

JAMES RIVER CAPITAL CORP.
Part 2A of Form ADV: Firm Brochure

ITEM 1: COVER PAGE

5001 Tamarind Reef, Suite 28
Christiansted, Virgin Islands 00820
(340) 718-8808

Contact: Kevin M. Brandt
Phone: (340)-718-8803
Fax: (340)-718-8804
Email: kevin.brandt@jrcc.net

www.jrcc.net

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This brochure provides information about the qualifications and business practices of James River Capital Corp., an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at (340)-718-8803 or kevin.brandt@jrcc.net. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional Information about James River Capital Corp. is also available on the SEC's website at www.adviserinfo.sec.gov

ITEM 2: MATERIAL CHANGES

James River's most recent update to Part 2 of Form ADV was made in November 2010. James River's activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by James River in prior years.

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ITEM 4: ADVISORY BUSINESS

James River Capital Corp., a Delaware corporation which we will refer to as “James River,” began operation in April 1986 under the name of KP Futures Management Corp. and served as the alternative investment department of Kidder, Peabody & Co., Inc., also called “Kidder”. James River became an independent investment firm in 1995 when Paul Saunders and Kevin Brandt, the two senior officers in the department, acquired the business from Kidder. James River has been operating as an independent investment adviser under its current name since January 1995. Paul Saunders and Kevin Brandt are the two principal owners of James River.

James River sponsors and serves as discretionary investment adviser to private investment funds that are currently offered only to high-net-worth, financially sophisticated institutional and individual investors. In its role as discretionary investment adviser, James River invests directly and indirectly through investments in other private investment funds or managed accounts in a broad range of investment instruments. James River also sponsors private investment funds for which an unaffiliated third party serves as investment adviser but James River does not provide advisory services to those funds.

James River serves as the investment manager for several funds which are offered to outside investors. In this brochure we refer to the funds offered to outside investors and for which James River provides advisory services with respect to securities collectively as the “Funds.” Funds that only trade futures contracts or other non-securities or for which James River provides no advisory services are not described herein.

The Funds offered to outside investors are either: (1) direct trading Funds, (2) dedicated “feeder” Funds where James River invests into a single fund managed by an unaffiliated third-party investment manager but retains some discretion over investment decisions and/or cash management or (3) Fund of Funds where James River invests into multiple funds managed by affiliated or unaffiliated third-party investment advisors. Certain Funds invest some or all of their assets in a master trading fund. Each category of Fund is described immediately below. For additional detail on the strategies and material risks of the Funds see Item 8 of this brochure, entitled “Methods of Analysis, Investment Strategies and Risk of Loss.”

1. Direct Trading Funds: James River’s direct trading Funds offered to outside investors are the *James River Navigator Funds*, which include James River Navigator Fund Ltd., James River Navigator Futures Fund LLC and James River Navigator Hub Fund LLC. These Funds focus on trading of futures and forward contracts, which are not securities. No securities other than government securities held for cash management purposes have been purchased by the Navigator Funds to date; however, James River may trade securities in the future. On behalf of these Funds, James River takes both long and short positions and employs technical trading strategies that focus on factors such as price action, market volatility, open interest and volume. Additionally, James River may advise managed accounts using the Navigator program; however, it is anticipated that these accounts would

trade no securities other than government securities so the clients would not be advisory clients.

2. Dedicated Feeder Funds: James River's dedicated feeder Funds offered to outside investors are the *James River Chesapeake Funds*, which include The Chesapeake Plus Fund L.P. and the Chesapeake Private Futures Fund L.P. James River invests some or all of the Funds' assets into a fund managed by Chesapeake Capital Corporation, an unaffiliated third-party. We will refer to Chesapeake Capital Corporation as Chesapeake. James River retains investment discretion with respect to its investment in the Chesapeake Funds because it can withdraw its investment at any time. Additionally, for Chesapeake Private Futures Fund L.P., James River engages in cash management of the assets which have not been invested in the fund managed by Chesapeake.

3. Fund of Funds: The Fund of Funds offered to outside investors are the *James River Multi-Strategy Funds*, which include James River Multi-Strategy Fund, L.P., James River Multi-Strategy Fund Ltd. and Turbo Multi-Strategy LLC. For these Funds, James River allocates assets to multiple investment advisers and/or investment funds which in turn trade in securities and derivatives. In this brochure we refer to these investment advisers and investment funds as "Sub-Fund Managers." In selecting Sub-Fund Managers, James River considers a variety of factors, including past performance, diversification characteristics, amount of assets under management, overall integrity and reputation, and fees charged. James River's sources for identifying prospective Sub-Fund Managers include referrals from other Sub-Fund Managers, consultants, brokers, and investors, other industry relationships, articles and publications, and related due diligence. James River allocates the Fund of Funds' capital to utilize a wide range of investment and trading strategies in order to optimize the balance between volatility, risk, and profit potential. Sub-Fund Managers may employ all types of trading strategies including, but not limited to, relational and arbitrage trading, basis trading, spread trading, municipal securities investing, directional trading, short-selling, derivatives trading, relative value trading and speculative lending. Turbo Multi-Strategy LLC invests in derivative contracts that provide a leveraged return based upon the net return of James River Multi-Strategy Fund L.P.

James River has full investment discretion with respect to the direct trading Funds and selecting Sub-Fund Managers. James River does not require, and does not seek, approval from the Funds or the investors in the Funds with respect to its trading or Sub-Fund Manager selection.

As of March 1, 2011 James River manages approximately \$650,000,000 in client assets, through the above-described Funds, including proprietary capital invested in such Funds, on a discretionary basis. This amount does not include the Dedicated Feeder Funds because James River's discretion is limited in those cases. This amount includes both the assets in Turbo Multi-Strategy LLC and the assets invested in James River Multi-Strategy Fund L.P. by the dealer hedging derivative contracts between such dealer and Turbo Multi-Strategy LLC. James River manages other funds for which it does not have discretion or does not provide advisory services as to securities and its total assets under management including such other funds are \$1,730,000,000 as of March 1, 2011.

ITEM 5: FEES AND COMPENSATION

Management and Performance Fees

In its role as discretionary investment adviser, James River receives management fees and a share of net profits, if any, of each investor in the Funds in the form of an incentive fee or incentive allocation. For each category of Funds, James River's fee structure is as follows:

1. James River Navigator Funds: James River is entitled to receive a management fee from each class of the Navigator Funds equal to 0.16667% of the month-end net assets, a 2% annual rate, after reduction for direct brokerage commissions and related transactional charges but prior to reduction for other fees and expenses and any accrued incentive fee for the month. The management fee accrues monthly, is paid quarterly and is appropriately prorated for partial periods. Each class in the Navigator Funds also pays a quarterly incentive fee to James River equal to a percentage of cumulative "new profit" of each class. The incentive fees applicable to each class ranges from 20-25%. New profit for any calendar quarter is the net profits, if any, from the operations of each class during the quarter, excluding interest income on cash balances and cash equivalents, after reduction for all other fees and expenses. Any loss carryforward from a prior period must be recouped before new profit can be generated. New profit is not reduced by incentive fees previously paid. If shares of a class are redeemed when there is an accrued incentive fee for a class, the accrued incentive fee in respect of the shares is paid to James River. In the event redemptions exceed subscriptions in a class at a time when there is a loss carryforward, the loss carryforward is reduced in proportion to the percentage of shares redeemed on a net basis for the class.

