



Administrator:

North Star International Services Limited
CIBC Financial Centre – Third Floor
P.O. Box 694 GT
George Town, Grand Cayman
British West Indies

Tel: +1 345 945 7310
Fax: +1 345 945 7311
E-mail: investor@northstar.ky

Clarens, 7th September 2016

Dear North Star Shareholder,

There are a few matters which we would like to bring to your attention.

NEW WORLDWIDE RULES FOR BANKS

As you will no doubt be aware, during recent years the international investment markets have undergone major changes.

At the same time global economies have suffered, firstly because of “9/11” back in 2001 and secondly from the financial market breakdowns in 2008-9. As a result Governments around the world introduced a lot of “rescue packages” to avoid a total breakdown in the world markets and inevitably a major tightening of banking and general financial rules and regulations followed.

Over the last couple of years, the US and the British governments have introduced FATCA, which are new international banking sector rules which require banks and certain other financial institutions to report accounts with US and British owners respectively. US FATCA operates more or less worldwide, while the British equivalent concentrates on the British Overseas Territories. In parallel with this the OECD has introduced the concept of “Common Reporting Standards”, or CRS for short, which effectively cover most of the other OECD countries. The US/UK rules and the CRS rules are nearly identical and serve the purpose of revealing funds which have not been reported to the relevant tax authorities. For the matter of good order, it should be mentioned that North Star does not support illegal activities.

The North Star Group companies, as the situation is now, technically do not fall under the reporting requirements of these rules, as far as it is possible to decide from the more than 1000 pages of legislative documents, neither directly nor through our bank accounts.

“KNOW YOUR CUSTOMER” RULES

However, irrespective of the new rules described above, “KYC” rules have been in place for 20 years or more and North Star must comply with these rules in relation to all shareholders. These rules require all financial institutions and many other companies dealing with cash or other easily transferable valuables to identify their customers by way of specific documentation and to keep copies of these documents regularly updated. ALL shareholders in North Star have to comply with these rules, which means that

- **Certified copy of a valid passport, and**
- **updated proof of residency (e.g. utility bills)**

have to be maintained by North Star.

We are just reviewing the situation for now so in the interim we enclose a simple form for updating of your contact details such as change of address. You may use this form and return it to the address thereon or you may scan and email it to: **investor@northstar.ky**.

Please note that any shareholder redeeming his or her holding when the KYC details are not up to date will have to renew these documents before redemption proceeds can be paid out.

NON-COMPLIANT SHAREHOLDERS

North Star has a specific policy in relation to holdings owned by long-term non-compliant shareholders. Where a company has not had a response to requests for KYC information and no general correspondence for at least five years the shareholder runs the risk that his or her shares will be redeemed by the directors of the company and the proceeds placed under their control pending rectification of the situation. The shareholder will then no longer be a shareholder but will be a simple creditor of the company.

RATIONALISATION

Due to redemptions, very low interest rates and increasing costs in relative terms the North Star companies have become quite small and un-economical to run, unless changes take place.

It has been decided, therefore, with effect from Monday, 17th October 2016 to change the **principal** investment strategy of **North Star International Investment Fund**.

The purpose of this change is to bring it in line with North Star Mixed International Fund so as to be able to operate the two companies as one investment unit, whereby one company may invest **all** its money via the other.

Effectively the only important change is that North Star International Investment Fund will in future be permitted to invest in equities. This is obviously a wise move due to the negative impact low interest rates will have on the bond markets for the foreseeable future.

Gearing will also be permitted on the equity part of the portfolio and will be limited to 3 times the amount of the shareholders' net equity already invested in equities, with a buffer of one time gearing to cover sudden market movements. For the purpose of compliance with these gearing limits the Company's portfolio will be evaluated on either a nominal or, when risk-weighted trading is being used, on a risk-weighted basis.

The Board will consider further options to make the companies more profitable in the coming months, see below.

You can find a full description of the new investment rules on the North Star web-site.

THE NORTH STAR WEB-SITE

The Board has decided that in order to access the detailed information pages on the web-site

www.northstarfunds.info

you will in future need to use a user name and password unique to each company. This will be implemented over the next couple of weeks and the passwords will be

For North Star International Investment Fund:

User name: ns4%share1

Password: ns214\$acc1

For North Star Mixed International Investment Fund:

User name: ns4%share7

Password: 2ns214\$acc

REDEMPTION

Redemption procedures remain unchanged and each application will be considered by the Board when received.

However, please notice the change of address for physical mail:

North Star Investment & Trust Services S.A.

Rue du Collège 26

1815 Clarens

Switzerland

Our shareholder contact email address remains "investor@northstar.ky"

POTENTIAL MERGER or TAKE-OVER

One possibility for consideration is to merge the 2 companies whereby the shareholders of the company which shall cease to exist will receive shares in the on-going company for the exact same value of their previous holding.

A further possibility may be to create a new investment company taking over the business of both of the existing companies.

The directors of the 2 existing companies may decide to exercise one of these options if they think the time is right economically. Appropriate notice of the change would be posted on the website so please take the opportunity to view that regularly.

CHANGE OF THE NORTH STAR ADMINISTRATION

As already indicated any future correspondence with North Star Group should be sent to its office in Switzerland (see table below) as this company has taken over some of the administrative tasks such as the function of Registrar and Transfer Agent as well as maintaining the Registers of Shareholders.

You may continue to use the email address **investor@northstar.ky** and you can also contact us via the following:

North Star International Services Ltd	North Star Investment & Trust Services S.A.	North Star Support Office
PO Box 694 GT CIBC Bank and Trust Company (Cayman) 11 Dr. Roy's Drive George Town KY1-1107 Grand Cayman British West Indies Tel.: (+1) 345 945 7310 Fax: (+1) 345 945 7311	Rue du Collège 26 1815 Clarens Switzerland Tél. +41 21 989 82 70 Fax +41 21 989 82 79	c/o MKP Consultants Strandøre 11 2100 Copenhagen Ø Denmark Tel.: +45 3332 1122 Fax: +45 3332 6717

THE FUTURE WORLD ECONOMY

You can find a short report of our views on the outlook for the world economies for the near future on our web-site under the "Newsletters" section.

Yours Faithfully

For and on behalf of NORTH STAR INTERNATIONAL SERVICES LIMITED



Mogens Kjøller-Petersen

Director



Stuart Clements

Director