RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Financial Statements
For the year ended 31 December 2014

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RECOVERY FUND SEGREGATED PORTFOLIO
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Fund Directory
At 31 December 2014

Director

Theron de Ris

Registered Agent and Office

Harbour Centre
42 North Church Street
P.O. Box 10364
Grand Cayman KY1–1004
Cayman Islands

Administrator

Trinity Fund Administration (Cayman) Ltd.
Harbour Place, 2nd Floor
103 South Church Street
P.O. Box 10364
Grand Cayman KY1–1004
Cayman Islands

Investment Manager

Eschler Asset Management LLP
7th Floor, Heathcoat House
20 Savile Row
London W1S 3PR
United Kingdom

Legal Advisors

Ogier
89 Nexus Way
Camana Bay
Grand Cayman KYI–9007
Cayman Islands

Broker

Morgan Stanley & Co. International
20 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Auditor

Baker Tilly (Cayman) Ltd.
Governor's Square
23 Lime Tree Bay Avenue
P.O. Box 888
Grand Cayman KY1–1103
Cayman Islands

BAKER TILLY

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RECOVERY FUND SEGREGATED PORTFOLIO (a segregated portfolio of Eschler Global Fund SPC)

We have audited the accompanying financial statements of Recovery Fund Segregated Portfolio (the "Fund"), a segregated portfolio of Eschler Global Fund SPC (the "Company") which comprise the statement of assets and liabilities and condensed schedule of investments as at 31 December 2014, and the related statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders of the Fund, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2014, and its financial performance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Baker Tilly (Cayman) Ltd.

Baker Tilly (Cayman) Ltd.
4 February 2015
Grand Cayman, Cayman Islands

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Statement of Assets and Liabilities
At 31 December 2014
Expressed in U.S. Dollars (unless otherwise stated)

	Note		2014
Assets			
Cash and cash equivalents			126,836
Balance due from brokers			2,511,751
Investment in securities, at fair value (cost: $3,171,095)	3		2,734,603
Derivative contracts, at fair value	3,4		91,479
Interest receivable			40,272
Due from Investment Manager	6		34,174
Other assets			4,974
Total assets			5,544,089
Liabilities			
Balances due to brokers			1,511,509
Investment in securities sold short, at fair value (proceeds: $437,835)	3		384,609
Derivative contracts, at fair value	3,4		128,151
Subscriptions received in advance			22,771
Interest payable			3,795
Accounts payable and accrued expenses			17,368
Total liabilities			2,068,203
NET ASSETS		$	3,475,886
Net asset value per share:			
Class B - Lead Series (based on 10,159.46 shares in issue)	5,10	$	116.10
Class B - Lead Series Zurich Trust (based on 13,501.50 shares in issue)	5,10		116.10
Class B - Series B Jan-13 (based on 170.00 shares in issue)	5,10		107.45
Class B - Series B Feb-13 (based on 680.00 shares in issue)	5,10		97.94
Class B - Series B Nov-13 (based on 6,000.00 shares in issue)	5,10		107.33

See accompanying notes to the financial statements.

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Condensed Schedule of Investments
At 31 December 2014
Expressed in U.S. Dollars (unless otherwise stated)

	Shares/ Units	Cost	Fair value	% of Net Assets
INVESTMENTS IN SECURITIES				
Listed equities:				
Canada:				
Metals and mining		382,374	425,134	12.23%
Insurance		124,667	145,913	4.20%
		507,041	571,047	16.43%
Europe:				
Real estate				
Dolphin Capital Investors Ltd.	500,000	217,836	216,131	6.22%
United States:				
Insurance		123,070	160,467	4.62%
Energy				
Chesapeake Energy Corporation	10,000	177,893	195,700	5.63%
Other		236,110	42,750	1.23%
Metals and mining				
Silver Wheaton Corp	11,930	261,836	242,537	6.98%
Other		950,793	645,374	18.57%
Financial services		188,050	159,900	4.60%
Pharmaceuticals		99,808	102,141	2.94%
Holding				
Leucadia National Corp.	8,000	174,845	179,360	5.16%
Banking		401	610	0.02%
		2,212,806	1,728,839	49.75%
Total investments in listed equities		2,937,683	2,516,017	72.40%
Exchange traded funds:				
Cayman Islands:				
Real estate		34,148	50,786	1.46%
Investments in debentures:				
Canada:				
Healthcare				
Mitomics- 8% due 18/05/2017	1,950	199,264	167,800	4.83%
Total investments in debentures		199,264	167,800	4.83%
TOTAL INVESTMENTS IN SECURITIES		$ 3,171,095	$ 2,734,603	78.69%

