

Recovery Fund Segregated Portfolio
(a segregated portfolio of Eschler Global Fund SPC)

Financial Statements
For the year ended December 31, 2015

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Financial statements

For the year ended December 31, 2015

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Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Fund Information

Director	Theron de Ris
Registered office	Harbour Place, 2 nd Floor 103 South Church Street P. O. Box 10364 Grand Cayman KY1-1004 Cayman Islands
Investment manager	Eschler Asset Management LLP 7 th Floor, Heathcoat House 20 Savile Row London W1S 3PR United Kingdom
Administrator	Trinity Fund Administration (Cayman) Ltd. Harbour Place, 2 nd Floor 103 South Church Street P.O. Box 10364 Grand Cayman KY1-1004 Cayman Islands
Prime broker	Morgan Stanley & Co. International 20 Cabot Square Canary Wharf London E14 4QA United Kingdom
Auditors	Baker Tilly (Cayman) Ltd. Governor's Square 23 Lime Tree Bay Avenue P.O. Box 888 Grand Cayman KY1 – 1103 Cayman Islands
Legal advisors	Ogier 89 Nexus Way Camana Bay Grand Cayman KY1 – 9007 Cayman Islands

**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 2015, 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.

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 2015, 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.
May 17, 2016
Grand Cayman, Cayman Islands**

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Statement of Assets and Liabilities

At December 31, 2015

(Stated in United States Dollars)

	Note	2015 US\$
Assets		
Cash and cash equivalents	5	85,350
Due from broker	6	488,933
Investment in securities, at fair value (cost: US\$4,015,975)		2,680,592
Derivative contracts, at fair value	7	160,276
Other assets		40,133
Total assets		3,455,284
Liabilities		
Due to broker	6	543,204
Investments in securities sold short, at fair value (proceeds: US\$309,688)		124,249
Accounts payable and accrued expenses		17,382
Derivative contracts, at fair value	7	9,394
Interest payable		1,586
Total liabilities		695,815
NET ASSETS		2,759,469
Net asset value per share:		
		US\$
Class B - Lead Series (based on 8,379.30 shares in issue)	4, 12	97.32
Class B - Lead Series Zurich Trust (based on 13,501.50 shares in issue)	4, 12	97.32
Class B - Series B Jan-13 (based on 170.00 shares in issue)	4, 12	90.07
Class B - Series B Feb-13 (based on 680.00 shares in issue)	4, 12	82.10
Class B - Series B Nov-13 (based on 6,000.00 shares in issue)	4, 12	89.96
Class B - Series B Jan-15 (based on 227.71 shares in issue)	4, 12	83.84

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Condensed Schedule of Investments

At December 31, 2015

(Stated in United States Dollars)

INVESTMENTS IN SECURITIES	Shares/units	Cost US\$	Fair value US\$	% of net assets
Private equity				
<i>Canada</i>				
Pharmaceuticals				
MDNA Life Sciences Inc.	215,534	243,883	172,458	6.25%
Total investments in private equity		243,883	172,458	6.25%
Listed equities				
<i>Canada</i>				
Insurance				
		34,700	11,783	0.43%
Metals and mining				
		420,948	433,301	15.70%
		455,648	445,084	16.13%
<i>Europe</i>				
Real Estate				
		217,836	106,836	3.87%
		217,836	106,836	3.87%
<i>United States</i>				
Banking				
		401	651	0.02%
Commercial services				
		101,293	80,070	2.90%
Consumer products				
Avon Products Inc	99,576	521,299	403,283	14.61%
Financial services				
		363,255	117,754	4.27%
Diversified Holdings				
Leucadia National Corp	8,000	141,563	139,120	5.04%
Insurance				
Greenlight Capital RE Ltd	7,535	164,303	140,980	5.11%
Metals and mining				
Silver Wheaton Corp	16,180	302,933	200,956	7.28%
Other		1,469,413	819,677	29.71%
		3,064,460	1,902,491	68.94%
Total investments in listed equities		3,737,944	2,454,411	88.94%
Exchange traded funds				
<i>Cayman Islands</i>				
Real Estate				
		34,148	53,723	1.95%
Total investments in exchange traded funds		34,148	53,723	1.95%
TOTAL INVESTMENTS IN SECURITIES		4,015,975	2,680,592	97.14%

