

**Eschler Asset Management LLP**

**CRD Number 311807**

**November 2020**

This Brochure provides information about the qualifications and business practices of Eschler Asset Management LLP.

If you have any questions about the contents of this Brochure, please contact us at +44 7775824595 or email at [theron@eschlerasset.com](mailto:theron@eschlerasset.com). You may also visit our website at [www.eschlerasset.com](http://www.eschlerasset.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Eschler Asset Management LLP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the Financial Conduct Authority's website at <http://www.fca.org.uk/>.

Registration of an Investment Adviser does not imply that Eschler Asset Management LLP or any of its principals or employees possesses a particular level of skill or training in investment advisory business or any other business.

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UNITED KINGDOM

**Item 2: Material changes**

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This Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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**Item 4: Advisory Business**

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Eschler Asset Management LLP ("Eschler Asset Management", "our", "us", "we", or the "Firm") is an independent investment manager founded by Theron de Ris, who is also the Firm's majority owner. Eschler Asset Management is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom.

The Firm is the investment manager of funds and segregated managed accounts. The Firm's investment management services are with respect to equity and equity related investments. When the Firm manages investments, its clients may impose restrictions on the type of investments it can make on their behalf.

As of 30 September 2020, the Firm had under its discretion regulatory assets under management totalling \$68.3 million. Of this, \$17.4 million of regulatory assets under management is sourced from US investors.

The Firm also has one agreement in place with the investment manager of a Luxembourg domiciled fund to introduce UK and European investors to the fund and the investment manager. We do not offer this fund to US investors.

**Item 5: Fees and Compensation**

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In relation to the funds and segregated managed accounts, the Firm is remunerated by way of annual management fees of 0%-2%. The management fees vary depending on which fund or managed account we manage.

As mentioned, the Firm also has one agreement in place with the investment manager of a Luxembourg domiciled fund to introduce UK and European investors to the fund and the investment manager. The Firm receives a fee of 20% of the management fees paid by the investors it introduces to the fund. The Firm also receives 10% of the performance fees paid by any single investor who invests at least \$20 million and 10% of the performance fees paid by all investors it refers where the aggregate amounts invested are more than \$50 million. The fees are paid from the point the investors invest until they redeem.

The arrangement presents a conflict of interest in that the Firm is incentivised to introduce investors to the fund and the investment manager based on the fees received rather than on an investors needs.

We do not recommend the fund to investors; we only provide them with an introduction to the fund and the investment manager. Our conflicts of interest policy, which discloses the potential conflicts of interest that apply to our business, is provided to our investors on request.

Investors have the option to purchase the fund we provide services to through other brokers or agents that are not affiliated with us.

**Item 6: Performance-Based Fees and Side-By-Side Management**

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The Firm may receive annual performance-based fees of 10%-25% depending on the fund or managed account we manage.

**Item 7: Types of Clients**

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The Firm provides services to high net worth individuals, pooled investment vehicles, charitable organisations, and corporations.

The minimum investment amounts accepted by the Firm range from \$100,000 - \$300,000 depending on the fund or management account we manage.

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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**Methods of Analysis**

The Firm's method of analysis involves the study of a variety of factors to identify the intrinsic value of securities examining related economic and financial factors. Proprietary research and analysis are carried out to determine whether a security is undervalued or overvalued. A range of factors will be considered including the prospects for the underlying business of the issuer, its management strength and financial integrity. The analysis informs the suitability of the investment for the client considering the investment guidelines and restrictions that apply, which are agreed with the client in advance.

**Investment Strategies**

Eschler Asset Management focuses on equity and equity related investments which generate a positive return. The investment strategies applied across the Firm's product range focus on generating investment returns through identifying overvalued or undervalued securities. The approach leverages the experience and knowledge of the Firm's investment team as well as analysis to identify investment opportunities. Eschler Asset Management can make leveraged investments and will not have any direct interest in any investee company.