2. James River Chesapeake Funds: James River is entitled to receive a management fee equal to 1% per annum of average month-end net assets. The management fee is accrued monthly and paid quarterly. James River is also entitled to receive an incentive fee of 5% of any new trading profit for the Fund's investment in Chesapeake's fund. James River calculates its incentive fee based on new trading profit which is based on cumulative net trading profits. New trading profit is net of the Funds' trailing commissions, brokerage commissions, other transactional charges and administrative costs. James River does not return its incentive fees in the event of subsequent losses. Additionally, the James River Chesapeake Funds, as an investor in Chesapeake's fund, pay their pro rata share of fees and expenses of that fund.

3. James River Multi-Strategy Funds: James River is entitled to receive a management fee from each class of the Multi-Strategy Funds equal to 0.0833% of the month-end net assets, a 1% annual rate, and a quarterly profit share equal to 10% of the cumulative net profit. The management fee is accrued monthly and paid quarterly. Net profit with respect to each class for any calendar quarter is the net profits, if any, attributable to the operations of the class during the quarter, after reduction of all other fees and expenses. The profit share is based on a "high water mark" so that any losses for prior periods for a class are recouped before net profit can again be generated. Net profit is not reduced by profit shares previously allocated to James River. If there are net redemptions at any time when

there is a loss carryforward for profit share purposes, the loss carryforward will be reduced in proportion to the percentage of units redeemed. For Turbo Multi- Strategy Fund LLC, investors pay the fees described above, with the management fee being paid on the leveraged investment in James River Multi-Strategy Fund L.P., effectively from 3% to 3.5% per annum, depending upon the leverage factor, as well as a 1% per annum management fee at the Turbo Multi-Strategy LLC level.

James River may invest up to 25% of the Multi-Strategy Funds' assets in other funds operated or advised by James River or other funds in which James River has a financial interest or fee sharing arrangement. In this case, James River earns fees at both the Multi-Strategy Fund level and the underlying fund level. Such fees are generally a management fee of 1% to 2% per annum and an incentive fee of 20% to 25% of net profits. The fees associated with the Funds' investment with affiliated advisors will generally be retained by James River except that the portion of these fees generally payable to selling agents, typically one-half to two-thirds of the management fee, is rebated to the Funds.

Method of Payment of Fees.

All fees or allocations received by James River are deducted directly from the Funds. Management fees are paid quarterly or monthly, as applicable for the particular Fund, and in all cases after the service is provided. Incentive fees are paid and profit is allocated quarterly or annually, as applicable for the particular Fund, and is calculated for each Fund as described above. Clients would never need to obtain a refund of management fees because fees are not pre-paid and James River receives fees only after services are provided.

Fund Operating Expenses.

In addition to compensation payable to James River, the Funds may reimburse James River in monthly installments for their organizational expenses, if these expenses are initially paid for by James River. Funds also pay for their routine legal, accounting, audit, printing, mailing, computer costs, administration fees, registrar and transfer agency fees, Directors' fees, offering costs, and other operating costs. However, James River may pay legal, audit, and administration fees, as well as certain other routine expenses of a Fund until the Fund reaches a certain threshold of capital from investors, at which point the Fund will thereafter pay legal, audit, and administration fees. Where James River has paid for the above listed expenses, Funds will pay an expense fee to reimburse James River for any operating costs paid by it. The Funds will also pay any extraordinary expenses such as indemnification payments and non-routine legal expenses, if any.

Each Fund that invests in a master trading fund pays its pro rata share of the investment and operating expenses of the master fund.

Brokerage and Transaction Costs. The Funds are charged brokerage commissions, bid-ask spreads, and other transaction costs and expenses in connection with their trading and investment activities, and, custodian fees for Fund assets held in cash or securities at various banks, broker-dealers and other financial institutions. For a discussion of the

brokerage arrangements that James River enters into on behalf of the Funds, see Item 12 “Brokerage Practices.”

Negotiation of Fees; Waivers. James River may, in its discretion, waive all or a portion of its management fees or incentive fees for a particular investor.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in the previous section, entitled “Fees and Compensation,” James River receives from investors in the Funds performance-based compensation in the form of a fee or allocation equal to a percentage of the appreciation in the net asset value of the Fund or the investor’s interest in the Fund. James River does not currently manage any accounts that have a different fee structure, such as accounts that pay only an asset-based fee.

ITEM 7: TYPES OF CLIENTS

James River provides discretionary investment advice to the Funds. For Funds whose interests are offered to U.S. persons, each U.S. investor at a minimum must be an “accredited investor” under Regulation D of the Securities Act of 1933 and a “qualified client” under Rule 205-3 of the Investment Advisers Act. In addition, for those Funds which are offered to U.S. persons and are operated pursuant to Section 3(c)(7) of the Investment Company Act, U.S. investors must also be “qualified purchasers” as that term is defined under Section 2(a)(51) of the Investment Company Act. Minimum investment varies by Fund and applies regardless of whether the investor is a U.S. or non-U.S. Person. The minimum investment in the Navigator Funds or Multi Strategy Funds is \$1,000,000. The minimum investment in the Chesapeake Funds is \$50,000 although these minimums can generally be reduced or waived in James River’s sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Summary of Strategies Employed by James River

As noted above, the Funds that James River advises can be divided into three primary categories: (1) direct trading Funds, (2) dedicated feeder Funds in which James River invests into a fund managed by a third-party unaffiliated investment manager, and (3) Fund of Funds / levered Fund of Funds.

Strategies

1. James River Direct Trading Funds

The James River Navigator Funds’ investment objective is to achieve capital appreciation by employing one or more technical trading systems to trade investment instruments on a leveraged basis. James River utilizes a technical analysis of price action, market volatility, open interest, and volume as a means of predicting market opportunity and discovering repeating patterns in historical prices. James River’s trading strategy is diversified with multiple unique trading systems designed to capture directional price opportunities over

differing time horizons with holding periods ranging from several days to several months. The Funds emphasize risk control and apply money management principles in an attempt to conserve capital during unfavorable, trendless periods in the markets so as to maintain an equity base sufficient to general substantial overall capital appreciation.