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Condensed Schedule of Investments *(continued)*

At December 31, 2015

(Stated in United States Dollars)

	Shares/units	Proceeds US\$	Fair value US\$	% of net assets
INVESTMENT IN SECURITIES SOLD SHORT				
Listed equities sold short				
<i>United States</i>				
Apparel and textile products		(42,269)	(40,305)	(1.46)%
Biotechnology		(38,200)	(12,450)	(0.45)%
Consumer products		(47,077)	(15,156)	(0.55)%
Technology		(92,232)	(46,348)	(1.68)%
Transportation and logistics		(89,910)	(9,990)	(0.36)%
Total investments in listed equities		(309,688)	(124,249)	(4.50)%
TOTAL INVESTMENT IN SECURITIES SOLD SHORT		(309,688)	(124,249)	(4.50)%
DERIVATIVE ASSETS				
Equity swaps				
<i>Cayman Islands</i>				
Real Estate			110,860	4.02%
<i>Europe</i>				
Telecom			49,416	1.79%
TOTAL DERIVATIVE ASSETS			160,276	5.81%
DERIVATIVE LIABILITIES				
Equity swaps				
<i>Europe</i>				
Real Estate			(9,394)	(0.34)%
TOTAL DERIVATIVE LIABILITIES			(9,394)	(0.34)%

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Statement of Operations

For the year ended December 31, 2015

(Stated in United States Dollars)

	Note	2015 US\$
Investment income		
Interest income		4,348
Dividend income (net of withholding taxes of US\$5,573)		13,865
		18,213
Expenses		
Interest expense		31,247
Administration fees	11	20,000
Audit fees		12,540
Other expenses		10,245
Brokerage fees and commissions		8,329
Professional fees		5,913
Dividends paid on securities sold short		1,259
		89,533
Net investment loss		(71,320)
Realized and unrealized gain/(loss) from investing activities		
Net realized loss on investments in securities		(100,240)
Net realized gain on derivative instruments		69,672
Net change in unrealized depreciation on investments in securities		(766,646)
Net change in unrealized appreciation on derivative instruments		187,554
Net realized and unrealized gain on foreign exchange		87,919
		(521,741)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		(593,061)

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Statement of Changes in Net Assets

For year ended December 31, 2015

(Stated in United States Dollars)

	2015
	US\$
Net assets at the beginning of the year	3,475,886
Issue of shares during the year	98,456
Redemption of shares during the year	(221,812)
Net decrease in net assets resulting from operations	(593,061)
NET ASSETS AT THE END OF THE YEAR	2,759,469

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Statement of Cash Flows

For year ended December 31, 2015
(Stated in United States Dollars)

	2015
	US\$
Cash flows from operating activities	
Net decrease in net assets resulting from operations	(593,061)
<i>Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:</i>	
Payments for purchase of investments	(3,338,884)
Proceeds from sale of investments	2,335,321
Net realized and change in unrealized gain on investing activities	609,660
Change in due from brokers	2,022,818
Change in interest receivable	40,272
Change in due from Investment Manager	34,174
Change in other assets	(35,159)
Change in due to brokers	(968,305)
Change in interest payable	(2,209)
Change in accrued expenses and accounts payable	14
Net cash provided by operating activities	104,641
Cash flows from financing activities	
Proceeds from capital contributions	98,456
Payments for capital withdrawals	(244,583)
Net cash used in financing activities	(146,127)
Net change in cash and cash equivalents	(41,486)
Cash and cash equivalents, beginning of year	126,836
CASH AND CASH EQUIVALENTS, END OF YEAR	85,350

Supplementary Information

Interest received	44,620
Interest paid	(33,456)
Dividends received (net of withholding taxes)	13,865
Dividends paid on securities sold short	(1,259)

The accompanying notes are an integral part of these financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements

For the year ended December 31, 2015

(Stated in United States Dollars)

1 General information

Eschler Global Fund SPC (the “Company”) was incorporated under the Companies Law of the Cayman Islands on August 21, 2009 as an exempted company limited by shares and registered as a segregated portfolio company (“SPC”). 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 investment objective of the Company is to preserve and grow capital while attempting to limit investment risk. The Company structures the investment programmes of each segregated portfolio based on the specific objectives of each segregated portfolio.