See accompanying notes to the financial statements.

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Condensed Schedule of Investments (Continued)
At 31 December 2014
Expressed in U.S. Dollars (unless otherwise stated)

	Proceeds	Fair value	Net Assets
SECURITIES SOLD SHORT			
Listed equities:			
United States:			
Automotive	(41,730)	(66,723)	-1.92%
Biotechnology	(38,200)	(36,250)	-1.04%
Consumer products	(123,370)	(82,073)	-2.36%
Internet	(126,643)	(136,358)	-3.92%
Office equipment	(30,552)	(5,765)	-0.17%
Pharmaceuticals	(30,262)	(39,960)	-1.15%
Retail	(47,078)	(17,480)	-0.50%
TOTAL SECURITIES SOLD SHORT	$ (437,835)	$ (384,609)	-11.06%
DERIVATIVE ASSETS			
Equity swaps:			
Cayman Islands:			
Real estate		91,479	2.63%
TOTAL DERIVATIVE ASSETS		$ 91,479	2.63%
DERIVATIVE LIABILITIES			
Equity swaps:			
Europe:			
Retail staples		(128,151)	-3.69%
TOTAL DERIVATIVE LIABILITIES		$ (128,151)	-3.69%

See accompanying notes to the financial statements.

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Statement of Operations
For the year ended 31 December 2014

Expressed in U.S. Dollars (unless otherwise stated)

	Note	2014
Investment income		
Interest income		12,456
Dividend income (net of withholding taxes of $3,003)		9,388
Other income		5,889
Total investment income		27,733
Expenses		
Interest expense		54,857
Administration fees		24,375
Brokerage fees and commission		21,887
Professional fees		19,090
Formation expenses		16,401
Dividends paid on securities sold short		3,489
Incentive fees	6	646
Other expenses		10,943
Rebate of fees from Investment Manager	6	(16,110)
Total expenses		135,578
Net investment loss		(107,845)
Net realized and unrealized gain (loss) on investing activities		
Net realized gain on investments		604,393
Net realized loss on derivative instruments		(7,598)
Net movement in unrealized losses on investments		(368,271)
Net movement in unrealized losses on derivative instruments		(3,120)
Net realized and unrealized gains on foreign exchange		109,151
Net realized and unrealized gain on investing activities		334,555
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		$ 226,710

See accompanying notes to the financial statements.

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Statement of Changes in Net Assets
For the year ended 31 December 2014
Expressed in U.S. Dollars (unless otherwise stated)

	Beginning of the year	Subscriptions	Redemptions	Net change in net assets	End of the year
Number of Shares:					
Class B - Lead Series	10,389.46	—	(230.00)	—	10,159.46
Class B - Lead Series Zurich Trust	13,501.50	—	—	—	13,501.50
Class B - Series B Jan-13	170.00	—	—	—	170.00
Class B - Series B Feb-13	680.00	—	—	—	680.00
Class B - Series B Nov-13	6,000.00	—	—	—	6,000.00
Total	30,740.96	—	(230.00)	—	30,510.96
Net Asset Value ($):					
Class B - Lead Series	1,127,344	—	(24,957)	77,024	1,179,411
Class B - Lead Series Zurich Trust	1,465,025	—	—	102,626	1,567,651
Class B - Series B Jan-13	17,072	—	—	1,195	18,267
Class B - Series B Feb-13	62,246	—	—	4,356	66,602
Class B - Series B Nov-13	602,446	—	—	41,509	643,955
Total	$ 3,274,133	—	(24,957)	226,710	3,475,886

See accompanying notes to the financial statements.