James River may invest in a broad range of securities, future price contracts, and other derivatives which may be traded long or short in both U.S. and non-U.S. markets. Currently, however, the Navigator Funds focus on trading futures contracts and related derivative instruments across approximately 60 markets on underlying financial instruments and physical commodities such as interest rates, global equity indices, foreign currencies, precious and industrial metals, energies, and agricultural products that are traded on regulated futures exchanges world wide. Other futures contracts such as currency crosses, spreads, and single stock futures may be traded by James River as opportunities arise, without notice to investors. In the future, James River may also trade equity and/or fixed income securities on behalf of the Navigator Funds.

The Funds are not limited as to the types of technical strategies they may pursue or the types of financial instruments they may purchase. The above discussion of the Navigator Funds' strategies is not intended to be exhaustive.

2. James River Dedicated Feeder Funds

The Chesapeake Plus Fund L.P. invests substantially all of its assets in Chesapeake Preferred II L.L.C., a private, leveraged futures fund managed by Chesapeake. The Chesapeake Private Futures Fund L.P. invests approximately one-half of its assets in that same futures fund. The remainder of the Fund's assets are invested in Treasury bills or other similar short-term liquid and highly creditworthy securities selected by James River. James River retains investment discretion because it can unilaterally terminate Chesapeake and/or withdraw its investments from Chesapeake's fund. Additionally, as described above, James River engages in cash management for Chesapeake Private Futures Fund L.P.'s assets which are not invested in Chesapeake Preferred II L.L.C.

The James River Chesapeake Funds, indirectly through an investment in Chesapeake Preferred II L.L.C., engage in trading a variety of investment instruments on an aggressive and highly leveraged basis. The Chesapeake Funds may invest in a broad range of futures and other derivatives. The objective of the James River Chesapeake Funds is to achieve a rate of return significantly exceeding that which is available from traditional investments, but without comparably increased risk or volatility.

3. James River's Fund of Funds and Levered Fund of Funds

The Multi-Strategy Funds' objective is to achieve low correlation and superior risk-adjusted returns when compared to traditional equity and fixed income markets. For these Funds, James River allocates assets to multiple investment advisers, investment funds, and/or managed accounts that subsequently invest in a broad range of securities and futures contracts and may utilize swaps and other derivative instruments. Turbo Multi-Strategy

LLC invests in options that provide a leveraged return based upon the net return of James River Multi-Strategy Fund L.P.

James River is responsible for both the selection of Sub-Fund Managers and the allocation of assets among them. The Multi-Strategy Funds' approach is to broadly diversify investments by advisor, strategy, and market in an effort to achieve low volatility of returns and limit downside risk. The Multi-Strategy Funds continuously maintain, directly or indirectly, investments with approximately 40 to 60 investment funds and Sub-Fund Managers. This is intended to minimize strategy risk and market sector risk attributable to specific Sub-Fund Managers. Sub-Fund Managers are selected with the objective of obtaining quality management and a broad diversification of strategies. Selections are based upon, among other things, the Sub-Fund Managers' past performance, investment strategy, trading style, background, organization, assets under management, and fees, and, James River's evaluation of prevailing market conditions. James River attempts to adjust the overall portfolio to optimize the balance between volatility, risk, and profit potential.

Sub-Fund Managers may manage the Multi Strategy Funds' assets through pooled vehicles such as investment companies, limited partnerships, and commodity pools or through individual managed accounts. The Multi-Strategy Funds may also access Sub-Fund Managers synthetically through options, total return swaps, structured notes, or other derivative contracts.

Sub-Fund Managers collectively utilize a wide range of investment and trading strategies that may include speculative trading strategies executed in the securities, commodities, currency, and derivative markets; specialized debt and equity strategies such as event driven strategies, short selling, long/short investing, and distressed securities investing; and relative value strategies such as fixed income, merger, and convertible bond arbitrage. The Sub-Fund Managers may use technical trading strategies, may attempt to follow trends, may rely on their own judgment, or may employ some combination of the foregoing. While James River anticipates that most Sub-Fund Managers will focus on readily marketable securities and exchange traded instruments, the Sub-Fund Managers may utilize virtually any security, derivative, other financial instrument, or asset.

James River has authority to make investments directly on behalf of the Multi Strategy Funds to hedge the Funds' exposure to a particular market or to rebalance the Multi-Strategy Funds' portfolio. The Multi-Strategy Funds need not be fully invested at all times and James River may elect to reserve certain assets for future investment with Sub-Fund Managers or to allocate less than all assets as a defensive measure. Assets not allocated to a Sub-Fund Manager or used for hedging purposes are generally held in government securities.

Risk Management

The emphasis in James River's investing is to identify investment opportunities that James River determines to have superior risk/reward parameters. The Funds' overall portfolios

are reviewed on an ongoing basis in an effort to maximize the Funds' returns relative to their risks. The risk management activities for the various types of Funds are as follows:

1. James River Direct Trading Funds

The James River Navigator Funds utilize stop losses and other risk management techniques in their futures trading. James River uses money management techniques to size positions and trading stop levels, manage initial risk and overall portfolio sector risk, monitor and adjust leverage, and attempt to protect excessive profits.

2. James River Dedicated Feeder Funds

James River monitors the Chesapeake Funds and retains the ability to divest from Chesapeake Preferred II L.L.C. as a means of managing risk.

3. James River's Fund of Funds and Levered Fund of Funds

James River uses diversification and monitoring to manage risks related to the Multi-Strategy Funds. James River is responsible for both the selection of advisors and the allocation of assets among them. James River's approach is to broadly diversify investments by advisor, strategy and market in an effort to achieve low volatility of returns and limit downside risk. James River anticipates that the Funds will continuously maintain, directly or indirectly, investments with forty to sixty investment funds and advisors. Investment advisors are selected based upon many factors including their prospective ability to execute their strategy consistently and effectively in their chosen markets. James River selects and monitors advisors and adjusts the overall investment portfolio of the Multi-Strategy Funds in an attempt to optimize the balance between volatility, risk and profit potential.

There is no assurance that even robust risk management will mitigate or prevent the Funds' portfolio from experiencing significant losses.

Material Risks of James River's Strategies

Investing in securities and derivatives involves a risk of loss that investors in the Funds should be prepared to bear. By investing in these Funds, investors are relying on the discretionary, market judgment of James River and the Sub-Managers James River selects, trading in a wide range of strategies and markets as well as investing in positions with a wide range of durations. The following is a summary of some of the material risks associated with the Funds' strategies. This summary does not attempt to describe all of the risks associated with an investment in the Funds. Although no summary can fully describe all of the risks associated with an investment in the Funds, the confidential private placement memorandum for each Fund contains a more complete description of the risks associated with an investment in the Funds.