As of December 31, 2015, the Company had two segregated portfolios, namely the Recovery Fund Segregated Portfolio (the “Fund”) and Gold Fund Segregated Portfolio. The Fund commenced trading on October 08, 2012. The Gold Fund Segregated Portfolio was created in September 2015 and commenced operations on November 2, 2015.

These financial statements relate solely to the Fund.

The investment objective of the Fund is to preserve capital and increase the value of the capital over time primarily by investing in shares of quality companies with growth potential at a substantial discount to the Investment Managers assessment of the intrinsic value of the business.

The Company can issue shares in six share classes representing the segregated portfolios – 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 of December 31, 2015, only the Class B USD shares were in issue representing the Fund.

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

The Fund’s investment activities are managed by Eschler Asset Management LLP (the “Investment Manager”) pursuant to the investment management agreement.

The Fund has appointed Trinity Fund Administration (Cayman) Limited (the “Administrator”) as the administrator, registrar and transfer agent to the Fund pursuant to an administration agreement. The prime broker to the Fund is Morgan Stanley & Co. International (the “Prime Broker”).

Capitalized terms are defined within the Offering Memorandum unless otherwise defined herein, which should be read in conjunction with the financial statements.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

2 Significant accounting policies

The significant accounting policies adopted in the preparation of the Fund's financial statements are set out below:

(a) Basis of preparation

The accompanying financial statements are expressed in United States Dollars ("US\$") and are prepared in accordance with US generally accepted accounting principles ("US GAAP") as detailed in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). The Fund qualifies as an investment company under the provisions outlined in ASC 946, *Financial Services – Investment Companies*, and follows the prescribed accounting and reporting guidance.

(b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires the director to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ from those estimates materially.

(c) Fair value and related accounting policies

Investments

Investments are recorded on a trade-date basis and are carried at fair value. Any increases or decreases in carrying values are recognized in the statement of operations as a net change in unrealized appreciation/ (depreciation) on investments or derivative contracts.

Exchange-traded securities (common and preferred stock)

Investments that are listed or quoted on a recognized securities exchange and are regularly traded and freely transferrable are valued at their closing price reported on the valuation date on the exchange.

Derivative financial instruments

The Fund trades derivative financial instruments, such as equity swaps which are recorded at fair value at the reporting date. Equity swaps are over-the-counter ("OTC") contracts under which two parties agree to make periodic payments to each other. The payments are made based on the value of a specified security, a specified interest rate applied to a stated or "notional" amount. Notional values are not recorded on the balance sheet, but rather are utilized solely as a basis for determining future cash flows to be exchanged. Therefore, notional amounts provide a measure of the Fund's involvement with such instruments but are not fully indicative of potential risk. The fair value of these derivative financial instruments at the reporting date generally reflects the amount that the Fund would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are traded on OTC markets where prices are available from independent price vendors.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

2 Significant accounting policies *(continued)*

(c) Fair value and related accounting policies *(continued)*

Derivative financial instruments (continued)

The unrealized gain or loss on derivative instruments at the reporting date is included in the statement of assets and liabilities.

In the event that 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 the authority of the director

(d) Offsetting financial assets and liabilities

The Fund may offset financial assets and financial liabilities, reporting only the net amount, when the Fund has a legally enforceable right to net the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability. At December 31, 2015, the open derivative contracts were disclosed on a gross basis.

(e) Foreign currency

Transactions in currencies other than the Fund's reporting currency are converted at the rate of exchange at the transaction date. Foreign currency monetary assets and liabilities are translated at the rate of exchange at the reporting date. Resulting exchange differences are recognized in the results for the year.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from the changes in market prices of securities held. Such gains and losses are included with the net realized and unrealized gain or loss on investments in the statement of operations.

(f) Cash and cash equivalents

Cash comprises current deposits with banks and other financial institutions. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Revenue and expenditure recognition

Interest is recorded on an accrual basis and includes the amortization of any discount or premium, or any other difference between the initial carrying amount of an interest-bearing instrument and its maturity, calculated on an effective interest rate basis.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

2 Significant accounting policies *(continued)*

(g) Revenue and expenditure recognition *(continued)*

Dividend income, relating to investments in equity securities, is recognized in the statement of operations, on the ex-dividend date. Dividends declared on short positions held on the ex-dividend date are recorded as a dividend expense in the statement of operations.

