

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

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March 2023

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 (804) 578-4513 or Jason.dehaven@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.

MATERIAL CHANGES

This Brochure is James River Capital Corp.'s Annual update to its Form ADV Part 2A. There have been no material changes since the Firm's Annual update dated March 31, 2022.

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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. (“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. Effective on or about the date of this filing, Kevin Brandt is no longer a principal of James River and Paul Saunders is the sole owner of James River.

James River provides investment management services on a discretionary basis to private pooled investment vehicles to high net worth, financially sophisticated institutional and individual investors. At this time James River serves as the investment manager through the following private funds: James River Multi Strategy Fund Ltd., a Cayman Limited fund (the “Multi Strategy”), Turbo Multi Strategy II Ltd, a Cayman Limited fund (the “Turbo Master”), and Turbo Multi Strategy LLC, a Delaware Limited Liability Company (the “Turbo Onshore”).

In this brochure we refer to the funds offered to outside investors and for which James River provides advisory services as the “Funds” collectively, and each, a “Fund.” 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 fall into several categories that are 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.”

Multi-Strategy Funds of Funds: In this brochure, the term “Multi-Strategy Funds of Funds” refers to Turbo Multi-Strategy LLC and Turbo Multi Strategy II Ltd. (collectively, the “Turbo Funds”) as well as James River Multi-Strategy Fund Ltd. Turbo Multi-Strategy LLC pursues its strategy indirectly by investing all or substantially all of its assets in Turbo Multi Strategy II Ltd., a Cayman Islands exempted company. Turbo Multi Strategy II Ltd. in turn enters into derivative trades for which the return is tied to the performance of James River Multi-Strategy Fund Ltd., a multi-strategy fund of funds.

With respect to James River Multi-Strategy Fund Ltd., 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 as “Sub-Fund Managers” and the investment funds managed, advised, sponsored, and/or serviced by the Sub-Fund Managers as “Sub-Funds.” In selecting Sub-Funds and 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-Funds and Sub-Fund Managers include referrals from other Sub-Fund Managers, consultants, brokers, and investors, other industry relationships, articles and publications, and related due diligence. 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.

We do not currently participate any Wrap Fee Programs.

As of December 31, 2022, James River has approximately \$473,055,094 in discretionary Regulatory Assets Under Management ("RAUM").

5. FEES AND COMPENSATION

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, incentive allocation or carried interest. In addition to compensation payable to James River, each Fund pays its own investment, administrative, organizational and operating expenses. James River's fee structure, the method of payment of such fees and the other expenses applicable to each category of Funds are as follows:

Multi-Strategy Funds of Funds

Management and Performance Fees.

James River is entitled to receive a management fee from each fee-bearing class of James River Multi-Strategy Fund Ltd. equal to 0.0833% of the month-end net asset value of such class (a 1% annual rate) and from each reduced-fee bearing class a management fee equal to 0.020833% of the month-end net asset value of such class (a 0.25% annual rate).

For Turbo Multi Strategy II Ltd., fee-bearing classes of shares pay James River a management fee equal to 0.0833% of the month-end net asset value (a 1% annual rate) of such class, after reduction for all other fees and expenses for the month attributable to such class and paid pursuant to the manner described in "Method of Payment of Fees" below. Each such fee-bearing class of shares will also pay to James River an annual incentive fee equal to 10% of cumulative "net profit" attributable to such class. "Net profit" with respect to each such class for any calendar year is the net profits, if any, attributable to the operations of such class during such year, after reduction for all other fees and expenses of such class. Any loss carryforward from prior periods must be recouped before net profit can again be generated. Net profit is not reduced by incentive fees previously paid to James River.

With respect to Turbo Multi-Strategy LLC, fee-bearing classes of units pay no management fees or performance compensation at the level of that Fund, however, are subject to management fees and incentive fees at the level of Turbo Multi Strategy II Ltd. in the same amount applicable to fee-bearing classes of shares of Turbo Multi Strategy II Ltd.