**Risk of Loss Factors**

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the funds/managed accounts referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in making an investment. Prospective investors are urged to consult their professional advisers and the Investment Memorandum (or equivalent) before deciding to invest.

**Limited Operating History**

Our funds are, in some cases, relatively recently organised and have a limited operating history upon which investors may base an evaluation of likely performance. Fund results will

depend upon the availability of suitable investment opportunities for the fund and the performance of the fund's investments.

**Nature of investments**

Our fund business involves a high degree of financial risk. Markets in which our funds invest are subject to a high degree of volatility and therefore fund performance may be volatile. There can be no assurance that our fund's investment objective will be realised or that investors will receive any return on their investment. Other than set out in the information memorandum (or equivalent) of the funds, there are no limitations on the types of investments the funds may make. In particular, the funds may use foreign exchange hedging instruments such as contracts for difference and forward exchange agreements. The funds may employ such investment and trading strategies and methods as they determine to adopt. The funds may also invest in securities for which no active trading market exists and the value of any such securities shall be determined by the fund. As a result of these investment risks, an investor may lose all or a substantial amount of his investment in the funds.

**Brexit**

On 29 March 2017, the Prime Minister of the United Kingdom formally notified the European Council in accordance with Article 50 of the Lisbon Treaty of the United Kingdom's intention to leave the European Union on 29 March 2019 (commonly known as 'Brexit'). While the long-term economic, political and social effects of Brexit on the United Kingdom may or may not be positive, it is nevertheless likely that a period of significant political, regulatory and commercial uncertainty shall result. Brexit may also result in other member states of the European Union re-evaluating their membership, thus resulting in further instability throughout the Union. The impact is difficult to predict but it may adversely affect the return on the investments. There may be detrimental implications for the value of certain of the investments, our funds ability to enter into transactions or to value or realise such investments or otherwise to implement an investment programme. This may be due to, among other things: increased uncertainty and volatility in E.U. and other financial markets; fluctuations in asset values; fluctuations in exchange rates between the euro and other currencies; changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or changes in legal and regulatory regimes to which the investment manager and funds and/or certain of the fund's investments are or become subject.

**Rehypothecation and transfer of ownership of assets**

Our brokers may borrow, lend or otherwise use our fund's money, investments and other assets for its or their own purposes and may take such investments as collateral. Such assets will cease to be the property of our funds, and, in the event of an insolvency of that broker may be available to creditors of that broker. As a result, the fund may not be able to recover such assets in full. In the context of any contractual term relating to the rehypothecation of the fund's assets, the brokers will typically have certain discretion as to how that limit is calculated and applied. In addition, the benefits of any such limit may be undermined to the extent that a Broker does not adhere to the relevant limit and there can be no guarantee or assurance that any measures to monitor the adherence to such limits will be effective.

**Leverage and financing risk**

Our funds may leverage investment returns with options, short sales, swaps, forwards and other derivative instruments. The amount of leverage which a fund may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing the fund's total return, it also potentially increases losses. Accordingly, any event that adversely affects the value of an investment by our funds would be magnified to the extent the funds are leveraged. The cumulative effect of the use of leverage by our funds in a market that moves adversely to the fund's investments could result in a substantial loss to the fund, which would be greater than if the fund were not leveraged. The fund may enter into repurchase and reverse repurchase agreements. When the fund enters into a repurchase agreement, it "sells" securities issued by a government, or agencies thereof, to a brokerdealer or financial institution, and agrees to repurchase such securities for the price paid by the brokerdealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the fund "buys" securities from a broker-dealer or financial institution, subject to the obligation of the brokerdealer or financial institution to repurchase such securities at the price paid by the fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by our funds involves certain risks. For example, if the seller of securities to the fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or re-organisation under applicable bankruptcy or other laws, the fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that our funds may not be able to substantiate their interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, our funds may suffer a loss to the extent that they are forced to liquidate their positions in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

**Limited Diversification**

The amount that our funds may invest in a particular security may not be subject to any restrictions although our funds intend to seek to diversify investments as they deem appropriate and is consistent with each fund's investment objective. If the fund's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.

