Eschler Asset Management LLP

Eschler Recovery Fund
Due Diligence Questionnaire

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FUND INFORMATION

Firm:	**Eschler Asset Management LLP** ("Eschler")
Primary Contact Details:	**Theron de Ris**, Founding Partner and Portfolio Manager 7th Floor, Heathcoat House 20 Savile Row, London W1S 3PR, UK Tel. +44 20 769 4007 Email: theron@eschlerasset.com Website: www.eschlerasset.com
Name of Fund:	Eschler Recovery Fund (the "Fund")
Name of Portfolio Manager:	**Theron de Ris**
Strategy:	Concentrated Long/short Global Equity
Date of Fund Inception:	October 2012
Assets in Fund:	Approximately US$7.2 million (as of July 31st, 2019)
Fees:	**A Share Class:** Fixed Fee: 1% Incentive Fee: 15% of annual excess profit exceeding 3% annual compounding hurdle Perpetual High Water Mark Minimum: US$ 100,000 **B Share Class:** Fixed Fee: 0% Incentive Fee: 25% of annual excess profit exceeding 6% annual compounding hurdle Perpetual High Water Mark Minimum: US$ 5 million
High Water Mark:	Perpetual
Redemption Period:	Quarterly, with 65 days' notice

FUND INFORMATION (CONTINUED)

Lock-up:	One year soft lock
Performance Period:	Yearly to December 31st (offshore fund)
Custodian:	Cantor Fitzgerald
Auditor:	Baker Tilly (Cayman)
Administrator:	Mainstream Fund Services (Cayman)
Cayman Islands Counsel	Ogier

INVESTMENT STRATEGY

Investment Objective and Strategy:

Our investment objective is to preserve capital and increase the value of the capital over time. We achieve this primarily by investing in shares of quality companies with growth potential at a substantial discount to our assessment of the intrinsic value of the business. It is our experience that such companies can sustain market-leading returns and will ultimately appreciate toward the intrinsic value of the business. We may short shares of companies at a substantial premium to fair value where worsening fundamentals conspire against the outlook. This investment philosophy offers the potential for meaningful absolute returns with reduced risk if executed with patience, discipline and consistency.

the three core beliefs on which we have built our investment strategy:

- Invest in a small number of high conviction ideas that we purport to understand
- Know when to take risk, and when to preserve capital
- Invite partners to invest on terms that offer a genuine alignment of interests

Investment Philosophy and Approach:

Value Orientation: Our goal in investing is first to not suffer permanent loss of capital and second to achieve well above average absolute returns. We achieve this by purchasing the shares of growing businesses with fundamental tailwinds when they trade far below a conservatively calculated appraisal value. While it is our overwhelming preference to hold these investments until such value is realized in the market, if we are clearly wrong or if we find something even better, we will not hesitate to act. While we pay close attention to standard measures of classic value, we are not beholden to value as defined strictly by financial ratios. Growth potential, capital intensity and high normalized return on capital also impact our appraisal values. Shares whose underlying businesses lack those characteristics and that trade at substantial premiums to appraisal value constitute our universe of short sale candidates. We also believe a keen assessment of the general market direction is critical to risk management. In summary, we are value- oriented in our philosophy but focused on business growth and quality in our fundamental analysis and respectful of market direction and macro factors. To control risk, we focus on purchase or sale price relative to fair value.

Focus: Highly diversified portfolios are often engineered for mediocrity and tend to reveal a lack of conviction. Instead, we believe a concentrated portfolio of well-chosen positions holds greater potential for differentiated gains. Our time and effort is better spent focused on a small list of securities holding the greatest potential for appreciation. This is also a practical matter, for what manager is capable of monitoring dozens of investments effectively? A result of deploying our attention and capital into our best long ideas is that fund volatility may be high from time to time. To paraphrase Warren Buffett, while 12% returns may be smoother we desire 15% returns, however "lumpy". We do not equate risk with volatility and would advise investors looking for stable monthly, quarterly or annual returns against investing in the fund.

