

## 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 had a solid start to the year, with further consistent performance in January 2015. This strong start to the year supports our optimism for 2015 in the performance and growth of the Fund.

Further, the Manager is in discussions with a number of new potential investors into the Fund, and with a large pipeline of transaction awaiting funding, we look forward to capitalising on the interest being shown to Trade Finance as an emerging, consistent, uncorrelated asset class for all investor portfolios.

## Fund Performance:

12 month Rolling Monthly Performance												
Currency	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
GBP	+0.78%	+0.04%	+0.57%	+0.39%	+0.63%	+1.44%	+0.35%	+1.07%	+0.72%	+0.45%	+0.95%	+0.60%
EUR	+0.91%	+0.53%	+0.73%	+0.58%	+0.88%	+0.78%	+0.46%	+1.08%	+0.79%	+0.44%	+0.88%	+1.04%
USD	+0.87%	+0.08%	+0.63%	+0.39%	+0.85%	+0.66%	+0.40%	+0.87%	+0.97%	+0.34%	+0.72%	+0.74%

Share Class	3 month	6 month	12 month	Inception
GBP	+1.77%	+4.17%	+9.33%	+12.19%
EUR	+2.44%	+4.84%	+9.55%	+8.37%
USD	+1.97%	+4.30%	+7.98%	+9.70%

Share Class	Type	ISIN	NAV
B: EUR	Accumulation	LU0698637799	108.37
C: USD	Distribution	LU0698637872	106.70
D: USD	Accumulation	LU0698637955	109.70
E: GBP	Accumulation	LU1092323861	103.09

## 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	Royal London 360°
AXA, Hong Kong	Hansard International	SEB International
Canada Life	Lombard International	Citygate Securities
Friends Provident Int	Innovest by STM	

## Disclaimer

This material does not constitute an offer to sell or solicitation of an offer to buy any interest in any investment products sponsored, managed or advised by Blackstar Capital Partners. Offers are only made through definitive offering materials like a private placement memorandum to accredited investors and only in jurisdictions where permitted by law. Said offering materials contain important information concerning risk factors and other material aspects of the investment.

Information within this material has been obtained from sources believed to be reliable, but no guarantee or warranty is provided as to the correctness, completeness or timeliness of information or opinions provided in this material, which may change without notice and should not be relied upon in making an investment decision. Commodities investment is speculative and involves a substantial risk of loss. There can be no assurance that any investment product will achieve profits or avoid incurring substantial losses. Commodity funds can be illiquid and are not suitable for all investors. This information has been provided for informational purposes only and should not be considered investment advice or a recommendation for any particular security, strategy or product. Commodity funds may charge higher fees and are less liquid than mutual funds and are not subject to the same regulatory requirements. You should particularly note that past performance is not necessarily indicative of future results. This information is confidential and may not be reproduced without the approval of Luxembourg Fund Partners SA. Interests in the proposed fund (the 'Interests') have not been registered under the United States Securities Act of 1933, as amended from time to time (the 'Securities Act'), the securities laws of any state of the United States or any other applicable securities laws in reliance upon exemptions from the registration requirements of the Securities Act and such laws. Such Interests may not be offered for resale, pledged, hypothecated, resold, assigned or transferred by an investor at any time except upon (i) the registration of such interests under the Securities Act or compliance with an exemption from registration there under, (ii) compliance with any applicable U.S. state securities laws, and any other applicable securities laws and (iii) compliance with the terms and conditions of the agreements governing the fund. Therefore, investors will be required to bear the risk of their investment for an indefinite period of time.

## KEY FACTS

### Fund Domicile:

Luxembourg

### Fund Structure:

SICAV SIF

### Investment Advisor

Blackstar Capital Partners S.a.r.l.

### Custodian:

ABN Amro, Luxembourg

### Auditor:

PwC, Luxembourg

### Administrator:

Apex Fund Services

### 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:**

t: +44 (0) 203 371 8895  
e: [mfagan-curry@blackstarcap.com](mailto:mfagan-curry@blackstarcap.com)  
a: Blackstar Capital Partners S.a.r.l  
2 Boulevard de la Foire  
L-1528  
Luxembourg