**Reliance on the Principals**

Although the Directors of the funds have the ultimate authority and responsibility for the management of the funds, all decisions relating to the investment of our fund's assets will be made by the fund's portfolio manager, who in his capacity as a person approved by us, will therefore have total trading authority over the funds. The fund's expertise in trading is therefore largely dependent on the portfolio manager. The loss of the portfolio manager's services could materially and negatively impact the value of the fund as it may lead to the loss of the use of any proprietary investment methodology developed by the portfolio manager. Investors will have no right or power to take part in the management of the fund.

**Effect of Redemptions**

If significant redemptions are requested, it may not be possible to liquidate our fund's investments at the time such withdrawals are requested or it may only be possible to do so at

prices which we believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. In addition, although it is expected on termination of the funds to liquidate all of the fund's investments and distribute only cash to the investors, there can be no assurance that this objective will be attained.

**Performance Fee**

Any performance fee paid by our funds may create an incentive for the portfolio manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that management fees and performance fees paid are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the funds.

**Counterparty Default**

Our funds will, in certain circumstances, be fully subject to the default of a counterparty.

**Absence of Secondary Market**

Currently there is no public market for the shares of our funds and it is unlikely that any active secondary market for any of the shares will develop. Fund shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The holders of the shares might be able to dispose of their shares only by means of redemptions on the relevant redemption day at the redemption price (detailed in the Information Memorandum or equivalent), in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of redemption until the redemption day will be borne by the holders of shares requesting redemption. In addition, the fund directors have the power to suspend and compel redemptions. There are also restrictions on transferring shares in the fund.

**Operating Deficits**

The expenses of operating the funds (including the fees payable to service providers) may exceed the funds' income, thereby requiring that the difference be paid out of the funds' capital, reducing the value of the funds' investments and potential for profitability.

**Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of our funds. None of these conditions are within the control of our funds or us and no assurances can be given that our funds will anticipate these developments.

**Calculation of Net Asset Value**

There is no assurance that the determination of the Net Asset Value of our funds reflects the actual sales prices of the securities, even when such sales occur very shortly after the valuation day. If sales of investments result in fewer proceeds than estimated, the remaining holders of fund shares will see the Net Asset Value of the fund reduced. Fund shares will be subscribed for and redeemed at the Net Asset Value per share of the particular class of share as at the relevant valuation day. Assets will be valued and liabilities of the fund accrued by the fund and the

administrator and allocated between classes of shares of the fund as estimated and determined in good faith by the fund directors and/or the administrator. The determination of Net Asset Value per Share by the fund directors and/or the administrator is final and binding on the holders of fund shares notwithstanding any subsequent variations in any valuations of assets or liabilities or accrual of the same.

### **Regulations**

The funds are not registered pursuant to any applicable law, rule or regulation. Consequently, holders of fund shares will not benefit from certain of the protections afforded by such laws or regulations.

### **Dividends and Distributions**

Our funds do not intend to pay dividends or other distributions, but instead intend to reinvest all of the fund's income and gain. Accordingly, an investment in the fund may not be suitable for investors seeking current returns for financial or tax planning purposes. The fund directors do however reserve the right to declare and pay dividends.

### **Market Risk**

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

### **Country Risk**

Based on the communicated preferences of investors, and at its absolute discretion, we may choose not to invest in certain countries.

### **Exchange Fluctuations**

Fluctuations in exchange rates against the domestic currency of a holder of shares in our funds are unpredictable and can have a significant impact on the return on investment to each investor. Also, investments in foreign securities involve the risks of currency fluctuations.