RECOVERY FUND SEGREGATED PORTFOLIO
(a segregated portfolio of Eschler Global Fund SPC)

Statement of Cash Flows
For the year ended 31 December 2014
Expressed in U.S. Dollars (unless otherwise stated)

		2014
Cash flows from operating activities		
Net increase in net assets resulting from operations		226,710
Payments for purchase of investments		(2,697,406)
Proceeds from sale of investments		2,878,158
Net realized and unrealized gain on investing activities		(225,404)
Net changes in operating assets and liabilities:		
Balance due from brokers		(1,769,822)
Interest receivable		(10,902)
Due from Investment Manager		(34,174)
Other assets		63,597
Balances due to brokers		1,511,509
Interest payable		3,795
Accounts payable and accrued expenses		14,562
Net cash flows from operating activities		(39,377)
Cash flows from financing activities		
Proceeds from issuance of shares		22,771
Payment on redemption of shares		(24,957)
Net cash flows from financing activities		(2,186)
Net increase in cash and cash equivalents		(41,563)
Cash and cash equivalents at beginning of year		168,399
Cash and cash equivalents at end of year	$	126,836
Supplemental disclosure of cash flows from operating activities:		
Interest paid	$	(51,062)
Dividends received (net of withholding taxes)		9,388
Dividends paid on securities sold short		(3,489)

See accompanying notes to the financial statements.

1. GENERAL INFORMATION

Eschler Global Fund SPC (the "Company") was incorporated under the Companies Law of the Cayman Islands on 21 August 2009 as an exempted company limited by shares and registered as a segregated portfolio company. Cayman Islands company law permits the Company to legally segregate the assets and liabilities within or on behalf of a segregated portfolio from the assets and liabilities held within or on behalf of any other segregated portfolio of the Company. The Company is structured as an umbrella fund and has the power to create one or more segregated portfolios and to issue different classes or series of shares in respect of each segregated portfolio.

The primary investment objective of the Company is to preserve and grow capital while attempting to limit investment risk. The Company will structure the investment programmes of each segregated portfolio based on the specific objectives of each segregated portfolio. The investment objective of the Recovery Fund Segregated Portfolio (the "Fund") is to preserve capital and increase the value of the capital over time. The Fund commenced trading on 8 October 2012. The Fund issues shares in six share classes - Class A USD, Class B USD, Class C USD, Class A EUR, Class B EUR and Class C EUR. Shares of each class are generally issued in share series. As at 31 December 2014, shares were issued in Class B USD only.

The Fund contracts for its supervisory, general and administrative and investment management services with various service providers and professional organizations. As a result, the Fund has no employees of its own. The financial statements reflect the costs of these various service providers and professional organizations.

The Fund's investment activities are managed by Eschler Asset Management LLP (the "Investment Manager") pursuant to an investment management agreement.

The Fund has appointed Trinity Fund Administration (Cayman) Ltd. (the "Administrator") as the administrator, registrar and transfer agent to the Fund pursuant to an administration agreement.

The financial statements were approved by the Directors on 4 February 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as detailed in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). The significant accounting policies adopted by the Fund are as follows:

(a) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) **Investments in securities and derivatives**

Investment transactions:

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investments are computed on the basis of the identified cost of the securities sold or covered. Dividend income and expense are recorded on the ex-dividend date, net of foreign withholding taxes. Interest income and expense are recorded on the accrual basis. Discounts and premiums on securities purchased are accreted and amortized over the lives of the respective securities.