General Risks

There are a number of general risks applicable to all of James Rivers' Funds. These risks include, but are not limited to the following:

Importance of Overall Market Conditions and Recent Market Disruptions. The strategies of the Funds may be materially affected by overall market conditions over which James River has no control. From late 2007 through 2009, the credit markets experienced rapid contraction and volatility. These events led to well-publicized failures or forced sales of major investment banks and their affiliated brokers and dealers, a decrease by banks and dealers in lending to investment funds during a time of stress, substantial U.S. government involvement in U.S. markets, emergency rules relating to short sales and other trading restrictions on U.S. markets, and large redemptions from and inability to raise capital for investment funds. U.S. and non-U.S. governments are in the process of increasing the regulation of investment funds and otherwise intervening directly in markets. These developments, when and if they are realized, may have an adverse impact on the strategies Funds.

Swaps and Other Derivatives. The Funds enter into swap and similar derivative transactions. Swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to these contracts on the part of the counterparties with whom the Funds trade. Speculative position limits are not currently applicable to swap transactions, although the counterparties with whom the Funds deal may limit the size or duration of positions available to the Funds as a consequence of credit considerations. The Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as "Dodd-Frank" was adopted in July 2010 and includes provisions that comprehensively regulate the over-the-counter derivatives markets, commonly referred to as "OTC markets" for the first time. While Dodd-Frank is intended in part to reduce certain risks described above, its success may not be evident for several years.

Over-the-Counter Transactions. Dodd-Frank comprehensively regulates the OTC markets for the first time. Dodd-Frank will require that a substantial portion of OTC derivatives be executed in regulated markets and submitted for clearing through regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or CFTC. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers' trades instead of using this margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs that are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks.

The SEC and CFTC may also require a substantial portion of derivative transactions that are currently executed between two counterparties in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. These requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. The overall impact of the Dodd-Frank on the Funds' strategies is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

Although Dodd-Frank will require many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, some of the derivatives that may be traded by the Funds may not be centrally cleared. The risk of counterparty nonperformance can be significant in the case of these OTC instruments and "bid-ask" spreads may be unusually wide in these previously substantially unregulated markets.

Futures Contract Trading. Futures contract prices are highly volatile, and price movements are influenced by a multitude of factors such as supply and demand relationships; government trade, fiscal, monetary and exchange control policies; political and economic events; and emotions in the marketplace. Futures contract trading is highly leveraged. The margin requirement for futures trading is generally very low which greatly increases the volatility of a portfolio of futures contracts. Like other leveraged investments, futures trades may result in losses in excess of the amount invested. Furthermore, futures trading may be illiquid as a result of daily limits on movements of prices. The Funds' futures trading could be adversely affected by speculative position limits.

Trading on Non-U.S. Futures Markets. James River trades on futures contract markets outside the U.S. Trading on these markets is not regulated by any U.S. government agency and may involve certain risks not applicable to trading on U.S. exchanges. In a number of non-U.S. markets, a substantial volume of trades are executed wholly off exchanges in privately negotiated and substantially unregulated transactions. The Funds may not have the same access to certain trades as do various other participants in markets outside the U.S. Furthermore, since the Funds will determine their net assets in U.S. Dollars, they will be subject to the risk of fluctuations in the exchange rate between the local currency and U.S. Dollars as well as the possibility of exchange controls, in connection with its non-U.S. trading.

Equities. Equities invested in by the Funds may involve substantial risks and may be subject to wide and sudden fluctuations in market value with a resulting fluctuation in the amount of profits and losses.

Securities Options. Option trading is speculative and involves a high degree of risk. If the Funds purchase a put or a call option, it may lose the entire premium paid. If the Funds write or sell a put or call option, its loss is potentially unlimited.

Short Sales. The Funds may enter into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. Brokers may also require the Funds to “cover” a short position at an inopportune time. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.

Foreign Securities and Foreign Currencies. The Funds may invest a portion of its assets in securities of foreign issuers or securities denominated in foreign currencies and in foreign currencies and forward contracts for these currencies. Investing in foreign securities and/or currencies may present a greater degree of risk than investing in domestic securities due to possible exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less securities regulation, less favorable tax provisions, including possible withholding taxes, war or expropriation. In particular, the dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions abroad and with changes in relative currency values. In addition, the Funds will be exposed to the risk of counterparty default on foreign currency forward contracts.

Forward Contract Trading. James River may trade forward contracts in currencies on behalf of the Funds. These forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority presently regulates trading in these forward contracts to any substantial degree. In addition, no limitation exists on the daily price movements of forward contracts. Principals in the forward contract markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities might limit forward trading to less than that otherwise recommended by James River, to the possible detriment of the Funds. In its forward trading, the Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trades. The Funds’ deposit with these principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them.

Trading in Options. The Funds may trade options on investment instruments. This trading is speculative and highly leveraged. Specific market movements of the investment instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the investment instrument underlying the option which the writer must purchase or deliver upon exercise of the option.

Security Futures. The Funds may trade security futures and options on security futures. Given the leverage inherent in security futures, a relatively small movement in the price of the underlying stock or narrow-based index will have a proportionately larger impact on the Funds’ value. Purchasers of security futures are not in the same position as owners of shares of the underlying stock. Buyers of security futures contracts have no

ownership interests or voting rights with respect to the underlying stock. Buyers of security futures contracts also receive no dividends paid by the issuer of the underlying stock that are paid on a quarterly or other regular basis; however, security futures holders should receive the economic value of special dividends and rights distributions scheduled to be distributed before the expiration of the futures contract. An additional important difference between security futures and the underlying stock is that gains and losses on stock futures are realized daily. Moreover, futures contracts expire on a stated date during the contract month and any gains or losses not already realized will be realized at that time. Therefore, unlike shares of stock, an unprofitable security futures position cannot be held indefinitely in the hope of an eventual price recovery.

Highly Leveraged Trading; Volatile Markets. Much of the Funds' trading is aggressive and involves leveraged investment instruments. In addition, the market prices of investment instruments are highly volatile and materially affected by unpredictable factors. While volatility creates profit potential, volatility also directly affects the risks associated with trading. The combination of leverage and volatility can subject the value of the Funds' investment portfolio to sharp fluctuations, both positive and negative in direction. The profitability of the Funds depends to a significant degree on James River's ability to forecast price movements correctly. If James River fails to correctly predict price movements, substantial losses could result.

Financing Arrangements. The investment strategies utilized by the Funds requires the use of substantial leverage. As a general matter, the banks and dealers that provide financing can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in margin calls, loss of financing, and/or forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to maintain or secure adequate financing, the absence of which could have a material adverse impact on the Funds' profit potential.