Expenses are recorded on an accrual basis.

(h) Redemptions payable

ASC 480, *Distinguishing Liabilities from Equity*, requires that an entity classify as liabilities any financial instruments issued in the form of investor's capital that are mandatorily redeemable on fixed dates for fixed amounts. Within the context of ASC 480, such redemption notices would represent an unconditional obligation of the Fund at the reporting date. The liability to such investors would be represented on the statement of assets and liabilities as redemption payable.

(i) Recently issued accounting pronouncements

In January 2016, the FASB issued Accounting Standards Update 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which contains limited amendments to the guidance in US GAAP on the classification and measurement of financial instruments. The new standard revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018.

In May, 2015, the FASB issued Accounting Standards Update 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value ("NAV") per share as a practical expedient. For non-public business entities, ASU 2015-07 is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. The Fund has chosen not to adopt ASU 2015-07 early.

3 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.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

3 Taxation *(continued)*

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.

4 Share capital

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

Management shares

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 are non-redeemable. Upon 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.

Redeemable participating shares

The Company can issue, representing different segregated portfolios, 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. At December 31, 2015, only the Class B USD shares were in issue, representing the Fund.

Class B USD shares are available for issue on the first business day of each calendar half year. Shares are offered subject to a minimum subscription of US\$100,000.

Subject to restrictions and conditions outlined in the Fund’s Offering Memorandum, the Fund’s redeemable participating shares may be redeemed half yearly with at least 30 calendar days’ notice. The share movements during the year were as follows:

	Shares at the beginning of the year	Subscriptions	Redemptions	Shares at the end of the year
Class B - Lead Series	10,159.46	-	(1,780.16)	8,379.30
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
Class B - Series B Jan-15	-	984.55	(756.84)	227.71

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

5 Cash and cash equivalents

Cash and cash equivalents at December 31, 2015 amounted to US\$85,350 and are held with Deutsche Bank.

6 Due from and to broker

The Fund obtains custodial, clearing and related services from the Prime Broker. Under such agreement, the Prime Broker maintains custody of the Fund's assets, provide margin credit, locates securities to borrow to facilitate short sales and provides other related services.

Investments held by the Prime Brokers are, on occasion, used as collateral for margin transactions conducted for the Fund. Idle cash balances at the Prime Broker earn interest at short-term rates. The Fund is liable for all obligations and indebtedness to the Prime Brokers upon demand.

At December 31, 2015, the balances due from broker amounted to US\$488,933. Included within this are amounts designated as collateral, in connection with the investments sold short.

At December 31, 2015, the balances due to broker amounted to US\$543,204. Balances due to brokers, if any, may include margin debt balances that may be collateralized by certain of the Fund's securities and cash balances held with the Prime Broker.

7 Derivative financial instruments

The Fund engages in the speculative trading of futures and option contracts, swaps and forward currency contracts (collectively, "derivatives"), for the purpose of achieving capital appreciation and, in certain situations, economic hedging. Due to the speculative nature of the Fund's derivative trading activity, the Fund is subject to the risk of substantial losses, in excess of the amount of its initial investment, from derivatives trading.

The Fund's derivative trading activities and exposure to derivative contracts are characterized primarily by the underlying risk of equity price risk. The Fund is also subject to counterparty risk due to the potential inability of its counterparties to meet the terms of their contracts.

The table below presents the fair value of derivative contracts held at December 31, 2015 and the impact on the statement of operations for the year ended December 31, 2015. The fair value of derivative contracts is presented as an asset if in a gain position and a liability if in a loss position. Fair value is presented on a gross basis in the table below.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

7 Derivative financial instruments *(continued)*

Primary underlying risk	Derivative assets Fair value US\$	Derivative liabilities Fair value US\$	Net realized and change in unrealized gain US\$
Equity swaps			
Equity price	160,276	(9,394)	257,226
	<u>160,276</u>	<u>(9,394)</u>	<u>257,226</u>

Volume of derivative activities

At December 31, 2015 the notional or contract amounts of the Funds outstanding derivative contracts were as follows:

Primary underlying risk	Derivative assets Notional US\$	Derivative liabilities Notional US\$
Equity swaps		
Equity price	464,367	21,367
Number of trades	<u>2</u>	<u>1</u>

For the year ended December 31, 2015, the volume of the Fund's derivative activities, based on total number of trades entered into, categorized by primary underlying risk, were as follows:

Total number of trades during the year

Primary underlying risk	Bought	Sold
Equity swaps		
Equity	<u>16</u>	<u>30</u>

The volume disclosure is intended to provide an indication of the Fund's volume of derivative activity. The number of trades entered into during the year is not intended to be, nor is it, indicative of the Fund's level of exposure or risk of loss. There are alternative ways to present the volume of derivative activity in the financial statements of an entity. The Fund has elected to utilize total number of trades during the year and the notional amounts of contracts held at year end to represent the volume of derivative activity, as management believe this is a meaningful representation of the volume of derivative activity during the year.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

8 Trading and investing activities and related risks

(a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Fund's financial instruments. The Fund's exposure to market risk is determined by a number of factors, including interest rates, foreign exchange rates and market volatility.

The Fund trades in equity swaps. Risks arise from changes in the fair value of these instruments. Relatively small price movements in the underlying of a derivative may result in substantive losses for the Fund. Theoretically, the Fund is exposed to a market risk equal to the notional contract value of equity swaps purchased and unlimited liability on such contracts sold short.

The Fund engages in the speculative trading of securities which are typically traded on an exchange.

The Fund also sells securities not owned at the time of a sale (a "short sale"). Risks arise from short sales due to the possible illiquidity of the securities markets and from potential adverse movements in security values. Theoretically, short sales expose the Fund to potentially unlimited liability as the Fund's ultimate obligation to purchase a security sold short may exceed the amount recorded in the statement of assets and liabilities.

Currency risk

The Fund may invest in financial instruments and may enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund would be exposed to currency risk to the extent that foreign exchange rates may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than US\$.

As of December 31, 2015, the Fund's exposure to foreign currency risk on investments and derivatives was as follows (amounts stated in US\$):

	US\$
Canadian Dollars	617,542
Pound Sterling	146,858
Total	764,400

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.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

8 Trading and investing activities and related risks *(continued)*

(b) 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 part fails to meet their obligation, the trade will fail.

At December 31, 2015, all of the Fund's assets are subject to counterparty credit risk.

All investments and derivatives are held under one single Prime Broker – Morgan Stanley & Co. International. Cash is held with Deutsche Bank.

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 and Poor's at December 31, 2015. The Fund's non-cash assets are segregated from the proprietary assets of the Prime Broker.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities.

At December 31, 2015 all of the Fund's liabilities have a maturity within three months of year end.

The Fund's Offering Memorandum provides for the creation and redemption of participating shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions. The Fund's policy allows shares to be redeemed half yearly with at least 30 calendar days' notice or at such other times as the directors may determine. Payment of redemption proceeds may be withheld or delayed if information required to satisfy verification of identity checks is not provided in a timely manner.

If Class B shareholders redeem their shares within the first 12 months following the date on which they become a shareholder, a 2% redemption charge will apply. No such redemption charges applied during the year ending December 31, 2015.

The Fund invests in OTC derivative contracts. The Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or to be able to respond to specific events such as the deterioration in the creditworthiness of a particular issuer.

The Fund's listed securities are considered to be readily realisable and highly liquid as they are primarily listed on major exchanges.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

9 Indemnifications

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund believes the risk of any futures obligation under these indemnifications to be remote.

10 Fair value measurement

Fair value, as defined in ASC 820, *Fair Value Measurements* ("ASC 820"), is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy, as set forth in ASC 820, prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for an asset and liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, liquidity statistics and other factors. If the inputs used to measure a financial instrument fall within different levels of the fair value hierarchy, the categorization is based on the lowest level input that is significant to the measurement of that financial instrument.

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. The categorization of an investment within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund's perceived risk of that instrument.