Because the value of the derivative trades of Turbo Multi Strategy II Ltd. is based upon a multiple of the net asset value of the relevant shares of James River Multi-Strategy Fund Ltd., the performance of each share of Turbo Multi Strategy II Ltd. (and, indirectly, each unit of Turbo Multi-Strategy LLC) will be reduced by the applicable fees and expenses charged at

the level of James River Multi-Strategy Fund Ltd. For example, if a derivative trade gives a class of shares in Turbo Multi Strategy II Ltd. and a class of units in Turbo Multi-Strategy LLC exposure to shares of James River Multi-Strategy Fund, Ltd. that is 3.5 times greater than the amount invested by Turbo Multi Strategy II Ltd. in the trade, investors holding those shares of Turbo Multi Strategy II Ltd. or units in Turbo Multi-Strategy LLC will effectively bear 3.5 times the management fee to which the applicable shares of James River Multi-Strategy Fund Ltd. are subject. Additional detail regarding the fees and expenses of James River Multi-Strategy Fund Ltd. which impact the performance of shares in Turbo Multi Strategy II Ltd. (and, indirectly, the units in Turbo Multi-Strategy LLC) is provided in the relevant Fund's offering materials.

Method of Payment of Fees.

All fees or allocations received by James River are deducted directly from the Multi-Strategy Funds of Funds. As applicable for the particular Multi-Strategy Fund of Funds and relevant class of units or shares in such Fund, management fees accrue monthly and are paid quarterly while incentive fees, if any, are paid annually as well as upon any redemption in respect of the relevant class of shares redeemed. In all cases, management fees and incentive fees are paid after the service is provided.

Fund Operating Expenses.

In addition to compensation payable to James River, the Multi-Strategy Funds of Funds also pay for their routine legal, accounting, audit, printing, filing, mailing, computer, administration, reporting, regulatory, insurance (including expenses related to D&O insurance for directors, as applicable), registrar and transfer agency fees, directors' fees, taxes or similar amounts, trustee expenses, if applicable, offering costs, due diligence and research expenses and other operating costs and their *pro rata* share of the operating expenses of any Sub-Fund in which a Multi-Strategy Fund of Funds invests. The Funds will also pay any extraordinary expenses such as indemnification payments and non-routine legal expenses, if any.

Brokerage and Transaction Costs.

The Multi-Strategy Funds of Funds are charged brokerage commissions, mark-ups, bid-ask spreads, interest expense, banking charges, fees and expenses relating to credit facilities, fees and expenses of the Sub-Funds, any derivative contract break fees, commitment, custodial and clearing fees and other transaction costs and expenses in connection with their trading and investment activities. For a discussion of the brokerage arrangements applicable to the Multi-Strategy Funds of Funds, see Item 12-"Brokerage Practices."

Negotiation of Fees; Waivers.

James River may, in its discretion, waive all or a portion of its applicable management fees and incentive fees for a particular investor.

THE CALCULATION OF JAMES RIVER'S COMPENSATION IS COMPLEX. IT IS CRITICAL THAT INVESTORS REFER TO THE RELEVANT FUND GOVERNING DOCUMENTS AND OFFERING MATERIALS FOR A COMPLETE UNDERSTANDING OF APPLICABLE FEES AND EXPENSES. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY THESE DOCUMENTS.

6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in the previous section entitled "Fees and Compensation," James River receives performance-based compensation from investors in certain Funds. The form of such performance-based compensation may constitute a fee or allocation equal to a percentage of the appreciation in the net asset value of the applicable Fund or the investor's interest in such Fund. James River's receipt of performance-based compensation creates a conflict between its interest in earning a short-term profit and the long-term interests of the applicable Fund and its investors. Specifically, James River has an incentive to make investments that are riskier or more speculative than would be the case if James River received only asset-based compensation because these investments may allow James River to receive larger performance-based compensation for a particular time period.

