

## April Commentary & Performance

The Auspice Diversified Program was up 0.99% in April.

Note: We have streamlined the monthly commentary. If you are looking for any additional info please contact Auspice. Feedback is welcome.

- Global markets were volatile in April with US equities falling hard only to bounce back and end the month strongly. Canadian equities ended weak.
- Commodities were volatile:
  - Most gains were made on the short side.
  - Grains rallied hard off their bottom.
  - Energies sold off before rallying at month end to make back some gains. Natural gas was stronger on the month.
  - Softs were mixed with strong moves in either direction.
- Interest rates were strong and pushed to all time highs.

Broadly, the markets were not only volatile but have shown signs of trend. We are participating in markets that we have previously reduced risk in like equities and interest rates. While commodities have been challenging in the last year or so, there are trends developing for those able to be agile and agnostic to direction. Commodities remain a focus given the opportunities to capture trend.

Please take a look on our website at a new resource from the CME. The recent report called "[Portfolio Diversification Opportunities](#)".

### Save the Date!

For those in western Canada, please save June 4/5/6 for a CME sponsored event on managed futures that Auspice has been invited to participate in. There are limited seating so please contact Auspice if you have interest.

### Sectors and Trades:

- Profitable in 3 of the 7 sectors traded.
- Gains were led by Equities and Interest Rates in addition to Metals.
- Most challenging sectors were in Energies and Grains due to sharp reversals intra-month.
- While the bulk of the positions are in the financial markets, the open equity risk is evenly split between commodity and financial markets.
- Largest portfolio gain in Gold from short side. Copper was also a large contributor.
- Japanese Yen short coupled with long the Nikkei index continues to provide benefit and were the strongest performers in their respective sectors.

## Key Points Regarding our Positions

### Energies:

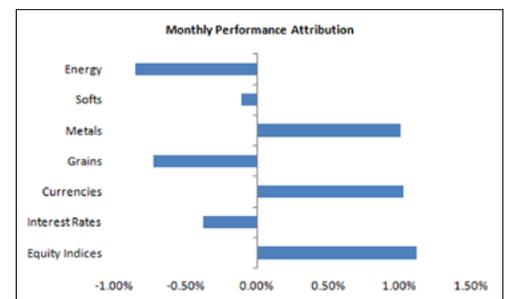
- Petroleum based energy sold off aggressively to bounce back somewhat at month end.
- We entered a new short in Crude while exiting a long Gasoline position prior to the sell-off.
- We have covered our NatGas short and remain on the sideline in Heating Oil.
- Very choppy sector with Natural Gas showing potential for a breakout higher.

### Metals:

- As in March, the sector performed very well, prices dropped significantly.
- A new short was taken in Gold at the beginning of the month and was top performer in the portfolio.
- Short Copper was second most significant portfolio contribution.
- Exited a long position in Palladium early in the month as metals broke down.



| Ending Apr. 2013         | Auspice Diversified | TSX60  | S&P 500 | Newedge CTA Index |
|--------------------------|---------------------|--------|---------|-------------------|
| 5 Year Annualized Return | 1.89%               | -3.05% | 2.89%   | 1.71%             |
| Annual Std Dev           | 10.99%              | 16.72% | 18.85%  | 7.33%             |
| Sharpe Ratio             | 0.17                | -0.18  | 0.15    | 0.23              |
| MAR Ratio                | 0.09                | -0.07  | 0.06    | 0.18              |
| Largest Drawdown         | 20.96%              | 44.27% | 47.51%  | 9.40%             |
| Correlation              | 1.00                | -0.28  | -0.30   | 0.74              |



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### Grains:

- Like energies, Grains were whipsawed after weakness ending March and was followed by a rally in April.
- After exiting Corn at the end of March, we exited Soybeans early in April.
- Short Wheat position has been held.

### Soft Commodities:

- Gains from short Coffee and long Orange Juice (a coincidental pairing!)
- Exited a long position in Lumber prior to the market collapsing.
- Cotton still long but slightly off on the month.

### Currencies:

- Currencies continue to be choppy with the best trends coming from the Japanese Yen (lower) and Canadian Dollar (higher).
- Exited both the British pound (short) and Swiss Franc (short) during the month. Exited long US Dollar index.
- No Euro position at this time.
- Remain long Aussie dollar despite a choppy month.
- Currency is overdue for trending behavior, however still quite choppy.

### Interest Rates:

- Added long positions in 2 year notes and US Long Bonds.

### Equity Indices:

- We are still on this train after reducing risk in February, adding in March, held positions in April.
- Strongest was the Nikkei followed by the Nasdaq.
- Not all equities were higher as the Russell 2000 was off as was the Canadian market.
- Even within the equity momentum, being tactile and agile is key.

### Additional References

A [recent article](#) in Advisors Edge dispels some of the myths regarding managed futures.

For those interested, Michael Covell, a leading author specializing in Managed Futures and trend following, interviewed Tim Pickering on his background and the unique aspects that make Auspice a Next Generation CTA. [Listen](#) to a podcast through iTunes.

Additionally, for those interested in more ideas about investing in alternatives, please check out [www.amfmblog.com](http://www.amfmblog.com).