Commitment: It is all well and good to tout investment ideas, but the ultimate test of conviction is whether one backs them with hard-earned money. As stewards of your wealth, we think our own money should be invested alongside yours. In the spirit of aligning interests and ensuring we have skin in the game, we have arranged our financial affairs so that all our liquid financial resources are invested in the fund. Since we feel the pain of our mistakes, you can be assured we will strive to avoid investing carelessly.

Global Mindset: We believe that an unconstrained universe offers more attractive potential for the enterprising investor willing to apply diligence in the search for great investment ideas. In searching for and implementing investments we primarily focus our efforts in North America and, to a lesser extent, Europe. We are agnostic as to sector or market cap. However, the result of not investing in what we are not able to understand greatly reduces our universe. We also keep our focus on the "tails" of this universe where we can find securities exhibiting the best or worst combinations of expected growth, balance sheet, return on capital, normalized cash flow and valuation characteristics.

Risk Management: Our focus on absolute returns dictates that we invest exclusively where we see the best risk-reward and long-term opportunities without regard to any market benchmarks. When combined with analytical focus, adequate diversification and strict loss control, this approach can achieve attractive risk-adjusted absolute returns relative to constrained market benchmarks. While we would anticipate the fund to have a substantial long equity bias most of the time, this need not always be the case. At certain times, we may use modest long leverage; at others, we may use cash as a hedge. Overall, we believe that having the flexibility to invest across a wide universe, vary portfolio exposure and, from time to time, short individual securities improves our ability to manage risk.

INVESTMENT STRATEGY (CONTINUED)

Describe the Fund portfolio construction process:

Our portfolio will be unusually concentrated yet adequately diversified and may have a small/midcap bias. We generally plan to own only a small number of primary securities at one time. We will generally run the Fund with cash reserves, though our positioning will be dynamic and conditioned by the availability of ideas that meet our criteria.

General Guidelines:

Long Exposure Range:	40% - 125% range
Short Exposure Range:	0% - 25% range
Gross Exposure (longs + shorts):	40% - 125% range, max 125%
Net Exposure:	40% - 125% range
Long Position Size:	Typically, 5-10%
Short Position Size:	Typically, 1-3%
Derivatives:	Minimal use of derivatives
Currency:	Opportunistic hedging

Explain the steps undertaken in evaluating investment opportunities:

We invest in businesses worldwide that we deem to be significantly undervalued relative to our assessment of their intrinsic value. We are agnostic as to market cap, region or sector, though most investments will normally be listed on major market exchanges. While adequately diversified, our portfolio will typically remain very concentrated relative to conventional funds. Our intent is to invest over longer periods, though turnover will be a function of how quickly our ideas approach fair value and our risk management process.

Share Selection: We track 10 years of carefully selected historical and normalized fundamental balance sheet, income statement and cash flow data and valuation ratios for approximately 5000 non-financial companies across 60 countries. However, our universe is smaller than it appears: We are primarily interested rapidly growing companies with high or rising return on capital whose shares trade on above average normalized earnings yields (EBIT/EV). We will invest in more under-researched securities with below average market caps where we feel we have a natural advantage relative to large institutions. However, our requirement eliminates many equities which have either fallen out of favour for sound and enduring reasons, trade at excessive multiples, rely exclusively on small addressable markets, do not meet our franchise or liquidity criteria or whose businesses we are not able to understand.

Our universe also includes more complex operating and publicly listed investment companies whose managements have a demonstrable track record of superior capital allocation and book value growth that may not be readily apparent in standard financial ratios. We have tracked several asset allocators at publicly listed companies over time, and analyzed such investments on the buy-side. We believe this universe includes companies with substantial investment talent but in our experience is subject to material mispricing from time to time which we can prepare ourselves for.