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 of 1940. 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 of 1940, U.S. investors must also be "qualified purchasers" as that term is defined under Section 2(a)(51) of the Investment Company Act of 1940. Investment minimums vary by Fund and apply regardless of whether the investor is a U.S. or non-U.S. Person. Investment minimums can generally be reduced or waived in James River's sole discretion.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Summary of Strategies Employed by James River

Multi-Strategy Funds of Funds

The objective of the Multi-Strategy Funds of Funds is to achieve low correlation and superior risk-adjusted returns when compared to traditional equity and fixed income markets. Sub-Fund Managers manage the assets of the Multi-Strategy Funds of Funds through Sub-Funds. The Multi-Strategy Funds of Funds may also access Sub-Funds and Sub-Fund Managers synthetically through options, total return swaps, structured notes, or other derivative contracts.

James River is responsible for providing recommendations with respect to the selection of Sub-Funds and Sub-Fund Managers and the allocation of assets among them. For James River Multi-Strategy Fund Ltd., the Fund's directors have the responsibility of approving James

River's selection of recommended Sub-Funds and Sub-Fund Managers, its recommended allocation of assets among them, the Fund's redemptions from such Sub-Funds and the Fund's hedging transactions. Selections of Sub-Funds and Sub-Fund Managers are based upon, among other things, 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 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, Sub-Fund Managers may utilize virtually any security, derivative, other financial instrument, or asset.

Subject to the approval of the directors of James River Multi-Strategy Fund Ltd. as applicable to such Fund's investments, James River has authority to make investments directly on behalf of the Multi-Strategy Funds of Funds to hedge the Funds' exposure to a particular market or to rebalance their portfolio. The Multi-Strategy Funds of Funds need not be fully invested at all times and James River may elect to reserve certain assets for future investment with Sub-Funds and Sub-Fund Managers or to allocate less than all assets as a defensive measure. Assets not allocated to a Sub-Fund or 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, although there is no assurance that even robust risk management will mitigate or prevent the Funds' portfolio from experiencing significant losses. The risk management activities applicable to each category of Funds are as follows:

Multi-Strategy Funds of Funds

James River uses diversification and monitoring to manage risks related to the Multi-Strategy Funds of Funds. In the course of recommending Sub-Funds and Sub-Fund Managers for the relevant Multi-Strategy Fund of Funds, James River seeks 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 Multi-Strategy Funds of Funds will continuously maintain, directly or indirectly, investments with twenty to forty Sub-Funds and Sub-Fund Managers. Sub-Fund Managers are selected based upon many factors

including their prospective ability to execute their strategy consistently and effectively in their chosen markets. Subject to director approval with respect to James River Multi-Strategy Fund Ltd., James River selects and monitors Sub-Funds and Sub-Fund Managers and adjusts the overall investment portfolio of the Multi-Strategy Funds of Funds in an attempt to optimize the balance between volatility, risk and profit potential.

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, for the Multi-Strategy Funds of Funds, the Sub-Fund Managers that James River selects. The following is a summary of some of the material risks associated with the Funds' and Sub-Funds' strategies, and general references in this section to the Funds' or James River's risks include the risks of the Sub-Funds and the Sub-Fund Managers, respectively, unless otherwise indicated. This summary does not attempt to describe all of the risks associated with an investment in the Funds, and not all risks apply to all Funds. Although no summary can fully describe all of the risks associated with an investment in the Funds, the confidential private placement memorandum and other relevant offering materials for each Fund contains a more complete description of the risks associated with an investment in the Funds.

Importance of Overall Market Conditions and Market Disruptions. The strategies of the Funds may be materially affected by overall market conditions over which James River has no control. The markets have in the past experienced rapid contraction and volatility, which has 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 from time to time increase the regulation of investment funds and otherwise intervene directly in markets. These developments, when and if they are realized, may have an adverse impact on the Funds' strategies.