Valuation:

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in an active market, or inputs that are directly observable or inputs that are corroborated with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.
- Level 3 - Pricing inputs that are unobservable for the assets or liabilities, that is, significant inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the assets or liabilities. Level 3 includes private portfolio investments that are supported by little or no market activity.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Fund’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Listed equity securities and equity securities sold short are valued at their last sales price on the valuation date. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified in Level 1 of the fair value hierarchy. Preferred stocks and other equities traded on inactive markets are valued by reference to similar instruments and are generally classified in Level 2.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) **Investments in securities and derivatives** (Continued)

Debt instruments comprise of an investment in a debenture which is interest-bearing. There is only one investment in debenture where the fair value was determined by the Directors to be at cost and is categorized in Level 3 of the fair value hierarchy.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorized in Level 1 of the fair value hierarchy.

Over the counter (OTC) derivative contracts include swaps related to interest rates, foreign currencies, equity prices or commodity prices. Depending on the product and terms of the transactions, the fair value of the OTC derivative contracts can be modeled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observable from actively quoted markets, as is the case of interest rate swap and foreign currency forward contracts. OTC derivatives which are valued using such pricing models are classified within Level 2 of the fair value hierarchy.

In the event the Fund acquires securities or other financial instruments for which market quotations are not available, such securities will be valued at their fair value as determined by the Investment Manager, under authority of the Board of Directors, and would be classified in Level 2 or Level 3 of the fair value hierarchy.

(c) **Foreign currency transactions**

The books and records of the Fund are maintained in United States dollars ("US dollars"). Assets and liabilities in foreign currencies are translated into the reporting currency at the rates prevailing at the period end date, while revenue and expenses are translated at the daily spot rates of exchange. The Fund does not isolate that portion of the results of operations arising as a result of changes in foreign currency exchange rates from the fluctuations arising from changes in market prices of securities held or sold during the period.

Foreign currency translation gains and losses are included in the statement of operations. The foreign currency transaction element of net realized gains or losses represents the net foreign currency exchange gains or losses from sale of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference in the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the US dollar equivalent of the amount actually received or paid.

(d) **Cash and cash equivalents**

Cash at bank represents amounts due from bank on demand. Cash equivalents comprise of short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(e) **Taxation**

Under the current laws of the Cayman Islands there are no income, estate, transfer, sales or other Cayman Islands taxes payable by the Fund. Accordingly, no income tax provision is required in these financial statements. The Fund may be subject to foreign withholding taxes on certain interest, dividends and capital gains.

The Fund is subject to the provisions of ASC 740, Accounting for Uncertainty in Income Taxes. This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Investment Manager has analyzed the Fund's inventory of tax positions taken with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and has concluded that no provision for income tax is required in the Fund's financial statements.

(f) **Redemptions payable**

In accordance with disclosures about accounting for certain financial instruments with characteristics of both liabilities and equity of the FASB Accounting Standards Codification, redemptions, whether expressed as a monetary amount or shares, are recognized as liabilities, when each monetary and share amount requested in the redemption notice becomes fixed, which generally occurs on the last day of the fiscal year. As a result, redemptions paid after the period end, but based on period end net asset values, are reflected as redemptions payable at year-end date. Redemption notices received for which monetary and share amounts are not fixed remain in capital until the net asset value used to determine the redemption and share amounts are determined. There were no redemptions payable held at period end.

3. **FAIR VALUE INFORMATION**

At 31 December 2014, the carrying values of cash and cash equivalents, balances due from and to brokers, interest receivable, amounts due from Investment Manager, other assets, Interest payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-terms to maturity of these financial instruments. The fair values for all other financial instruments are determined in accordance with the accounting policies described in Note 2 above.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Expressed in U.S. Dollars (unless otherwise stated)

3. **FAIR VALUE INFORMATION** (Continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value as at 31 December 2014:

		Level 1	Level 2	Level 3	Total
Assets					
Equity securities		2,566,803	-	-	2,566,803
Debenture		-	-	167,800	167,800
Swaps		-	91,479	-	91,479
Total assets	$	2,566,803	91,479	167,800	2,826,082
Liabilities					
Equity securities sold short		(384,609)	-	-	(384,609)
Swaps		-	(128,151)	-	(128,151)
Total liabilities	$	(384,609)	(128,151)	-	(512,760)

There was no movement between the levels for the year ended 31 December 2014.