### **International Investing**

It is likely that all of the trades executed for our funds will take place on exchanges and markets outside the country where the funds are domiciled. Additional risks of international investing include political or economic instability in the country of issue, and the possible imposition of exchange controls or other laws or restrictions. In addition, prices of securities are generally subject to different economic, financial, political and social factors in each market. With respect to some countries there may be the possibility of expropriation or confiscatory taxation, limitations on liquidity of securities, or political or economic developments which could affect assets held by the funds. Companies in different countries are subject to varying regulatory requirements and may not be subject to uniform accounting, auditing or financial reporting standards. There may also be varying levels of government supervision and regulations of foreign broker-dealers, financial institutions and listed companies. These factors could make investments made by our funds, especially those made in developing countries, volatile. All of the above issues should be considered before investing in our funds. Some emerging markets countries may have fixed or managed currencies that are not free floating. Further, certain currencies may not be traded internationally. Certain of these currencies have experienced a

steady devaluation relative to the U.S. Dollar, the pound sterling and the euro. This could have an impact on the assets of our funds and the funds' shares. Trades executed for the funds will take place on a variety of exchanges and platforms. Additional risks of international investing include political or economic instability in the country of issue, and the possible imposition of exchange controls or other laws or restrictions. In addition, prices of securities in non-U.S., UK or European markets are generally subject to different economic, financial, political and social factors than are the prices of securities in U.S., UK or European markets.

**No Guarantee**

There is no guarantee that implementation of the investment objective or strategy with respect to the assets of our funds will not result in losses to investors in our funds.

**Cross Class Liabilities**

Although our funds will typically establish separate investment accounts for each class of fund share and the attribution of assets and liabilities to the relevant investment account, if the liabilities of the fund attributable to a class of share exceed the assets of the fund attributable to that class of share, creditors of the fund may have recourse to the assets of the fund attributable to the other classes of share.

**Overall Investment Risk**

All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by our funds and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While we will devote our best efforts to the management of our portfolios, there can be no assurance that our funds will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, may cause sharp market fluctuations.

**Size of the Fund**

The investment performance of our funds and the ability to diversify our fund's investments could be adversely affected by the amount of funds available to invest.

**Lack of Control of the Investment Manager**

Investors will have no right to participate in the management of our funds or in the control of our business. Accordingly no person should purchase any shares in our funds unless they are willing to entrust all aspects of management of the funds to us and all aspects of selection and management of the investments attributable to the funds to us.

**Side Letters**

Our funds may enter into agreements ("Side Letters") with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the Information Memorandum (or equivalent). For example, such terms and conditions may provide for special rights to make future investments in our funds, other investment vehicles or managed accounts; special redemption rights relating to frequency or notice; a reduction or rebate in fees or redemption penalties to be paid by the investor and/or other terms; rights to receive reports from the funds on a more frequent basis or that include information not provided to other investors (including, without limitation, more

detailed information regarding portfolio positions) and such other rights as may be negotiated by the funds and such investors. The modifications are solely at the discretion of the funds and may, among other things, be based on the size of the investment in the funds or affiliated investment entity, an agreement by an investor to maintain such investment in the funds for a significant period of time, or other similar commitment by an investor in our funds.

### **No Separate Counsel; No Independent Verification**

Our funds have appointed counsel who do not represent investors in the funds and no independent counsel has been retained to represent investors in our funds. Fund counsel are not responsible for any acts or omissions made by us or our funds (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/ prime broker or other service provider to us or our funds. The information memorandum (or equivalent) of our funds has been prepared based on information furnished by us and fund counsel has not independently verified such information.

### **Liability Cap**

Our funds may appoint auditors who will conduct their audits in accordance with auditing standards generally accepted in the United States of America. The engagement letter between the funds and the auditors may contain provisions limiting the liability of the auditors except to the extent finally determined to have resulted from their wilful or intentional neglect or misconduct, or fraudulent behaviour. Other release and indemnity provisions may also be contained in the engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of our funds, their directors, employees or agents.

