registered Commodity Trading Advisor (CTA) and National Futures Association (NFA) member in the US. Auspice’s core expertise is managing risk and designing and executing systematic trading strategies.