The table below outlines the roll forward of level 3 items:

		Level 3
Opening balance		183,564
Movement in unrealized loss		(15,764)
Closing balance	$	167,800

Level 3 investments comprise of an investment in an interest-bearing debenture whose fair value was determined by the Directors to be at cost. The Directors believe there is minimal risk of default before maturity.

4. **DERIVATIVE CONTRACTS**

The Fund enters into various swap contracts as part of its investment strategies, including equity swaps. Fair values are determined in accordance with the valuation principles set out in note 2 to the financial statements. For over-the-counter ("OTC") contracts, the Fund enters into master netting agreements with its counterparties.

Similarly, liabilities represent net amounts owed to counterparties on OTC contracts. The primary difference in the risk associated with OTC contracts and exchange-traded contracts is credit risk. The Company has credit risk from OTC contracts when two conditions are present (i) the OTC contracts have unrealized gains, net of any collateral and (ii) the counterparty to the contracts defaults. The credit risk related to exchange-traded contracts is minimal because the exchange ensures that their contracts are always honored.

Expressed in U.S. Dollars (unless otherwise stated)

4. **DERIVATIVE CONTRACTS** (Continued)

The following table identifies the fair value of derivative contracts included in the statement of assets and liabilities as derivative contracts, categorized by primary underlying risk, at 31 December 2014. Balances are presented on a gross basis. The following table also identifies the net gain and loss amounts included in the statement of operations for the year ended 31 December 2014.

		Derivative assets	Derivative liabilities	Net loss
Primary underlying risk:				
Equity price	$	91,479	(128,151)	(36,672)

As at 31 December 2014, the notional or contract amounts, converted to United States dollars, of the Fund's outstanding derivative contracts were as follows:

		Swaps
Gross asset derivatives		244,178
Gross liability derivatives		329,528
	$	573,706

Each derivative contract was marked-to-market, and the change in market value was recorded by the Fund as an unrealized gain or loss as it occurred. The net change in unrealized gain/loss on derivative contracts as at 31 December 2014 represents the movement in the fair value of the derivative contracts to 31 December 2014 and is included in the net change in unrealized loss on derivatives in the statement of operations. Realized gains or losses are recorded upon maturity, sale or settlement of a contract. Realized gains and losses on derivatives are included in net realized loss on derivatives in the statement of operations.

The following table shows the number of derivative trades made in the Fund during the year ended 31 December 2014:

	Number of trades	
	Purchases	Sales
Swaps	14	1

5. SHARE CAPITAL

The authorized share capital of the Company is US$50,000 divided into 100 voting management shares (the “Management Shares”) and 4,999,900 participating shares (the “Shares”), which may be issued in classes. Each class of shares participates in a Portfolio.

100 Management Shares are in issue, fully paid and held by the Investment Manager. The Management Shares have the entire voting power of the Company except on a variation of rights issue. However, they do not entitle the holder to participate in the Company's profits and losses and they are not redeemable. Upon the winding up of the Company the holders of Management Shares are entitled to receive their paid in capital of US$0.01 per management share.

As stated in note 1, the Fund may issue Shares in six classes - Class A USD, Class B USD, Class C USD, Class A EUR, Class B EUR and Class C EUR. Shares of each class are generally issued in series. As at 31 December 2014, shares were issued in Class B USD only. The proportion of income, expenses, realized and unrealized gains or losses allocated to the share classes is based on the percentage of capital invested by each share class in the Fund, with the exception of management fees which are calculated as outlined in note 6 to the financial statements. Share classes carry the same rights and privileges and differ only in their issue currency, management fee and certain redemption restrictions.

Subject to restrictions and conditions outlined in the Fund’s Offering Memorandum, Shares may be redeemed quarterly with at least 30 calendar days notice.

6. RELATED PARTIES AND SIGNIFICANT CONTRACTS

Related parties to the Fund include the director and the Investment Manager. The Investment Manager is related to the Fund by virtue of the common director and control over the investment decisions of the Fund. Transactions with these parties during the year include the following:

Investment Manager:

Management fees:

Under the terms of the management agreement, the Investment Manager will not levy any management fee on the Class B Shares.