Swaps and Other Derivatives. The Funds may enter into swap and similar derivative transactions. Many 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 will be 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.

Regulation of the OTC Derivatives Market. The Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as "Dodd-Frank," includes provisions that comprehensively regulate the over-the-counter ("OTC") derivatives markets for the first time. Dodd-Frank mandates that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements mandated by the Commodity

Futures Trading Commission (the “CFTC”), SEC and/or federal prudential regulators. OTC derivatives dealers also typically demand the unilateral ability to increase the Funds’ collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The regulators also have imposed margin requirements on non-cleared OTC derivatives and new requirements apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Funds are required to provide and the costs associated with providing it. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. This has increased and will continue to increase the OTC derivative dealers’ costs, and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

The CFTC also now requires certain derivative transactions that were previously executed on a bi-lateral basis in the OTC markets to be executed through a regulated swap exchange or execution facility. Similar requirements on certain security-based derivatives may also apply in the near future. Such requirements may make it more difficult and costly for investment funds, including 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.

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 that directly or indirectly trade futures 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, they may lose the entire premium paid. If the Funds write or sell a put or call option, their loss is potentially unlimited.

Short Sales. The Funds may enter into transactions, known as “short sales,” in which they sell a security they do 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 their 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. The Funds may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes to the forward markets may entail increased costs and result in burdensome reporting requirements. In addition, there is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities pursuant to Dodd-Frank might limit such forward trading to less than that which James River would otherwise recommend, to the possible detriment of the Funds.

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 portfolios 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 may require 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.

Special Situations. The Funds may invest in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell their investment at a partial or complete loss.

Debt and Other Income Securities. Fixed income securities are subject to interest rate, market, credit, and currency risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market

price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country, or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of fixed income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Fixed income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

Collateralized Loan Obligations and Collateralized Debt Obligations. CLOs are pools of loans, the debt service on which is repackaged into cash flows payable on different tranches of debt collateralized by each pool. Payments on such debt are dependent on payments on the underlying loans. CLOs may involve substantial organizational, syndication and ancillary fees. The Funds' investments in CLOs may be subordinate in right of payment to other securities issued by the CLO and not readily marketable. Depending upon the default rate on the collateral of the CLO, the Funds may incur substantial losses on their CLO investments. CLO structures are complex, and the Company may be subject to a number of as yet unanticipated risks in participating in CLOs.

CLO securities are subject to various structural risks, including risks relating to the capital structure of the issuer thereof and the collateral management arrangements relating thereto. The capital structure will be highly leveraged (which will affect the CLO securities of different seniorities in different ways), and the underlying instruments will generally contain various triggers and remedies, which may adversely affect the Funds as investors therein.

CLO securities are secured primarily by loans (including commercial loans and eligible synthetic securities whose reference obligations consist of commercial loans), which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. These risks could be exacerbated to the extent that the loans are concentrated in one or more particular types of loans.

CDO securities generally have underlying risks such as interest rate mismatches, trading and reinvestment risk and tax considerations. Each CDO security, however, involves risks specific to the particular CDO security and its underlying portfolio. The value of the CDO securities generally fluctuates with, among other things, the financial condition of the obligors on or issuers of the underlying portfolio, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

CDOs are subject to credit, liquidity and interest rate risks. The performance of CDOs will also be adversely affected by macroeconomic factors, including: (i) general economic conditions affecting capital markets and participants therein; (ii) the economic downturns and uncertainties affecting economies and capital markets worldwide; (iii) the effects of, and

disruptions and uncertainties resulting from, terrorist attacks; (iv) recent concern about financial performance, accounting and other issues relating to various publicly traded companies; and (v) recent and proposed changes in accounting and reporting standards and bankruptcy legislation.

There may not be an established, liquid secondary market for many of the CDO and CLO securities the Funds may purchase. The lack of such an established, liquid secondary market may have an adverse effect on the market value of such CDO and CLO securities and the Funds' ability to sell them. Further, CDOs and CLOs will be subject to certain transfer restrictions that may further restrict liquidity. Therefore, no assurance can be given that if the Funds wished to dispose of a particular CDO or CLO, it could dispose of such an investment at the previously prevailing market price.