### **Possible Effect of Substantial Redemptions**

Substantial redemptions by investors could require our funds to liquidate their positions more rapidly than otherwise desired in order to raise the cash necessary to fund the redemptions. Illiquidity in certain securities could make it difficult for the fund to liquidate positions on favorable terms, which could result in losses or a decrease in the net asset value of the fund. The funds are typically permitted to borrow cash necessary to make payments in connection with redemption of shares in the fund when we determine that it would not be advisable to liquidate portfolio assets for that purpose. The funds may also be authorized to pledge portfolio assets as collateral security for the repayment of such loans. In these circumstances, the continuing investors in the fund will bear the risk of any subsequent decline in the value of the fund's assets.

### **Data Protection**

The GDPR has had direct effect in all EU Member States since 25 May 2018. We are subject to strict accountability and transparency obligations, in accordance with which we must be able to demonstrate compliance with the Data Protection Legislation (especially in relation to the processing of sensitive data) and provide detailed information to data subjects regarding inter alia the purposes for which, and legal bases upon which, the personal data is processed and their rights in relation to the personal data. The GDPR also enumerates sanctions for a breach of requirements which range from warnings, reprimands, and orders to withdrawal of certification and fines. Fines for serious breaches can be up to the higher of 4% of annual worldwide turnover or €20m and fines for lesser breaches / other infringements can be up to

the higher of 2% of annual worldwide turnover or €10m. Notwithstanding that our funds are not established in the EU, as interests in our funds are marketed to investors resident in the EU, it falls within the territorial scope of the Data Protection Legislation. The funds are therefore Data Controllers in relation to the personal data of investors resident in the EU. Compliance with the Data Protection Legislation has required substantial amendments to our fund's operating procedures and policies. These changes have increased the fund's operational and compliance costs. Further, there is a risk that these measures may inadvertently be implemented incorrectly. A material breach of data security involving the loss of or damage to personal data could adversely affect our funds' ability to service its investors. Further, such a breach could result in investors seeking to exit our funds or a reduction in available funds for investment purposes or entail significant compensation costs. Although our funds have sophisticated and state of the art IT systems and safeguards in place to strengthen their ability to protect against cyber-attacks, our funds could be the target of cyber-attacks in the future and there can be no assurance that our funds will be able to successfully prevent all threats. A breach of the Data Protection Legislation could result in administrative and monetary sanctions being imposed upon our funds which may have a material adverse effect on their operations, financial condition and prospects, and cause our funds significant reputational damage.

### **Cybersecurity Risk**

Our funds and their various service providers process, store and transmit large amounts of electronic information, including information relating to transactions and personally identifiable information of the investors. The funds and their various service providers have procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorised access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the funds and their various service providers may be susceptible to compromise, leading to a breach of their respective networks. Their systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by our funds and their various service providers to investors may also be susceptible to compromise. Breach of these information systems may cause information relating to the transactions of the funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of our funds' portfolio systems and facilities or our funds proprietary information may cause the funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the funds and the shareholders' investments therein.

### **European Economic Risks - AIFM Directive**

On July 21, 2011 a Directive on Alternative Investment Fund Managers (the "AIFM Directive") to regulate "managers of alternative investment funds" or "AIFM" (as these terms are defined in the AIFM Directive) came into force. Member states of the EU were required to implement the AIFM Directive into national legislation by July 22, 2013. If the shares of our funds are marketed within the EU, the entity designated as the "AIFM" will be required to procure that the funds comply with certain restrictions and/or meets certain conditions which may include, depending upon the structure adopted by our funds and the marketing activities undertaken with respect

to the funds, restrictions and/or conditions as to their liquidity profile and redemption policy and use of leverage, transparency, the appointment of a depositary and disclosure obligations concerning the acquisition of major holdings and control of unlisted companies. Such restrictions and/or conditions may result in the restructuring of our funds and/or its respective relationships with service providers and are likely to increase the ongoing costs borne, directly or indirectly, by the relevant funds.