Certain strategy specific risks for the various Funds are as follows:

Material Strategy Risks of James River Direct Trading Funds

The strategy risks of the James River Navigator Funds include, but are not limited to, the following:

General Risks Relating to Trading Based on Technical Analysis. Trading decisions made by James River on behalf of the Navigator Funds will generally be based on technical analysis rather than fundamental analysis. A limiting factor in the use of technical analysis is that this approach requires price movement data which can be translated into price trends sufficient to dictate a market entry or exit decision. Any trading method which is based upon technical concepts will not perform well when the markets are trendless or erratic because a technical method may fail to identify a trend on which action should be taken or the method may react to minor price trends, which may result in losses. In addition, a technical trading method may underperform other trading methods when

fundamental factors dominate price moves within a given market. Technical trading methods can incur major losses when factors external to the markets themselves such as political events, natural catastrophes, and acts of war or terrorism dominate the markets.

Development of New Strategies. James River may develop and employ additional trading strategies, notwithstanding that these trading strategies may not have been employed previously by James River. Accordingly, there may be risks associated with trading strategies of which James River and its principals and traders may not be aware.

Importance of Price Trends to Profitability. James River seeks to identify repeating patterns in historical prices. It seeks to identify significant price trends soon after they begin and to participate in these trends until after they begin to reverse. The profitability of this strategy depends upon the occurrence of major price moves. In the past, there have been periods without discernible price trends and presumably similar periods will occur in the future. Any factor which may lessen the likelihood of major price trends in the future, such as increased governmental control of, or participation in, the markets, may reduce the prospect that techniques seeking to identify the price patterns will be profitable.

Material Strategy Risks of James River Dedicated Feeder Funds

The strategy risks of the James River Chesapeake Funds include but are not limited to the following:

General Risks Relating to Trading Decisions Based on Technical Analysis. Trading decisions made by Chesapeake on behalf of James River Chesapeake Funds will be based primarily on technical rather than fundamental analysis and “charting” techniques. The profitability of technical analysis in commodity trading depends upon the accurate forecasting of major price moves or trends. No assurance can be given with respect to the accuracy of the forecasts or that any major price moves will, in fact, occur. The best trading method or strategy, whether based on technical and/or fundamental analysis, will not be profitable if there are no price moves or trends of the kind the trading method or strategy seeks to identify and follow. Any factor which would lessen the prospect of major trends occurring in the future, such as increased governmental control of, or participation in, the commodities markets, may reduce the prospect that a particular trading method or strategy, whether technical and/or fundamental, will be profitable in the future. Moreover, any factor which would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy, such as a significant lessening of liquidity in a particular commodity market, would also be detrimental to profitability. Further, many advisors’ trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a commodity position to be taken or liquidated. In addition, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given commodity market. A technical trading method may be unable to respond to fundamental causation events until after their impact has ceased to influence the market.

Increased Use of Trend-Following and Counter-Trend Systems. Commodity interest trading systems that employ trend-following timing signals and counter-trend techniques could alter trading patterns or affect trade execution to the detriment of the James River Chesapeake Funds. As to counter-trend systems, or other systems that attempt to profit from the wide use of trend-following systems by running stop points or otherwise, their effect is even harder to determine and could also alter trading patterns to the detriment of the James River Chesapeake Funds.

Importance of Price Trends to Profitability. Chesapeake seeks to identify repeating patterns in historical prices. It seeks to identify significant price trends soon after they begin and to participate in these trends until after they begin to reverse. The profitability of this strategy depends upon the occurrence of major price moves. In the past there have been periods without discernible price trends and presumably similar periods will occur in the future. Any factor which may lessen the likelihood of major price trends in the future, such as increased governmental control of, or participation in, the markets, may reduce the prospect that techniques seeking to identify the price patterns will be profitable.

Substantial and Increased Leverage. The substantial leverage inherent in futures trading is significantly increased by the additional leverage at which Chesapeake Funds' assets are traded. Consequently, the Chesapeake Funds will collectively incur trading profits and losses as well as brokerage commissions, management fees and trailing commitments at a level disproportionate to net assets. If the Chesapeake Funds incur substantial losses, its remaining asset-base could be sufficiently reduced and the prospects for achieving its objectives would be materially impaired. The use of increased leverage will result in more volatile performance than that of accounts which utilize standard leverage.

Material Strategy Risks of James River's Fund-of-Funds and Levered Fund of Funds

The strategy risks of the James River Multi-Strategy Funds include but are not limited to the following:

Limits on Hedged Strategies. While certain Sub-Fund Managers may use "market neutral" or "relative value" hedging or arbitrage strategies this in no respect should be taken to imply that the Multi-Strategy Funds' investments with such Sub-Fund Managers are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every market neutral or relative value strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds, or the price spread between different classes of stock for the same underlying firm. Further, many "market neutral" Sub-Fund Managers employ limited directional strategies which expose Sub-Fund Managers to certain market risk.

Illiquid Investments. Certain Sub-Fund Managers may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists, such

as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, securities in which Sub-Fund Managers may invest include those that are not listed on a stock exchange or traded in an OTC market. As a result, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. Further, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded.

Concentration by Sub-Fund Managers. Some of the Sub-Fund Managers in which the Multi-Strategy Funds will invest may concentrate their investments in only a few securities, industries, or countries. Although the Multi-Strategy Funds' overall investments may be diversified, concentration by individual Sub-Fund Managers may cause a proportionately greater loss than if their investments had been spread over a larger number of investments.

Use of Substantial Leverage for Turbo Multi-Strategy LLC. Turbo Multi-Strategy LLC utilizes substantial leverage in connection with its investment and trading activities. The more James River causes Turbo Multi-Strategy LLC to incur leverage, the more likely a substantial change will occur, either up or down, in the value of units. As a result, a relatively small movement in market prices of the assets held and instruments traded by Multi-Strategy Fund L.P. can result in immediate and substantial losses in the value of Multi-Strategy Fund L.P., and therefore Turbo Multi-Strategy LLC. James River anticipates that Turbo Multi-Strategy LLC will use a 3:0 to 3.5:1 leverage ratio, but such ratio could be higher or lower from time to time, depending upon both James River's strategies and the requirements imposed by brokers and dealers. Such leverage may be obtained through various means, including options, swaps, and other derivative instruments.

Leveraged Management Fee for Turbo Multi-Strategy LLC. Investors in Turbo Multi-Strategy are subject to an embedded management fee of 1% per annum at the Multi-Strategy Fund level. This management fee is leveraged insofar as it is effectively based on the notional amount of the option. The leverage ratio is currently approximately 3:0 to 3.5:1. Therefore a 1% management fee at the Multi-Strategy Fund level is approximately equivalent to three to three and one-half times the management fee on the option premium at the Turbo Multi-Strategy Fund level. There is also a Turbo Multi-Strategy Fund level Management Fee.