The risks associated with investing in CDO and CLO securities may in addition depend on the skill and experience of the managers of the CDOs' and CLOs' underlying portfolios, particularly with respect to active trading.

Corporate Debt Obligations and High-Yield Securities. The Funds, directly or indirectly through Sub-Funds, may invest in corporate debt obligations and high-yield securities. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, i.e., credit risk.

Because "high yield" bonds and securities are rated in the lower rating categories by the various credit rating agencies, such securities result in greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities and the market for lower-rated securities is thinner and less active.

Structured Credit Products. Structured credit products are subject to prepayment, credit, liquidity, market, structural, legal and interest (among other) risks. The performance of a structured credit product is affected by a variety of factors, including the level and timing of the payments and recoveries on the underlying assets and the adequacy of the related collateral.

Reliance on Corporate Management and Financial Reporting. Certain of the strategies that will be implemented by the Funds may rely on the financial information made available by the issuers in which the Funds invest. James River has no ability to independently verify the financial information disseminated by the issuers in which the Funds invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Emerging Market Investing. The Funds may invest a portion of their assets in government and corporate debt and equity securities and related instruments in emerging markets. The value of emerging market instruments may be drastically affected by political developments in the country of issuance and are generally subject to abrupt and unexpected change. Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant proportion of such issuers and obligations would likely fall in the lowest rating category if they were rated.

Mortgage-Backed Securities ("MBS") and Asset-Backed Securities ("ABS"). Investing in commercial and residential MBS involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk), and certain additional risks and special considerations, including the risk of principal prepayment and defaults as well as the risk of investing in real estate. MBS generally provide for the payment of interest and principal on the MBS on a frequent basis, and there also exists the possibility, particularly with respect to residential MBS ("RMBS"), that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans or other assets. As a result of prepayments, the Funds may be required to reinvest assets at an inopportune time, which may expose the Funds to a lower rate of return. The risks of investing in RMBS reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments and the ability to attract and retain tenants. Increasing rates of delinquencies, foreclosures and other losses on mortgages could, in turn, adversely affect certain securities in which the Funds may invest.

ABS are subject to interest rate risk and, to a lesser degree, prepayment risk. ABS are subject to additional risks in that, unlike MBS, ABS generally do not have the benefit of a security interest in the related collateral. Each type of ABS also entails unique risks depending on the type of assets involved and the legal structure used. ABS typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that may be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Convertible Securities. Convertible securities, or "Convertibles," are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock.

Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion, and ultimately default risk. Convertibles are also subject to liquidity risk based upon market conditions.

Limits on Hedged Strategies. While the Funds may use “market neutral” or “relative value” hedging or arbitrage strategies, this in no respect should be taken to imply that the Funds’ investments 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 positions 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 Funds 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 James River 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. 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.

Investing in Private Companies. All investments in private companies involve substantial risks, including, without limitation: (i) adverse or ineffective, as well as inconsistent, alignment of interests among management (including as a result of personal/family rather than business issues); (ii) technological obsolescence; (iii) financial planning misjudgment; (iv) employee or management misconduct; (v) lack of reliable financial information; and (vi) any number of general economic conditions that are beyond the control of management of the portfolio company and James River, such as: changing market sentiment; changes in economic conditions, competition and technology; changes in interest rates; changing economic or political conditions or events; and changes in tax laws and governmental regulation.

Concentration. Certain Funds may concentrate their investments in only a few securities, industries, companies or countries. Such concentration by these Funds, series and/or classes may cause a proportionately greater loss than if their investments had been spread over a larger number of investments.