Incentive fees:

The Investment Manager is entitled to an incentive fee equal to 25% of the net profits of the Fund, subject to a 6% hurdle and "high water mark" limitation, which requires a full recovery of any net losses from prior years before an incentive fee can be earned. For this purpose, the incentive fee is generally calculated by comparing the ending net asset value of a series at the end of a fiscal year or at the redemption day with the highest of the following amounts (in each case as adjusted for any intervening distributions): (i) the net asset value as of the beginning of the current fiscal year, (ii) the net asset value as of the beginning of any preceding fiscal year or (iii) the subscription price of the share at the date of issue.

Expressed in U.S. Dollars (unless otherwise stated)

6. **RELATED PARTIES AND SIGNIFICANT CONTRACTS** (Continued)

Incentive fees are calculated and charged separately with respect to each series. If a shareholder redeems a series of shares during a fiscal year, the incentive fee payable with respect to such series will be determined solely by reference to the performance of that series through the redemption day and will be payable to the Investment Manager on the finalization of the net asset value of the particular series for the relevant redemption day.

The annual incentive fee will generally be payable to the Investment Manager after the end of each fiscal year or the relevant redemption day.

Incentive fees of $646 were incurred during the year ended 31 December 2014 due to the waiver of the majority of the incentive fees by the Investment Manager.

Other transactions with the Investment Manager:

During the year ended 31 December 2014, the Investment Manager agreed to repay expenses of the Fund totaling $34,174. This amount was receivable from the Investment Manager at 31 December 2014.

Directors:

Theron de Ris currently serves in his capacity as the sole director of the Company without compensation. The following Shares are held by the director or parties related to the director at 31 December 2014:

	Number of Shares
Class B - Lead Series	10,159.46
Class B - Series B Jan-13	170.00
Class B - Series B Feb-13	680.00

As at 31 December 2014, the following shareholders held shares greater than or equal to 10% of the share capital of the Fund.

- Zurich Trust Limited
- Theron de Ris
- PAL Trustees Ltd & Theron de Ris as trustees of the IPS
- UBS AG Zurich

Significant contracts - Administrator:

The Administrator is entitled to a fee from the assets of the Fund which will be charged at normal commercial rates, subject to a set minimum and a surcharge for each of the second and subsequent Classes activated to correspond to the Fund. All such fees and expenses will be borne by the Fund or the Investment Manager.

For the year ended 31 December 2014, the Fund incurred administration fees of $24,375.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

In pursuing its investment objective, the Fund invests in securities with the aim of spreading investment risk. Investment in securities and derivatives expose the Fund to various risks, including market risks, credit risk and particular risks associated with derivative contracts. A brief description of the specific risks and the policies for managing them is set out below. For more detail of the risk factors, refer to the Offering Memorandum and the relevant supplement.

Market price risk:

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from foreign exchange values or interest rate risk.

Securities sold short represent obligations of the Fund to deliver the specified security thereby creating a liability to repurchase the security in the market at prevailing prices.

The fair value of swap contracts at 31 December 2014 is the unrealized gain or loss on the derivative contract. Accordingly, these investments may result in off-balance sheet risk as the Fund's satisfaction of the obligations may exceed the amount recognized in the settlement of asset and liabilities.

Interest rate risk:

The majority of the Fund's financial assets and liabilities are non-interest bearing and as a result the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested at short term market interest rates.

Currency risk:

The Fund may invest in assets denominated in currencies other than US dollars. Consequently, the Fund is exposed to risks that the exchange rate of the US dollar relative to other currencies may change in a manner that has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in currencies other than the US dollar.

As at 31 December 2014, the Fund’s exposure to foreign currency risk was as follows (in U.S. dollars):

	Year-end exchange rate		Investments and derivatives	Cash and broker equivalents	Net exposure
Canadian dollars	1.1621		738,846	(712,203)	26,643
Euro	0.8266		-	(185,012)	(185,012)
Pounds Sterling	0.6420		87,980	(210,797)	(122,817)
		$	826,826	(1,108,012)	(281,186)

7. **FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS** (Continued)

Credit risk:

Credit risk is the risk that a counterparty will be unable or unwilling to meet commitments it has entered into with the Fund. All investment transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

At 31 December 2014 all of the Fund’s assets were subject to counterparty credit risk.