### **Valuation of our funds' investments**

Valuation of our funds' securities and other investments may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the Net Asset Value per share could be adversely affected. Independent pricing information may not at times be available regarding certain of our fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the fund offering documents. Our funds may have some of their assets in investments, which by their very nature may be extremely difficult to accurately value. To the extent that the value assigned by the fund to any such investment differs from the actual value, the Net Asset Value per share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that an investor who redeems all or part of its shares while the fund holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the fund. Similarly, there is a risk that such an investor might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the fund. In addition, there is risk that an investment in the fund by a new investor (or an additional investment by an existing investor) could dilute the value of such investments for the other investors if the designated value of such investments is higher than the value designated by the fund. Further, there is risk that a new investor (or an existing investor that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the fund. The funds does not intend to adjust the Net Asset Value per share retroactively. None of the Directors, our funds or the administrators shall have any liability in the event that any price or valuation, used in good faith in connection with the above procedures, proves to be an incorrect or an inaccurate estimate or determination of the price or value of any part of the property of our funds.

### **In-Kind Distributions**

A redeeming investor with respect to our funds, in the discretion of the directors of the relevant fund, may receive securities owned by the fund in lieu of, or in combination with, cash. The value of securities distributed may increase or decrease before the securities can be sold, and the investor will incur transaction costs in connection with the sale of such securities. Additionally, securities distributed with respect to a redemption by an investor may not be readily marketable. The risk of loss and delay in liquidating these securities will be borne by the investor, with the result that such investor may receive less cash than it would have received on the date of redemption.

### **Business and Regulatory Risks of Hedge Funds**

Legal, tax and regulatory changes could occur during the term of our funds that may adversely affect them. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by our funds and the ability of our funds to obtain the leverage they might otherwise obtain or to pursue the chosen trading strategy. In addition, securities and futures markets are subject to

comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on our funds could be substantial and adverse.

### **Change of Service Providers**

Subject to the terms of the fund offering documents and any relevant laws and regulations, fund directors may change any service provider of the fund and may agree to different contractual terms with new or existing service providers at any time without prior notice or approval of the investors.

### **Indemnity**

Our personnel and that of the fund and its service providers are entitled to be indemnified in certain circumstances. As a result, there is a risk our fund's asset are used to indemnify them or satisfy their liabilities as a result of their activities in relation to the fund.

### **Telephone taping and electronic communications**

We may, at our sole discretion, record all telephone conversations and electronic communications in relation to our services to our funds and portfolios in order to comply with the FCA Rules on recording of telephone conversation and/or electronic communications. We cannot ensure that this will not contravene any laws, rules and regulations of any other jurisdiction.

### **Segregation of assets in a segregated portfolio structure**

In some cases, our funds are structured as segregated portfolio companies. In these cases, the assets of one segregated portfolio will not be available to meet the liabilities of another segregated portfolio. However, the fund may operate or have assets held on their behalf or be subject to claims in jurisdictions which may not necessarily recognise such segregation. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability associated with a segregated portfolio company. Further, individual share classes issued within each segregated portfolio are not segregated. Accordingly, if the assets attributable to one class of share in a segregated portfolio were completely depleted by losses and a deficit remained, a creditor could enforce a claim against the assets of the other classes of the same segregated portfolio.

### **Derivative Instruments**

As above, we may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various specific risks, including the following:

- *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the

underlying investment sought to be hedged may prevent us from achieving the intended hedging effect or expose the portfolio to the risk of loss.