We source investment candidates in a variety of ways as an initial filter: We have powerful screening capability; we deploy a proprietary ranking system; we speak with company managements; we leverage our investor network; we speak to sell-side and buy-side analysts; and we analyze macro, technical and investment trends. Equities considered promising are subjected to bottom up investment analysis and a full qualitative assessment. We are generally, though by no means exclusively, attracted to smaller and mid cap securities trading at substantial discounts or premiums relative to calculated net asset values or relative to their growth potential, if we can identify reasons for the discount to narrow. Overall, within our world equity database, our universe measures in the hundreds of securities at any one time, out of the thousands of companies in the world equity database.

Equities we identify for intensive qualitative assessment are evaluated on historical and projected superior (or inferior, in the case of short candidates) growth in cash flow, earnings and dividends, quality of management, trackrecord of capital allocation, the company's competitive environment and balance sheet strength. These few companies are what we spend most of our time analyzing and whose intrinsic value we attempt to forecast. If the share price offers a meaningful discount to our appraisal value, we will consider a purchase (or short sale) for the Fund.

INVESTMENT STRATEGY (CONTINUED)

Portfolio Construction: Explain the thought process in adding, reducing, or removing a position in the portfolio. Who decides this?
How is position sizing determined?

Theron de Ris makes all investment decisions, including when to add, reduce or remove positions from the portfolio. The few securities that make it into the portfolio by definition have very high embedded returns over a 2-3 year view. As such, the hurdle for selling existing investments to fund new investments is very high and resulting turnover moderate. When we find a potential investment with superior characteristics relative to existing holdings, though, we evaluate it for inclusion in the portfolio. Generally, we will reduce or remove a current investment from the portfolio only when it appreciates toward our assessment of intrinsic value, conservatively calculated. However, recognizing mistakes with hindsight (evidence that original thesis is flawed, unexpected management behaviour etc.) also necessitates removing positions from the portfolio and this recognition of mistakes will be a feature of portfolio management over time.

We generally look to own 10-15 core positions and while the fund remains small there is little constraint on the universe of potential investments. Were the fund to grow beyond USD 100m, we would begin to take liquidity into account in position sizing at that time. We may, from time to time, invest in a basket of stocks combining into one core position (in which case the individual holdings of the basket would each be a smaller percentage of NAV).

INVESTMENT STRATEGY (CONTINUED)

What securities or instruments does the Fund invest in? Does the Fund employ leverage?	We invest in the equity of businesses worldwide that we deem to be significantly undervalued relative to our assessment of their intrinsic value. We are agnostic as to market cap, region or sector, though most investments will normally be listed on major market exchanges. Occasionally the fund might invest in securities with equity-like characteristics. At times, we may use leverage, long or short, and we will often use cash as a hedge.

RISK MANAGEMENT

Explain the risk management process.	Our value-oriented approach to investing does not equate risk with volatility of returns and we would advise any Investors interested only in stable monthly or quarterly returns to not invest in the Fund. While we will disregard broader equity market indices for risk-management purposes, we will monitor the portfolio's weighting in each industry, region and currency to ensure our bottom up security selection adequately diversifies the portfolio. We will also attempt to diversify by market cap, region, industry and business model. At times, we may use leverage, long or short, and we will often use cash as a hedge. The fund will maintain conservative gross exposure generally not exceeding 125%, will from time to time maintain a moderate exposure to shorts, and will generally keep a cash buffer.
What is the process for managing maximum drawdown risk?	When portfolio level NAV falls 10% below the previous annual high water mark, we will re-evaluate positions.
Who is responsible for business/operational decisions?	Fund operational decisions are made by the COO, John Pryce-Robertson, in conjunction with Theron de Ris, and implemented from time to time with the assistance of outsourced service providers such as Arbor Financial (middle office, team of 6), Cantor Fitzgerald, Mainstream Fund Services and other partners.
What risk factors do you analyze? **Explain the process for ongoing portfolio monitoring**	Risk is monitored via a range of daily, weekly and monthly customized reports from Bloomberg Analytics and Arbor, our in-house portfolio management software, which monitor risks and stress test the portfolio. Risk reporting analyzes exposures, liquidity, attribution and VAR (value at risk), among other factors. Portfolio reporting is in real-time.
Benchmark	The HFRX Equity Hedge Index is the benchmark. The use of this benchmark is for illustrative purposes only and is not intended to imply that the portfolio is similar to this or any other index either in composition or element of risk. There is no guarantee that the portfolio will meet or exceed any index.