All investments and derivatives are held under one single prime broker - Morgan Stanley & Co. International (the “Prime Broker”). Cash is held with Deutsche Bank and the Prime Broker.

Bankruptcy or insolvency of the Prime Broker may cause the Fund's rights with respect to the cash and investments held by the Prime Broker to be delayed or limited. The impact to the Fund of a broker becoming insolvent could be significant and could materially impair the ability of the Fund to achieve its investment objective. The Investment Manager monitors the Prime Broker for ongoing creditworthiness. The Prime Broker is rated A by Standard & Poor's credit rating agency at 31 December 2014. The Fund's non-cash assets are segregated from the proprietary assets of the Prime Broker.

Liquidity risk:

Most exchanges limit fluctuations in certain commodity interest prices during a single day by imposing what are known as "daily limits". The existence of daily limits may reduce liquidity or effectively curtail trading in particular markets. The daily limit, which is set by most exchanges for all but a portion of the expiration month, imposes a floor and ceiling on the prices at which a trade may be executed, as measured from the last trading day's close.

Financial markets, from time to time, may be "thin" or illiquid, making purchases or sales of financial futures contracts and forward contracts at desired prices or in desired quantities difficult or impossible for short periods of time. The volume and volatility of trading in the market depends in part, on general public interest and public opinion concerning economic conditions as well as the liquidity provided by market makers and brokers. Notwithstanding the above, most of the Fund's securities are considered to be readily realizable as they are listed on the main world stock exchanges.

The Fund is subject to liquidity risk arising from the redemption of shares. In order to reduce the associated risk, investment shares may only be redeemed on redemption days and by giving notice 30 business days prior to the relevant redemption day. Furthermore, Class A Shares are not redeemable by shareholders until the expiry of the second anniversary date on which they became a shareholder; and if a shareholder redeems its Class B Shares or Class C Shares within the first 12 months following the date on which they became an investor, such redemption will be subject to a 2% redemption charge.

At 31 December 2014, all of the Fund’s liabilities have a maturity within three months of year end.

Expressed in U.S. Dollars (unless otherwise stated)

8. SOFT COMMISSIONS

During the year ended 31 December 2014, the Investment Manager and connected persons did not enter into soft commission arrangements with brokers in respect of which certain goods and services used to support investment decision making were received.

9. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown and this would involve futures claims that may be made against the Fund that have not yet occurred. However based on our experience, the Fund expects the risk of loss to be remote.

10. FINANCIAL HIGHLIGHTS

Financial highlights for the year ended 31 December 2014 are as follows:

		Class B Lead Series
Ratios to average net assets		
Net asset value per share, beginning of year	$	108.51
Income/(loss) from operations:		
Net investment income		(3.61)
Net realized and unrealized gain on investments		11.20
Net asset value per share, end of year	$	116.10
Total return:		
Return before incentive fees		7.00%
Incentive fee		-
Total return after incentive fees		7.00%
Supplemental data:		
Ratio of expenses to average net assets (before interest and incentive fees)		(3.49%)
Ratio of expenses to average net assets (after interest and incentive fees)		(3.49%)
Ratio of cash operating expenses to average net assets *		(1.06%)
Ratio of net investment income to average net assets		(3.22%)

*****Cash operating expenses excludes the formation expenses, interest expense, brokerage fees and commission and dividends paid on securities sold short.

10. FINANCIAL HIGHLIGHTS

The financial highlights are calculated for the initial series of each Class of Shares. Ratios are being calculated for all Classes, taken as a whole. An individual shareholder's return and ratios may vary from these returns and ratios based on the timing of capital transactions and different fee arrangements, if applicable.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events up to the date the financial statements were approved and there is nothing to report.