

Item 1- Cover Page

DISCLOSURE SUPPLEMENT

FORM ADV PART 2B

Paul Gregory Hagood

Nephila Capital Ltd.

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Bermuda, HM 10

(441) 296-3626

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March 31, 2011

This Brochure Supplement provides information about Paul Gregory Hagood that supplements the Brochure of Nephila Capital Ltd (the “Adviser”). You should have received a copy of the Adviser’s Brochure. Please contact Laura Taylor, Chief Operations Officer, at (441) 296-4684 or ltaylor@nephilacapital.com, if you did not receive the Adviser’s Brochure or if you have any questions about the contents of this Supplement.

Item 2- Educational Background and Business Experience

Paul Gregory Hagood, Managing Principal, Director and Deputy Chairman
Date of birth: June 3, 1968

Education: B.S. in Finance, University of Tennessee 1990

Business background: Mr. Hagood began his career with AT&T, first as an Account Executive and then as a Market Analyst in New York. His responsibilities as Market Analyst included revenue forecasting and competitive strategies. He left AT&T in December 1993 to join Bear, Stearns & Co. in New York where he managed the mortgage servicing trading desk, a part of the Mortgage Capital division. Mr. Hagood was responsible for trading and brokering mortgage servicing portfolios, advising on mortgage banking mergers and acquisitions, and structuring hedging instruments for institutional clients. Mr. Hagood left Bear Stearns & Co. in February 1997 to join Willis Group Ltd. in London. Mr. Hagood is a licensed broker at Lloyds of London and he was the co-founder of Bayhead Advisors, LLC in 1995. His responsibilities included investor relations and operations management of Bayhead Advisors, LLC.

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Not applicable.

Item 5- Additional Compensation

Not applicable.

Item 6 - Supervision

For purposes of the Securities and Exchange Commission's rules, Paul Gregory Hagood is considered to be a "supervised person", in that he formulates investment advice for Clients, has discretionary authority over Client assets, and has direct contact with Clients. Mr. Hagood is supervised for internal control and compliance purposes by the Adviser's Chief Management Officer and Chief Compliance Officer, Steven Glassman. Mr. Glassman is made aware of and included in all key advice provided to Clients by Mr. Hagood. Weekly meetings attended by Mr. Hagood and the Chief Compliance Officer are held to discuss the Adviser's investment strategy

and advice for Clients and ensure that such strategy and advice complies with the Adviser's policies and procedures, and is consistent with the investment objectives, strategies, guidelines and governing documents of the particular Client.

The name, titles and telephone number of Mr. Hagood's supervisor for internal control and compliance purposes is:

Steven Glassman, Chief Management Officer and Chief Compliance Officer, (441) 298-7762

Item 7- Requirements for State-Registered Advisers

Not applicable.