INVESTMENT TEAM

Team List	Position	Location	Coverage	Years at Eschler	Years Experience
Theron de Ris	Portfolio Manager	London	Global, US bias	7	25

Theron de Ris Theron de Ris is the founding partner of Eschler Asset Management LLP and portfolio manager for the Eschler Recovery Fund SP. He was formerly responsible for client services at Indus Capital Partners in Europe as well as a consultant and senior research analyst in the London office of Indus Capital LLC where he contributed global macro and bottom up investment ideas to the portfolio management team. Mr. de Ris joined Indus in March 2008 and was previously an executive director and leader of the global strategies team at Morgan Stanley in London for the three years ending February 2008. During this time he published a widely read macro newsletter, the "Observations Digest". Prior to joining the global strategies team in 2003, he was responsible for US equity institutional sales to Italy at Morgan Stanley in Milan. From 1995 to 2000, he worked at Goldman Sachs in Frankfurt, London and Milan. Mr. de Ris, a Chartered Financial Analyst and Chartered Alternative Investment Analyst, graduated magna cum laude from Middlebury College in 1995 with a degree in International Politics & Economics.

John Pryce-Robertson

Chief Operating Officer

John joined Eschler in early 2019 and has eight years of industry experience. As Chief Operating Officer, John oversees non-investment related functions at the firm including compliance, IT and middle office. John began his career at Fisher Investments, in the firm's client on-boarding team for retail pension clients. Prior to joining Eschler, John worked for Cognition Investment Partners as head of business development working across investor relations, business strategy and marketing. John has a strong knowledge of IT infrastructure and computer programming and was system administrator for Cognition's IT systems. He holds a BSc degree in Genetics from The University of Manchester.

Matthew Anthony

Director of Business Development

Having completed an internship at Eschler in 2017, Matthew recently joined the team to develop our investor relations function and pipeline of prospective investors. Prior to Eschler, Matthew was an associate at Cetera Advisor Networks in Dallas, Texas USA and he has also worked as a financial representative at Northwestern Mutual in Austin, Texas. In 2018 Matthew completed a Bachelor's degree in International Management – Finance, Cum Laude at Franklin University Switzerland in Lugano, Switzerland.

Richard Rothwell

Non-Executive Advisor

Richard has accumulated broad experience as an investment professional, developed over years of meeting top corporate executives, globally. He has managed assets at three of the largest institutional fund managers, including being a member of the global investment policy committees of two of these firms. In 2006, he established Stoneware Capital LLP to manage an offshore hedge fund, and has since expanded the firm to include establishing and managing funds in a variety of jurisdictions. Richard was formerly Chairman of CFA UK which entailed promoting the highest ethical standards and developing relationships with leaders across the profession: investors, managers, regulators, politicians, media and the public. Richard advises Eschler on regulatory compliance

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Source of Data: Eschler Asset Management LLP, unless otherwise stated
Date of data: August 2019, unless otherwise stated