- *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets we may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which we may conduct transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting the portfolio to the potential of greater losses.
- *Leverage* – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by our funds and could cause our funds' net asset value to be subject to wider fluctuations than would be the case if we did not use the leverage feature in derivative instruments.
- *Over-the-Counter-Trading* – Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over-the-counter options, unlike exchanged-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which we can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

### **Small and Medium Capitalization Companies**

The funds may invest a portion of their assets in the securities of companies with small to medium-sized market capitalizations. The securities of such companies, particularly smaller-capitalization companies, involve higher risks in some respects than investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

### **Short Sales**

Short sales by our funds create opportunities to increase our funds' returns but, at the same time, involve special risk considerations and may be considered a speculative technique. Since our funds, in effect, profit from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, the value of shares will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than otherwise would be the case if the funds had not engaged in such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously, although the funds may mitigate such losses by

replacing the securities sold short before the market price has increased significantly. Under adverse market conditions the funds might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. Short sales may be used with the intent of hedging against the risk of declines in the market value of our funds long portfolio, but there can be no assurance that such hedging operations will be successful.

### **Risks of Execution of Investment Strategies**

The funds will invest in a number of securities and obligations that entail substantial inherent risks. Although the funds will attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there can be no assurance that the securities and other instruments purchased by the funds will in fact increase in value or that the funds will not incur significant losses.

### **Market Risks and Liquidity**

The profitability of a significant portion of our funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that our funds will be able to predict accurately these price movements. Although the funds may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and occasionally a significant, degree of market risk. Furthermore, the funds may be adversely affected by a decrease in market liquidity for the instruments in which they invest, which may impair the funds ability to adjust their position. The size of the funds positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect our fund portfolios. Some of the underlying investments of our funds may not be actively traded and there may be uncertainties involved in the valuation of such investments. Potential investors should be warned that under such circumstances, the Net Asset Value of the funds may be adversely affected.

### **Hedging**

Although our funds will attempt to hedge their exposure to specific arbitrage positions, it will not always be possible fully to hedge risk from such positions or any other position. In addition, the funds may take positions based on the expected future direction of the markets without fully hedging the market risks.

### **Borrowing**

Our funds may finance their operations with secured and unsecured borrowing. Like other forms of leverage, the use of borrowing can enhance the risk of capital loss in the event of adverse changes in the level of market prices of the assets being financed with the borrowings.

### **Difficult Market for Investment Opportunities**

The activity of identifying, completing, and realizing on attractive investments involves a high degree of uncertainty. There can be no assurance that our funds will be able to locate and complete investments which satisfy the rate of return objective or realize upon their values or that the funds will be able to invest fully their subscribed capital in a manner consistent with their investment strategy.

### **COVID-19**

The outbreak of virus known as COVID-19, which is now present globally, has resulted in many government authorities taking extreme measures to prevent the spread of the virus. This includes imposing lockdowns and travel restrictions. The result has been major disruption to businesses, both locally, regionally, and globally resulting in substantial market volatility, suspension of exchanges and bans on short selling. It is expected that these events will have a damaging effect on the global economy and market liquidity. There may also be disruption to our service providers and those of the funds we manage impacting the ability of the Firm to access markets and implement its investment strategy. This could also impact access to liquidity preventing the funds we manage meeting redemption requests. It is impossible to predict any future pandemics, but a health crisis exacerbates pre-existing political, economic and social risks which could result in losses to investors.

### **Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

### **Item 10: Other Financial Industry Activities and Affiliations**

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Eschler Asset Management is authorised and regulated by the FCA in the UK as an Investment Manager. Its Firm Reference Number is 510079. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients.

We have a relationship with Fasanara Capital Limited, which is authorised and regulated in the UK by the Financial Conduct Authority. Its Firm Reference Number is 551020. The authorisation that it holds means that Fasanara Capital Limited is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients. Under the arrangement with Fasanara Capital Limited, we introduce investors to it and a fund it manages called the Fasanara Global Alternative Debt Fund in exchange for a share of the management and performances fees attributable to those investors (the fees received under this arrangement are more fully described in Item 5 above). Under this arrangement, we do not introduce US investors to the fund and the investment manager; we only introduce UK and European investors. The arrangement presents a conflict of interest in that the Firm is incentivised to introduce investors to the fund and the investment manager based on the fees received rather than on an investor's needs.