Use of Substantial Leverage. Certain Funds utilize substantial leverage in connection with their investment and trading activities. The more James River causes these Funds to incur leverage, the more likely a substantial change will occur, either up or down, in the value

of the Funds' net asset value. As a result, a relatively small movement in market prices of the assets held and instruments traded by the Funds can result in immediate and substantial losses in their values. Turbo Multi Strategy II Ltd. in particular currently utilizes embedded initial leverage through its derivatives transactions of approximately 3.5 times the net asset value of the Fund, although different leverage has been used in the past and may be used for new trades depending on leverage availability. Such leverage may be obtained through various means, including options, swaps, and other derivative instruments.

Leveraged Exposure to Fees of James River Multi-Strategy Fund Ltd. James River's investment approach for the classes of units and shares of the Turbo Funds involves a call option with a major bank with the return tied to the performance of James River Multi-Strategy Fund Ltd. Since the option provides derivative exposure to James River Multi-Strategy Fund Ltd. that is 3.5 times the amount of the premium paid by Turbo Multi Strategy II Ltd., fees paid to James River by James River Multi-Strategy Fund Ltd. will reduce the option value, and thus the return of a class of units or shares of the Turbo Funds, by an equivalent multiple. For instance, if a trade gives a class of units or shares of the Turbo Funds exposure to shares of James River Multi-Strategy Fund Ltd. that is 3.5 times greater than the amount invested by Turbo Multi Strategy II Ltd. in the trade, the holder of those units or shares will effectively bear 3.5 times the management fee to which the shares of James River Multi-Strategy Fund Ltd. are subject.

Role of Directors of James River Multi-Strategy Fund Ltd. Although James River, in its capacity as investment manager of James River Multi-Strategy Fund Ltd., is responsible for recommending the selection of Sub-Funds and Sub-Fund Managers, the allocation of assets among them and the redemptions from Sub-Funds and Sub-Fund Managers (as well as for handling other day-to-day administrative functions as described herein), such recommendations will be subject to the approval of the Fund's directors. The directors' retention of such an approval right differentiates the Fund from most hedge funds of funds organized as companies, as the directors of such companies typically delegate full investment discretion to the applicable investment manager. The Fund's directors have no experience of collaborating with each other or James River with respect to such investment decisions, and there can be no assurance that they will do so effectively. James River may not agree with the decision of the Fund's directors. The performance of the Fund will in part be dependent on the quality of service provided by its directors.

Dilution. Investing in private companies is subject to the risk of material dilution. This dilution can result from the company's unanticipated need of additional financing, foreclosure by creditors, adverse litigation outcomes draining the company's resources and numerous other factors. Because private companies typically have limited financial resources, events which could be easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without existing investors having the opportunity to maintain their investments by making an additional investment.

Distressed Credit. Some Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital

needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. These investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the U.S. bankruptcy court's power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those in other securities markets.

Arbitrage Transaction Risks. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. James River may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Funds employ leverage. Arbitrage trading is often highly leveraged due to the small absolute price differentials which it seeks to exploit. Consequently, arbitrage traders can be particularly vulnerable to a reduction in credit availability. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

Convertible-Securities Arbitrage Risks. Convertible-securities arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. There are many associated risks that can affect the results of this strategy, including, but not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads, making it more difficult to enter and profitably exit such trades; and (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses).

Event-Driven Strategy Risk. In its event-driven strategy, if and when James River determines that it is probable that a proposed transaction will be consummated, certain Funds will purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for the securities in the proposed merger, exchange offer, cash tender offer or other similar transaction. The purchase price to the Funds may be substantially above the prices at which such securities traded immediately prior to the announcement of such merger, exchange offer, cash tender offer or other similar transaction. If the proposed merger, exchange offer, cash tender offer or other similar transaction appears likely not to be consummated or in fact is not consummated or is delayed, or if the value of a transaction is reduced, the market price of the security to be tendered or exchanged may, and likely will, decline sharply by an amount greater than the difference between a Fund's purchase price

and the anticipated consideration to be paid. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force the Funds to cover its short sale, with a resulting, and perhaps significant, loss.