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The following is a brief summary of only some of the risk factors which may apply to the Fund: Investment and Trading Risks in General: the Fund's capital may be lost in its entirety. The Fund's investment program will utilize investment techniques such as leverage, options and other derivatives, practices which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject. Futures: Futures price are highly volatile and this may lead to substantial risks and returns. A relatively small price movement in a futures contract may result in immediate and substantial gains or losses for the Fund. Future trading at times may be illiquid. Due to regulatory requirements, the Fund may be unable to take futures positions in particular futures or may be forced to liquidate positions in particular futures. Stock Index Options: The Fund may purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market. Successful use by the Fund of options on stock indices will be subject to the Investment Manager's ability to correctly predict price movements in the direction of the stock market generally or of particular industries or market segments. Short Sales: The Fund will engage in "short sale" transactions. In a generally rising market, the Fund's short positions may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. A short sales involves the theoretically unlimited risk of an increase in the market price of the securities should short. Leverage: The Fund expects to use modest "leverage", or borrowing and will pledge its assets to financial institutions to achieve this. Borrowing will tend to magnify the profits or losses of the Fund and subject the Fund to a "margin call," pursuant to which the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Hedging Transactions: The Fund may utilize options and swaps for hedging purposes or as part of its trading strategies. Hedging transactions may limit the opportunity for gain; also the Fund may not be able to achieve the intended hedge and protect its assets against declines in the value. Currency Hedging: the value of unhedged assets of the Fund will fluctuate with the U.S. Dollar exchange rates as well as with price changes of the Fund's investments in the various local markets and currencies. Forward Currency Contracts: The Fund may enter into forward currency contracts, swaps or other forms of derivative instruments for purposes of hedging currency exposure. Forward currency contracts, swaps and other derivatives are subject to the risk of non-performance by the counterparty. Forward currency contracts, swaps and other derivatives are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of or close out a forward, swap or derivative position without the consent of the counterparty, and the Fund may not be able to enter into an offsetting contract in order to cover its risk. Options: The Fund may invest in, or write, options. The purchaser of a put or call option runs the risk of losing his entire investment in a relatively short period of time if an option expires unexercised. The uncovered writer of a call option is subject to a risk of loss should the price of the underlying security increase, and the uncovered writer of a put option is subject to a risk of loss should the price of the underlying security decrease. Swaps and Derivatives: The Fund may invest and trade in swaps, contracts for differences (CFDs), "synthetic" or derivative instruments, certain types of options and other customized financial instruments. Swaps and other derivatives are subject to the risk of non-performance by the swap counterparty, are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and the Fund may not be able to enter into an offsetting contract in order to be able to cover its risk. Illiquid Assets: The Fund may invest in instruments for which the markets are limited and illiquid. Consequently, it may be relatively difficult for the Fund to dispose of investments rapidly at favourable prices.

Emerging Markets Securities. Investing in securities of issuers based in emerging markets involves risks and the Fund will be exposed to the consequences of potential political, economic, social and diplomatic changes in such markets. Limited Liquidity: There is not expected to be any secondary market for Shares of the Fund. The Directors of the Fund have the power to suspend redemptions or to compulsorily redeem Shares at the Directors' discretion in certain circumstances. Absence of Regulatory Oversight: the Fund is not registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), or any other similar law of any other country or jurisdiction (other than registration with the Cayman Islands Monetary Authority). Accordingly, certain provisions of the Investment Company Act will not be applicable. Performance Fee: the payment to the investment manager of a fee based upon the performance of the Fund may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative that would be the case in the absence of such a fee. Prime Broker Risks: the Fund will rank as one of the unsecured creditors of the prime broker and, in the event of the insolvency of the prime broker, the Fund may not be able to recover such equivalent assets in full. The Fund will be subject to the risk of the inability of the prime broker to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Systemic Risk: Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. Lack of Diversification: concentration of the Fund's assets may tend to result in more rapid changes in the Net Asset Value than would be the case if the Fund were required to maintain a wider diversification among industry sectors, securities and type of securities and other instruments, and may result in the Fund's returns being volatile. Conflicts of Interest: The Investment Manager may, from time to time, face conflicts of interest relating to its dealings with the Fund. Valuation of Fund Assets: The Fund's securities will be valued by reference to their market price, but when no market exists for an investment or the market price does not fairly represent the value of the investment, the Directors will value such investment as they reasonably determine. The Fund is not required to have such valuations independently determined.

The foregoing summary list of risk factors does not purport to be a complete enumeration or explanation of the risk involved in an investment in the Fund. Prospective investors must read the entire Offering Memorandum of the Fund and consult with their own legal, tax and financial advisors before deciding to invest in the Fund