We do not recommend the fund to investors; we only provide an introduction to the fund and the investment manager. Our conflicts of interest policy, which discloses the potential conflicts of interest that apply to our business, is provided to our investors on request.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the management persons listed above. This list is updated when necessary and completeness is confirmed on an annual basis.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval may be required before a trade can be executed where a conflict exists.
- Initial and annual self-certification and holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals.

No securities are bought or sold for funds in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the accounts managed are actively trading in such securities.

### **Item 12: Brokerage Practices**

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#### **General arrangements**

The rules to which the Firm is subject in the UK forbids it from paying commission to receive services. In particular, should the Firm wish to receive research services, these must be either paid for by the Firm out of its own resources or, by way of a Research Payment Account ("RPA") which is funded by way of a specific research charge to its clients.

The Firm's investment approach is to use qualitative techniques when deciding upon securities to be traded for the accounts and funds it manages.

The Firm maintains a list of brokers with whom it may deal with. This list is reviewed at least on a twelve-monthly basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

#### **Accounts**

Qualitative analysis is all performed by the Firm and, as such, no payments are made to brokers for research.

Brokers with whom the Firm trades are selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing ensuring that pricing across clients is as equitable as possible.

### **Item 13: Review of Accounts**

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Each fund/account that Eschler Asset Management manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

The funds/accounts are formally reviewed on a monthly basis by the Investment Committee, with the funds/accounts also reviewed formally on a monthly basis by the Firm's Risk Committee. Daily, the funds/ accounts are also reviewed informally.

Further reviews may also be triggered by a notification of a change in a client's circumstances.

Statements are sent to clients with accounts on a monthly basis by the Custodian. These reports contain a detailed analysis of the holdings as at the reporting date and transactions during the period. In addition, the Firm sends monthly or quarterly factsheets as well as quarterly or semi-annual letters to investors which analyse the portfolios risk and return characteristics along with commentary on the market and the portfolios itself.

### **Item 14: Client Referrals and Other Compensation**

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Eschler Asset Management has one agreement in place (described more fully above in Items 4, 5 and 10) with the investment manager of a Luxembourg domiciled fund to introduce UK and European investors to the fund and the investment manager. We do not offer this fund to US investors. Under the arrangement we receive a share of the management and performances fees attributable to the investors we introduce. The arrangement presents a conflict of interest in that the Firm is incentivised to introduce investors to the fund and the investment manager based on the fees received rather than on an investor's needs.

We do not recommend the fund to investors; we only provide an introduction to the investment manager and the fund. Our conflicts of interest policy, which discloses the potential conflicts of interest that apply to our business, is provided to our investors on request.

Eschler Asset Management is not otherwise remunerated by any party other than its clients.

**Item 15: Custody**

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This item does not apply.

**Item 16: Investment Discretion**

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Eschler Asset Management has discretionary authority to manage funds/accounts on behalf of all its clients.

With the funds/accounts, clients may request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. Eschler Asset Management is able to customise its approach to each individual client.

Prior to accepting an appointment to act as a discretionary manager for a client, Eschler Asset Management conducts a full "know your customer" assessment. This is performed so that the Firm understands each client's investment objectives and is then able to manage the portfolio in a suitable manner.

**Item 17: Voting Client Securities**

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Eschler Asset Management votes client securities in the best interest of our clients when appropriate to do so. To the extent that a client delegates authority to the Firm to cast proxy votes we will vote in accordance with the investment objectives and policy of the fund/managed account. Our clients can direct our vote attached to securities they own on request. If a conflict of interest exists between us and our clients with respect to voting their securities, we will always vote in accordance with the best interests of the client. Information on how we vote client securities is available to our clients on request. A copy of our proxy voting policies and procedures are available upon request.

When we do not have authority to vote client securities our clients may receive their proxies directly from their custodians or from us depending on the fund/ managed account in question. Our clients can contact us with questions about voting proxies using our general contact information included on the cover page of this brochure.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**Item 19: Requirements for State-Registered Advisers**

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This does not apply.