The following table summarizes the Fund's assets accounted for at fair value at December 31, 2015, using the fair value hierarchy.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Assets</i>				
Investment in private equity	-	-	172,458	172,458
Investment in equity securities	2,454,411	-	-	2,454,411
Investment in exchange traded funds	53,723	-	-	53,723
Equity swaps	-	160,276	-	160,276
Total	2,508,134	160,276	172,458	2,840,868
<i>Liabilities</i>				
Investment in equity securities sold short	(124,249)	-	-	(124,249)
Equity swaps	-	(9,394)	-	(9,394)
Total	(124,249)	(9,394)	-	(133,643)

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

10 Fair value measurement *(continued)*

No transfers have occurred between levels of the fair value hierarchy during the year ended December 31, 2015.

Level 3 investments

The following is a reconciliation of the Fund's Level 3 investments from January 1, 2015 to December 31, 2015:

	Level 3 Instruments US\$
Beginning balance	167,800
<i>Purchases and sales</i>	
Purchases	174,458
Sales	(199,264)
<i>Total gains or losses</i>	
Realized and change in unrealized depreciation	31,464
Ending balance	<u>174,458</u>

The level 3 instruments comprised of a private equity investment whose fair value was determined by the director to be at cost. During the year the position was converted from an interest bearing debenture to an equity holding.

11 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Director

Mr. Theron de Ris, the sole director of the Fund, is also the main principle of the Investment Manager. Mr. Theron de Ris currently serves in his capacity as the sole director of the Company without compensation. Mr. Theron de Ris, and parties related to him, currently hold the following shares in the Fund:

	Number of shares
Class B – Lead Series	8,184.16
Class B – Series B Jan-13	170.00
Class B – Series B Feb-13	680.00
Class B – Series B Jan-15	227.71

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

11 Related parties *(continued)*

Investment Manager

The Investment Manager is related to the Fund by virtue of a common director and due to its control over the investment decisions of the Fund

Management fee

Under the terms of the management agreement, the Investment Manager does not charge management fees to the Fund.

Incentive fee

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 NAV 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 NAV as of the beginning of the current fiscal year, (ii) the NAV as of the beginning of any preceding fiscal year, or (iii) the subscription price of the share at the date of issue.

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 finalisation of the net asset value of that 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.

No incentive fees were charged for the year ending December 31, 2015.

Significant contracts - Administrator

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

During the year ended December 31, 2015, the Fund incurred administration fees of US\$20,000. The amount outstanding at the reporting date in respect of administration fees is US\$4,000 and is included in accounts payable and accrued expenses in the statement of assets and liabilities.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

12 Financial highlights

The following information presents the financial highlights for the year ended December 31, 2015.

	Class B Lead Series 2015 US\$
Per share operating performance for shares outstanding throughout the year	US\$
Net asset value per share at beginning of the year	116.10
Loss from operations	
Net investment loss ⁽¹⁾	(2.37)
Net realized and change in unrealized loss from investments and foreign currency ⁽¹⁾	(16.41)
Net asset value per share at end of the year	97.32
Total return before incentive fees	(16.18)%
Incentive fees	-%
Total return after incentive fees ⁽²⁾	(16.18)%

Supplemental data

Ratio of expenses to average net asset value ⁽³⁾

Ratio of expenses to average NAV before interest and incentive fees	(2.03)%
Ratio of expenses to average NAV after interest and incentive fees	(3.04)%

(1) Per share net investment loss is calculated using the average of the shares outstanding during the year calculated as of each NAV determination date. Per share net realized and change in unrealized loss from investment and foreign currency is the amount necessary to reconcile the change in NAV per share with the other per share information presented.

(2) Total return is calculated by comparing the ending NAV per share to the beginning NAV per share. An individual shareholder's per share operating performance, total return and ratios to average net assets may vary from these amounts and ratios based on the timing and amount of capital transactions.

(3) Average NAV is determined using the monthly average NAV during the year.

Recovery Fund Segregated Portfolio

(a segregated portfolio of Eschler Global Fund SPC)

Notes to the Financial Statements *(continued)*

For the year ended December 31, 2015

(Stated in United States Dollars)

13 Subsequent events

The management of the Fund has evaluated the impact of subsequent events through May 17, 2016 which is the date the financial statements were available to be issued.

There were no material subsequent events that would necessitate disclosures or adjustments in the financial statements.

14 Approval of financial statements

The financial statements were approved by the director of the Fund on May 17, 2016.