

## 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 performance of the Blackstar Commodities Fund in 2016 has set a strong trend, thus far, with the 4 transactions that we are engaged in performing in line with expectations. These are the European Diesel transaction, European Gasoline transaction, LatAm Iron Ore transaction and the Australian raw material procurement transaction. We are converging on full year on-target performance for 2016 and are confident about the prospects of the Fund for the final quarter of the year and beyond. With Commodity Trade Finance developing a greater footprint in the consciousness of the investor community, we look forward to an increasing flow of capital into our fund in the near term, allowing us to pursue a number of attractive propositions for our investor base.

## Fund Performance:

Currency	12 month Rolling Monthly Performance											
	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	June-16	July-16	Aug-16
GBP	+0.23%	+0.21%	+0.45%	+0.03%	+0.40%	+0.20%	-0.10%	+0.22%	+0.30%	+0.82%	+0.45%	+0.11%
EUR	+0.30%	+0.23%	+0.44%	-0.03%	+0.48%	+0.25%	+1.12%	+0.40%	+0.38%	+0.95%	+0.18%	+0.37%
USD	+0.41%	+0.28%	+0.69%	+0.01%	+0.45%	+0.31%	+0.70%	+0.22%	+0.30%	+0.92%	+0.55%	+0.53%

Share Class	3 month	6 month	12 month	Inception
GBP	1.38%	1.82%	3.36%	+5.44%
EUR	1.51%	3.44%	5.17%	+13.10%
USD	2.01%	3.26%	5.46%	+14.83%

Share Class	Type	ISIN	NAV
B: EUR	Accumulation	LU0698637799	113.10
C: USD	Distribution	LU0698637872	104.98
D: USD	Accumulation	LU0698637955	114.83
E: GBP	Accumulation	LU1092323861	105.44

## 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, SIPP/SASS, Trusts, Charities, Companies

## Available for purchase via:

AEGON Ireland	Clerical Medical	Prudential International
AVIVA	Generali International	SEB International
AXA, Hong Kong	Hansard International	
Canada Life	Lombard International	
Friends Provident Int	Innovest by STM	

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## KEY FACTS

### Fund Domicile:

Luxembourg

### Fund Structure:

SICAV SIF

### Investment Advisor

Blackstar Capital Partners S.a.r.l.

### Custodian:

Societe Generale Bank and Trust, 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:**

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