	Annualised Total Returns			Since Inception[3]
	2019 Q1	3-year	5-year	(8 Oct 2012)
Eschler Recovery Fund - NET USD [1]	**12.0%**	**10.0%**	**3.3%**	**6.1%**
HFRX Equity Hedge Index USD	6.0%	2.9%	3.4%	2.5%
Russell 2000[2]	14.5%	12.5%	6.6%	10.8%
S&P 500[2]	13.5%	12.9%	10.2%	12.4%

(1) Results are for an investor since inception in B share class, net of all fees with a "high watermark" threshold.
(2) All benchmark indices include reinvested dividends net of 30% withholding tax. HFRX Equity Hedge Index (EFRXEH) on Bloomberg.
(3) 2012 results are for 3 months (8/10/12 - 31/12/12).

Dear Partners,

Eschler Recovery Fund (ERF) rose 12% net of fees and expenses in the first quarter of 2019 in U.S. Dollars (B Share Class). Industry allocation was a headwind with gold and silver equity indices up only marginally during the quarter, though stock selection was strong. In what has turned into a v-shaped market recovery off the late December trough we mostly watched from the sidelines as several key holdings fell then bounced with vigour. In 1990 Warren Buffett described "*lethargy bordering on sloth*" as being the cornerstone of his investment style. The (ironic) truth is that active management often benefits from infrequent activity.

Standout winners included Abitibi Royalties +50% (330bp contribution to US$ return), Sandstorm Gold +19% (170bp) and uranium producer Peninsula Energy +84% (158bp) while detractors included Pretium Resources -24.6% (-87bp, sold out), a short holding in VanEck Vectors Semiconductor ETF -7.6% (-83bp) and McEwan Mining -17.6% (-74bp).

The top percentage gain and loss were both in the uranium portfolio; both are the focus of the below commentary:

On the negative ledger a small holding in Fission 3.0, an Athabasca uranium development company managed by the capable team at Fission Uranium, deflated 45% but remained well above cost at quarter-end, with free warrants in play at moderately higher prices.

More encouragingly an investment in US uranium producer Peninsula Energy reaffirmed the strategy of leveraging deep industry awareness into bottom up opportunity. A January meeting with CEO Wayne Heili proved opportune and I wasted little time initiating a position. Peninsula is one of only three US uranium mining pure plays of any scale (along with Energy Fuels, UR-Energy and Uranium Energy) with six million pounds of uranium contracted out to 2030 at prices above $50/lb (vs spot <$30/lb) at their Wyoming Lance projects. This generates valuable cash near term while >80% of life-of-mine resources (54m lbs) remain un-contracted ensuring upside exposure to a recovery in uranium prices. The balance sheet is strong and the company did not need to raise capital last year. $5.3m in expansion capex will create 1.15m lbs per year of low pH production capacity and their low pH mining permit has just been approved.

Why did I deem the shares unusually mispriced at purchase? 1) The shares had been orphaned due to an Australia listing which the company is hoping to rectify with a US listing (if possible this year). 2) A perceived overhang from an 11.5% shareholder as well as the URA uranium industry ETF selling down shares in a re-balance had pressured the shares. 3) Valuation on an EV/resources basis vs its big 3 in-situ recovery ("ISR") peers in the U.S. was at a 70% discount (and, despite an 80%+ rally remains at 60%). I was also encouraged to hear that Wayne Heili had been buying shares for his own account over the past two years as the shares fell.

The company has direct exposure to Section 232 whereby the Trump administration is evaluating ways to improve the economics of the US uranium industry and is slated to receive a recommendation from the Department of Commerce this month on whether to implement a quota for US utility buyers. Have the US producers run perhaps a bit too hard into the expected Section 232 decision? Possibly, though Peninsula should benefit over time regardless from a narrowing of the substantial discount to peers.

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Over the past five years the fund has derived 92% of total gross P&L from gold, silver, uranium and energy shares. As cyclical recoveries in these out-of-favour industries take hold they will remain my primary investing focus on the long side. Over the same period the short book has contributed 16% of cumulative gross P&L (with short exposure averaging -16% of NAV) in a rising market. This is a great result proving the utility of continuing to deploy a modest short book of alpha shorts and market hedges.

Recovery Fund begins Q2 as a mutual fund regulated by the Cayman Monetary Authority whereas previously the fund operated under an exemption capping the number of investors at 15. I am also pleased to announce we continue to build out the team at Eschler. Matthew Anthony will join John and I next month as director of marketing and business development. Matthew undertook an internship with me the summer before last and graduated Franklin University Switzerland last year with a Bachelor's degree in International Management - Finance. I am looking forward to having him on board and, in time, introducing him to you. We have also carved out a small, but growing ecosystem of independent advisors operating under Eschler's AIFM. Lastly, I am very grateful to many of you who have so generously offered your advice to me recently on everything from investment process to holdings, portfolio construction, marketing, regulation etc. I am fortunate to have your counsel.

Theron de Ris
Portfolio Manager
11 April 2019