ITEM 9: DISCIPLINARY INFORMATION

Neither James River nor any of its principals or executive officers have been the subject of any material legal or disciplinary events since James River's inception, except with respect to the single disclosure below:

Effective October 25, 2006, Paul Saunders, then President of James River Securities Corp., James River's affiliated broker-dealer, entered into a letter of acceptance, waiver and consent with the Financial Industry Regulatory Authority Inc. , or "FINRA," formerly known as the National Association of Securities Dealers, or "NASD," and collectively referred to in this brochure as "FINRA." The letter settled allegations that Mr. Saunders, "failed to observe high standards of commercial honor and just and equitable principles of trade in violation of NASD rule 2110," commonly referred to as "conduct unbecoming a member," in relation to the use of variable annuity contracts held in the names of various funds to "market time" mutual funds. In the acceptance, waiver and consent, without admitting or denying any of the findings, Mr. Saunders consented to the entry of certain findings, including that Mr. Saunders created "multiple entities under the same ownership and control, to market time through variable annuities offered by certain insurance companies, which enabled trading beyond the limits applicable to a single entity that was permitted by those insurance companies in their prospectuses." In such settlement agreement, FINRA did not make allegations or findings of any securities law violations, nor did FINRA suggest that any investor in any James River affiliated fund suffered any loss or damage in connection with Mr. Saunders' activities, and to the contrary, investors in the funds whose trading was managed by Mr. Saunders benefited from the trading. Furthermore, all mutual fund market timing activities ceased over six years ago. Mr. Saunders, who had no prior disciplinary history in over 26 years in the securities and commodities industry, settled these allegations without admitting any of the allegations or findings for the purpose of avoiding a protracted FINRA proceeding with resulting business disruption and costs. As part of the settlement, Mr. Saunders paid a fine of \$1,500,000, disgorged profits of \$750,000 and was suspended for 60 days from acting on behalf of any broker-dealer. This means that Mr. Saunders was not able to engage for such 60 day period in any activities on behalf of James River Securities Corp. However, this suspension did not affect Mr. Saunders' other activities or responsibilities on behalf of James River's fund management business or any of its Funds.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

James River is registered with the Commodity Futures Trading Commission, or "CFTC," as a commodity pool operator and commodity trading advisor and is a member of the National Futures Association, or "NFA." Paul Saunders, Kevin Brandt and Laura McGrath, who are principals of James River, are registered with the NFA as associated persons of James River.

James River is affiliated with a number of related entities which provide various services to the Funds:

- James River Securities Corp. is a registered broker dealer and a member of FINRA that acts as a selling agent for the Funds and is responsible for marketing interests in James River Funds and certain other securities in the United States. James River Securities Corp. is also registered with the NFA as an introducing broker. Paul Saunders and Kevin Brandt, are principals, part-owners, registered representatives and associated persons of James River Securities Corp. Laura McGrath is president,

Chief Compliance Officer, principal and a registered representative of James River Securities Corp.

- James River Financial Corp. is registered with the CFTC as a commodity pool operator and commodity trading advisor and is a member of the NFA. James River Financial Corp. primarily performs research, client support, compliance, and other back-office services for the Funds. Paul Saunders and Kevin Brandt are registered with the NFA as associated persons and principals of James River Financial Corp.
- James River (Suisse) SA serves as a selling agent and supports James River clients in Europe.
- James River Insurance Agency LLC is an insurance agency; however, it does not currently provide services to or have any other contractual arrangement with the Funds or with James River in respect of the Funds.

Each of the above listed entities is wholly owned by the principals of James River, Paul Saunders and Kevin Brandt.

James River acts as general partner for and/or advises numerous Funds. In addition, James River acts as general partner or sponsor but not an investment adviser to private investment funds other than the Funds described herein. As general partner or sponsor James River is responsible for operational, administrative, marketing, and investor relations matters. James River personnel spend significant time on James River's sponsorship services. James River serves as sponsor to the following entities in which clients may be solicited to invest:

- III Credit Opportunities Fund L.P.
- III Credit Opportunities Fund Ltd.
- III Fund L.P.
- III Fund Ltd.
- III Futures Neural Network L.P.
- III Futures Neural Network Ltd.
- III Global Ltd.
- III Relative Value Credit Strategies Fund L.P.
- III Relative Value Credit Strategies Fund Ltd.
- III Select Credit Fund L.P.

- III Select Credit Fund Ltd.
- III Structured Macro Fund L.P.
- III Structured Macro Fund Ltd.
- James River Multi-Strategy Fund L.P.
- James River Multi-Strategy Fund Ltd.
- James River Navigator Futures Fund LLC
- James River Navigator Fund Ltd.
- Rainbow Fund Ltd.
- The Chesapeake Plus Fund L.P.
- The Chesapeake Private Futures Fund L.P.
- Turbo Multi-Strategy LLC

This list does not include those partnerships and limited liability companies for which James River serves as general partner or managing member, as applicable, that are liquidating, closed or proprietary.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

As an SEC-registered adviser, James River has adopted a Code of Ethics pursuant to the SEC's Rule 204A-1. The Code of Ethics includes a Personal Investment and Trading Policy and a Statement on Insider Trading. The Code of Ethics covers James River's policies as they relate to:

- standards of business conduct required of James River personnel consistent with James River's fiduciary obligations to the Funds;
- requirements for James River personnel to comply with applicable federal securities laws;
- policies for the periodic review of James River personnel's personal securities transactions and holdings;
- procedures requiring James River to report violations of the Code of Ethics; and

- requirements for James River personnel to review and acknowledge receipt of the Code of Ethics.

The Code defines material and nonpublic information and the restrictions on trading on any material and nonpublic knowledge and sets forth the responsibilities of all supervised persons relative to insider trading. The Code includes policies and procedures on issues of security as they relate to sensitive and confidential materials and record retention of all documents and electronic information.

All principals and employees of James River must acknowledge understanding and agree to comply with the Code initially upon employment and must certify on an annual basis that they have read and understand the code and have complied with it.

James River's Code of Ethics is available to investors and potential investors upon request.

Conflicts of Interest

Principal Transactions. In its role as investment advisor to the Funds, James River and its principals and employees make investment decisions for the Funds. James River may occasionally sell securities to or buy securities from its Funds. For purposes of determining whether transactions involving a particular Fund are considered principal transactions, James River generally treats the account of a Fund as an account of James River if the ownership of James River and its affiliates, including its principals, in the Fund is 25% or greater. For Fund of Funds, principal transactions may take the form of an investment by a Fund of Funds into another fund in which the ownership of James River and its affiliates exceeds 25%, or, a transfer of an interest in an underlying private investment fund between Funds, if the ownership of James River and its affiliates in one or both of the Funds exceeds 25%. For either Fund of Funds or Funds that trade directly, principal transactions may take the form of the purchase or sale of a security between a Fund and another Fund in which the ownership of James River and its affiliates exceeds 25%. Principal transactions will be completed in compliance with applicable law. In analyzing principal transactions, James River will have a conflict between acting in the best interests of the client and assisting itself or its affiliate by selling or purchasing a particular security. Any principal transaction must be approved by the relevant client or in the case of a Fund, the Fund's investors or an independent committee or representative on their behalf. In addition, James River's compliance policies provide that James River's Chief Compliance Officer must approve any principal transaction.

