

## Investment Strategy

The Blackstar Commodities Fund (The "Fund") aims to provide long term, stable, non-correlated double digit returns to investors with low volatility whilst maintaining a high degree of liquidity in order to meet investor's needs.

The Fund focuses on working with strategic partners on investments which will deliver predefined profit margins with strong risk mitigation features.

The Fund facilitates the movement of essential commodities from where they are sourced and stored, to where they are needed, partnering with some of the largest companies in the world. The Fund partners with established commodity producers, trading companies and end users by providing short-term fully secured finance for their transactions on a risk-controlled basis.

## Commodity Trade Finance Overview

- Global trade finance has an estimated value of \$18 trillion (ICC Global Risks – Trade Finance Report 2013).
- The Top 10 global commodity traders have combined annual revenues of over US\$1 Trillion, each of whom are dependent on trade financing for their operations.
- The sector has a historical default rate of only 0.02% on transactions conducted between 2008 and 2011 (ICC Global Risks- Trade Finance Reports 2013).
- With the retraction of banks from this sector since 2008 and the changes in banking regulation, this has created a unique opportunity for non-traditional financiers to enter the market (e.g. funds).
- Commodity trade finance allows investors to participate in the global commodities market without the downside risk associated with volatile commodity prices.
- The sector provides investments with key attributes of non-correlation, consistency of returns and a self-liquidating nature of the transactions within the asset class.

## Manager's Monthly Commentary

The Blackstar Commodities Fund is on target to achieve its growth goals for 2016. With a strong month expected in December, the Manager believes that the Fund is well positioned to finish a solid year strongly. We believe that as markets reflect numerous global uncertainties, accretive Funds such as the Blackstar Commodities Fund, provide significant and relevant alternatives to mainstream investments. Whilst we have seen numerous funds show astonishing returns and subsequently diminish in recent years, Blackstar believes that accretive, credible growth is increasingly valuable in this market place.

We look forward to taking advantage of a number of attractive opportunities in 2017, as the Fund and Commodity Trade Finance, as an asset class, continue to gain greater consciousness within the investor community. As a business, Blackstar Capital continues to see an ongoing shift in the Trade Finance market, as the capacity of finance is being outstripped by the growth in the market. This means that the opportunities available to the Fund continue to grow in terms of size, quantity and quality. This bodes very well for the future of the Fund.

## Fund Performance:

### 12 month Rolling Monthly Performance

Currency	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16
GBP	+0.03%	+0.40%	+0.20%	-0.10%	+0.22%	+0.30%	+0.82%	+0.45%	+0.11%	+0.03%	+0.36%	+0.39%
EUR	-0.03%	+0.48%	+0.25%	+1.12%	+0.40%	+0.38%	+0.95%	+0.18%	+0.37%	-0.01%	+0.30%	+0.24%
USD	+0.01%	+0.45%	+0.31%	+0.70%	+0.22%	+0.30%	+0.92%	+0.55%	+0.53%	+0.16%	+0.47%	+0.33%

Share Class	3 month	6 month	12 month	Inception
GBP	0.80%	2.19%	3.26%	+6.28%
EUR	0.54%	2.06%	4.71%	+13.71%
USD	0.96%	2.98%	5.06%	+15.93%

Share Class	Type	ISIN	NAV
B: EUR	Accumulation	LU0698637799	113.71
C: USD	Distribution	LU0698637872	105.95
D: USD	Accumulation	LU0698637955	115.93
E: GBP	Accumulation	LU1092323861	106.28

## Blackstar Capital Partners S.a.r.l

The Fund is operated by Blackstar Capital Partners S.a.r.l. The board and executive management of Blackstar Capital Partners has collectively over 75 years of experience in the finance, commodities and resources sectors.

Our capabilities cover all aspects of a commodity trade finance transaction, including deal origination, due diligence, financial and legal risk management, operations and logistics, and transaction execution.

## Core Investment Characteristics

- **Detailed approval process:** Each transaction must be approved by the Fund's Independent Board of Directors and Custodian
- **Reputable Counterparties:** Comprehensive due diligence on all counterparties (AML, track record, operational structure, etc.)
- **Secured Transactions:** Security procured over the transaction, typically over the underlying commodity.
- **No Commodity Price Exposure:** Investments based on defined margins. These do not rely on the price of the commodity moving in the right direction
- **Defined Liquidity Periods:** All transactions have a short term physical trading cycle (normally 30-45 days) ensuring strong liquidity.

## Investment Approval and Execution

### THREE-TIERED APPROVAL PROCESS

1. Blackstar Capital Partners
  - Deal Origination
  - Structuring and due diligence
  - Legal Documentation
2. Independent Board of Directors
  - Confirmation that transaction fits within regulated Fund Mandate
  - Independent transaction due diligence
3. Fund Custodian
  - Complete due diligence and compliance checks
  - AML Procedures
  - Final transaction sign-off

### TYPICAL TRADE PROCESS (30-45 days)

1. Fund approval process completed
2. Trader signs commodity purchase and sale contracts. Trading margin secured
3. Buyer issues proof of funds (e.g. Letter of Credit/Bank Guarantee)
4. Trade risk mitigants undertaken by Trader:
  - Freight and Logistics: Insurance
  - Price and currency: hedging (if required)
  - Product specification: Independent analysis and testing
5. Commodity transported to Buyer. Fund granted security over commodity
6. Buyer makes payment. Fund repaid investment principal plus financing fees
7. Trader paid net margin
8. Trade cycle repeated

## Investments can be made through IFAs via:

Direct, Offshore Bonds, QROPS, SIPPs/SASS, Trusts, Charities, Companies

## Available for purchase via:

AEGON Ireland	Clerical Medical	Prudential International
AVIVA	Generali International	SEB International
AXA, Hong Kong	Hansard International	Investors Trust
Canada Life	Lombard International	Dentons SIPP
Friends Provident Int	Cornhill	

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## KEY FACTS

### Fund Domicile:

Luxembourg

### Fund Structure:

SICAV SIF

### Investment Advisor

Blackstar Capital Partners S.a.r.l.

### Custodian:

KBL, Luxembourg

### Auditor:

PwC, Luxembourg

### Administrator:

European Fund Administration,  
Luxembourg

### Fund Charge:

Management: 2% per annum  
Performance: 20% above 8% p.a.  
hurdle rate

### Valuation:

Monthly

### Minimum Direct Investment

€125,000 or currency equivalent

### Distributions

Semi Annual

### Launch Date:

February 2012

### Currencies:

GBP, EUR, USD

For investment advice, please contact your Financial Adviser.

**For intermediary support please contact Blackstar Capital Partners:**

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