The Funds are subject to additional conflicts of interest. Some of these conflicts are summarized here but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. The confidential private placement memorandum for each Fund contains a more complete description of what James River believes to be the most significant conflicts of interest associated with an investment in the relevant Fund.

James River Proprietary Trading. James River, its principals, personnel, and affiliates may engage in proprietary trading and may take positions the same as, different

from, or opposite to those of one or more of the Funds. In addition, James River may cause a Fund to purchase or sell an investment that is being sold or purchased, respectively, at the same time by James River, an affiliate, or another Fund. These trading activities may also increase the level of competition experienced by the Funds with respect to priority of order entry and allocations of executed trades. The records of this trading will not be made available to investors. James River may have to allocate limited investment opportunities among the Funds or itself and may have financial and other incentives to favor certain Funds or its own account over other Funds.

Fund Investments with Affiliated Funds. James River may invest on behalf of a Fund in another fund or other private investment fund for which James River serves as general partner or sponsor. James River receives fees from these affiliated funds and therefore has a conflict between its duty to choose the most favorable investments for its Funds and its interest in generating fee income for itself. In addition, investments with affiliated advisors may enable James River to invest or contract with a new advisor who might, in the absence of the Multi-Strategy Funds' capital investment, not be willing to accept such investment or enter into such contract. Furthermore the Multi-Strategy Funds' investment may make the affiliated advisor more attractive to other investors and thus increase the capital invested with such affiliated advisor and thus the fees earned by James River. Finally, James River's dealings with these affiliated advisors will not be conducted at arm's length.

Other Accounts of James River. James River may in the future manage and advise investment vehicles other than the Funds. These accounts may be managed on terms that differ significantly from those applicable to the Funds. James River may have financial incentives to favor certain other accounts over the Funds. Even if James River does not do so, it would be required to allocate its limited resources among the Funds and any other accounts that it advises. Certain trades and entire strategies that James River utilizes on behalf of the Funds, as well as many of the positions acquired for the Funds, may be materially different from the trades and strategies which James River implements on behalf of one or more of its other accounts.

James River currently offers managed futures accounts for which it pursues the same strategy as some of their managed futures Funds. James River may in the future advise managed accounts pursuing the same or substantially the same strategy as some of its other Funds. Although the agreements between James River and holders of these accounts will frequently limit the ability of the investor to terminate the agreement, the holder of a managed account always has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account these liquidations could have an adverse effect on the Funds. In addition, the holder of a managed account has an inherent ability to see all positions in the account. Accordingly, James River's advising a managed account pursuing the same or substantially the same strategy as a Fund is equivalent to having an investor in the Fund with full transparency and immediate liquidity. If the holder of a managed account pursuing substantially the same strategy as a Fund decided to assume control and to liquidate the positions in the account, this could cause substantial losses to the Fund.

Allocation of Investment Opportunities. The Funds invest or may invest with the same Sub-Fund Managers and/or trade or may trade in the same markets with respect to each other. James River may have to allocate limited investment opportunities to some Funds to the possible detriment of other Funds. James River endeavors to treat the Funds fairly and non-preferentially over time. James River will seek to execute orders for all of the participating accounts, including the Fund, on an equitable basis

Cross Trades. James River may cause Funds to enter into “cross trades” which are the purchase of securities from, or the sale of securities to, other Funds when James River believes these transactions are appropriate and in the best interest of the Funds. In the event James River wishes to reduce the investment of one or more of the Funds in a security and increase the investment of other Funds in that security, it may effect the transaction by directing the transfer of securities between clients, Funds, or accounts, as the case may be. For example, a Fund may transfer an interest in a private investment fund to another Fund. In addition, James River may cause a Fund to purchase or sell an investment that is being sold or purchased, respectively, at the same time by James River, an affiliate, a client of an affiliate or another client of James River.

James River’s Broker-Dealer Affiliate. James River’s broker-dealer affiliate, James River Securities Corp., acts as selling agent to the Funds and may receive compensation from the investor and/or James River for its sales activities. Accordingly, James River Securities Corp. has a conflict of interest in dealing with investors on their investments in the Funds.

Trade Errors. Although James River has procedures designed to minimize mistakes made in placing trades, given the amount of trading done by James River on behalf of the Funds, some trade errors are inevitable. James River’s general policy with respect to trade errors is to discover and correct any trading errors as quickly as possible. If in spite of best efforts errors do occur, any resulting net loss or gain in value from trader errors will be for the benefit or loss of the Fund.

ITEM 12: BROKERAGE PRACTICES

For James River’s direct trading Funds, it is James River’s policy to consider many factors in selecting executing brokers or dealers. James River’s objective is to act in the best interests of the Funds it advises and the investors in those Funds. One aspect of achieving this objective is to ensure that James River achieves best price and execution from the broker-dealers it uses to execute securities transactions on behalf of the Funds. In selecting a broker or dealer, James River will consider the following factors:

- Commission rates charged by the broker or dealer to execute the transaction and the ability to minimize overall execution costs to the applicable account;
- Likely market impact of the order and James River’s opinion as to which broker or dealer is best able to handle the order with minimum adverse market impact;

- Expertise in the specific securities or sectors in which James River seek to trade;
- Reputation for diligence, fairness, and integrity;
- Quality of research and investment ideas presented to us by the broker-dealer;
- Adequacy of trading infrastructure, technology, and capital; and,
- Ability to accommodate any special execution or order handling requirements that may surround the particular transaction.

For its Fund of Funds, James River has exclusive responsibility for selecting and monitoring Sub-Fund Managers. The Sub-Fund Managers in turn select the securities and other financial instruments to invest in and select the brokers through which to trade. The Sub-Fund Managers, in selecting brokers or dealers and in negotiating commissions to be paid may consider the firm's financial responsibility and reputation, range and quality of the services made available, and professional services, including execution, clearance procedures, and ability to provide supplemental performance, statistical, and other research information for consideration, analysis, and evaluation without any requirement to demonstrate that any factor is of direct benefit to the Funds. Accordingly, the Sub-Fund Managers will determine the commission rates paid to these brokers and the Sub-Fund Managers generally do not execute brokerage transactions solely on the basis of the lowest commission rate available for a particular transaction.

James River does not currently execute direct securities transactions where it uses soft dollars, although it may do so in the future at which time this ADV will be amended to reflect James River's policies. If James River does use soft dollars in the future, it intends to accept research and related services that fall within the safe harbor for fiduciaries' use of commissions arising from clients' portfolio transactions established by Section 28(e) of the Securities Exchange Act.

When James River determines that it would be appropriate for a Fund and one or more other Funds managed by James River to participate in an investment opportunity, James River will attempt, to the extent appropriate, permissible and/or feasible, to aggregate multiple orders for the purchase or sale of the same investment instrument in the same direction placed at or around the same time to achieve best execution with respect to all transactions being effected on behalf of various Funds. In general, unfilled orders to buy or to sell a particular investment instrument in the same direction that James River receives at the time a transaction in that investment instrument is to be executed on a particular day will be aggregated and/or any additional orders that James River receives prior to full execution of an order will be added to the unfilled portion. Transactions will be allocated *pro rata* to the Funds participating promptly following execution or pursuant to pre-determined allocation ratios. To the extent that orders remain unfilled following allocation, the unfilled amounts are combined with subsequent orders for allocation of subsequent transactions. James River will supervise the allocation of transaction costs and investment instruments among Funds. The Chief Compliance Officer will review trading

activity to ensure that James River is not unfairly favoring any Funds. Determination of whether an allocation is unfair will depend on the individual facts and circumstances and the James River Funds' needs and objectives. In allocating trades among Funds, James River will make every reasonable effort to allocate trades fairly and equitably over time in view of the different requirements, leverage, risk parameters and current positions of the Funds.

ITEM 13: REVIEW OF ACCOUNTS

All positions for Funds that trade directly where James River serves as the investment adviser are reviewed at least daily by at least one of James River's principals or senior management personnel. All positions for Funds that trade indirectly through an allocation to one or more other investment managers are reviewed on a monthly basis by at least one of James River's principals or senior management personnel. All investment decisions are approved and/or executed by a principal of James River and all major strategy decisions are made by one or more of the principals and/or senior management. James River has two principals and two senior managers that are responsible for performing reviews of the Funds.

James River or its designated agent provides each investor in each Fund with periodic reports in accordance with the terms of the relevant confidential private placement memorandum and the relevant constituent documents. These reports generally include a monthly report summarizing Fund performance and, to the extent the information is reasonably available, the net asset value of an investor's shares and/or capital account; detailed annual audited financial statements; and necessary tax information, if applicable. In addition, James River will provide an investor with weekly and/or monthly estimates of the net asset value of an investor's shares and/or capital account, upon request by an investor and to the extent this information is reasonably available.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

James River and/or the Funds may engage selling agents, including James River's affiliate, James River Securities Corp., to distribute the interests in the Funds to institutional clients in the U.S. and abroad on a non-exclusive basis. The selling agents make efforts to procure investments in the Funds and distribute marketing materials, offering documents, and other Fund materials. For these services a selling agent may receive an upfront commission from the investor based on a percentage of the net asset value of the investor's investment in a Fund and/or a portion of the fees or allocations received by James River from the Fund for James River's advisory services. These arrangements vary by Fund and by selling agent and selling agents may receive anywhere between 20-50% of James River's fees.

ITEM 15: CUSTODY

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, James River is deemed to have custody of the securities and other assets of the Funds even though James River does not physically hold the securities and other assets and these securities and assets are not

held or registered in James River's name. James River is exempt from many of the provisions of Rule 206(4)-2 because the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the Funds within 120 days and each investor in the Fund of Funds within 180 days of the end of each Fund's fiscal year.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the governing documents of the Funds, James River, as investment manager, has complete investment authority with respect to all securities owned by the Funds and clients do not place any limits on this authority. This authority is conveyed by investors subscribing to the Funds in their subscription agreements and in the Funds' governing documents.

ITEM 17: VOTING CLIENT SECURITIES

James River has the authority to vote the securities held by the Funds. In voting proxies, James River is guided by general fiduciary principles. James River's goal is to act prudently, solely in the best interest of its clients. James River attempts to consider all aspects of its vote that could affect the value of the investment and where it votes proxies, James River will do so in a manner that it believes will be consistent with efforts to maximize the value of its client's positions. This information is generally applicable to Funds for which James River trades directly, although James River may from time to time be requested to vote on behalf of an investment fund in its capacity as an investor in an underlying fund managed by a Sub-Fund Manager in which case these guidelines shall also apply. The investment advisory agreements, including in the case of domestic funds limited partnership agreements and limited liability company agreements between James River and the Funds, authorize James River to vote proxies on behalf of the Funds on a discretionary basis.

James River promptly reviews proxy material to evaluate the issues presented. Regularly recurring matters are usually voted as recommended by the issuer's board of directors or management but there are many circumstances that might cause James River to vote against these proposals. These would include among others, excessive compensation, unusual management stock options, preferential voting and poison pills. James River decides these issues on a case-by-case basis.

James River may on occasion determine to abstain from voting a proxy or a specific proxy item when it concludes the potential benefit of voting is outweighed by the cost or when it is not in the applicable Fund's best interest to vote.

Conflicts of Interest

In furtherance of James River's goal to vote proxies in the best interest of the relevant Fund, James River follows procedures designed to identify and address material conflicts that

may arise between James River's own interests and those of the relevant Fund before voting proxies on its behalf.

James River monitors the potential for conflicts of interest both as a result of personal relationships, significant client relationships, which include those accounting for greater than 5% of annual revenues, or special circumstances that may arise during the conduct of James River's business.

James River's Chief Compliance Officer maintains an up-to-date list of issuers, if any, with respect to which James River has a conflict of interest. James River will not vote proxies relating to issuers on this list on behalf of a Fund until it has been determined that the conflict of interest is not material or a method for resolving the conflict of interest has been agreed upon and implemented, as described below.

James River's Chief Compliance Officer will determine whether a conflict of interest is material. A conflict will be considered material to the extent that the conflict has the potential to influence James River's decision making in voting the proxy. A conflict of interest shall be deemed material in the event that the issuer that is the subject of the proxy or any executive officer of that issuer has a client relationship with James River of the type described above. All other materiality determinations will be based on an assessment of the particular facts and circumstances. James River's Chief Compliance Officer will maintain a written record of all materiality determinations.

If it is determined that a conflict of interest is not material, James River may vote proxies notwithstanding the existence of the conflict. If it is determined that a conflict of interest is material, one or more methods may be used to resolve the conflict, including disclosing the conflict to investors in the Fund and obtaining their consent before voting; engaging a third party to recommend a vote with respect to the proxy based on an application of James River's policies; or another method that is deemed appropriate under the circumstances. James River will maintain a written record of the method used to resolve the material conflict of interest

Investment adviser clients of James River or investors in a Fund may request a copy of the James River's Proxy Voting Policy, as well as relevant proxy voting records, by contacting Laura McGrath, James River's General Counsel and Chief Compliance Officer, at 5001 Tamarind Reef, Suite 28, Christiansted, Virgin Islands 00820.

ITEM 18: FINANCIAL INFORMATION

Not Applicable.

ITEM 19: REQUIREMENT FOR STATE-REGISTERED ADVISERS

Not Applicable.