Relative Value Strategy Risk. The Funds may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Funds' trading positions were to fail to converge toward, or were to diverge further from, James River's expectations, the Funds may incur a loss. Even pure "riskless" arbitrage can result in significant losses if the arbitrage is not sustained (due, for example, to margin calls) until expiration, and the Funds will rarely engage in pure arbitrage as opposed to relative value trading (which is inherently a higher-risk strategy).

In implementing "relative value" strategies, the Funds seek to reduce exposure to the risk of overall market price movements (or "beta"), but is fully exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models.

Directional Trading. Certain of the positions taken by James River may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Spread Trading Risks. A portion of the Funds' trading operations will involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

9. DISCIPLINARY INFORMATION

Neither James River nor any of its principals or executive officers has 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 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 in 2003. Mr. Saunders, who had no prior disciplinary history in the preceding 25+ 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 the Funds.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

James River acts as manager for and/or advises several Funds:

- James River Multi-Strategy Fund Ltd.
- Turbo Multi-Strategy LLC
- Turbo Multi Strategy II Ltd.

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, inactive, closed or proprietary.

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

Code of Ethics

As an SEC-registered investment adviser, James River has adopted a Code of Ethics pursuant to the SEC’s Rule 204A-1. The Code of Ethics, which is also referred to in this brochure as the “Code,” 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;

- procedures requiring the reporting of certain transactions in securities;
- policies for the periodic reporting of and 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.

Although James River currently does not manage any Funds that trade directly, James River has procedures designed to mitigate the conflicts arising from the trading of James River and its principals and employees in certain of the same securities which in the future may be directly traded by James River's clients. In addition to the reporting requirements for personal trading discussed above, James River maintains a "restricted list" of securities for which one or more individuals at James River may have material non-public information and a "watch list" of securities that James River is closely analyzing or that are anticipated to be traded for the account of a Fund. Transactions in securities on either such list generally may be executed only upon the receipt of pre-approval from the Chief Compliance Officer, and the Code also generally limits trading in securities at or near the time of trading in the same securities on behalf of clients. The Code allows for exceptions to the requirements with regard to trading in watch list securities subject to conditions designed to ensure that trading of principals and employees is consistent with client trading and that client trades are given priority.

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

The summary provided below details some of the conflicts of interest associated with an investment in the Funds, however, it does not attempt to describe all such conflicts. The confidential private placement memorandum and offering materials 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.

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, its

affiliates or a fund in which they hold a 25% or greater equity interest may occasionally sell securities to or buy securities from the Funds. For the Multi-Strategy Funds of Funds, principal transactions may take the form of an investment by a Multi-Strategy 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%.

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.

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 manager or sponsor. James River receives fees from these affiliated funds and therefore has a conflict between its duty to seek 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 a Fund's capital investment, not be willing to accept such investment or enter into such contract. Furthermore, the Multi-Strategy Funds of 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 may in the future advise managed accounts pursuing the same or substantially the same strategy as some of its previous 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 addition, the holder of a managed account has an inherent ability to see all positions in the account.

Allocation of Investment and Disposition Opportunities. The Funds invest or may invest with the same Sub-Funds and 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 Funds, on an equitable basis. For further discussion of James River's investment allocation procedures, see Item 12-"Brokerage Practices."

Co-Investment Opportunities. James River may offer investors the opportunity to invest in limited capacity opportunities identified by James River for certain Funds. Factors relevant in determining such co-investment allocations include: (i) whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion; (ii) the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity; (iii) the size of the potential co-investor's commitment to/investment in funds managed by James River and the anticipated importance of the potential co-investor to future fundraising efforts on the part of James River; (iv) the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; (v) the overall strategic benefit of offering a co-investment opportunity to the potential co-investor; (vi) the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company; (vii) the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and (viii) any other facts or circumstances that James River deems appropriate or relevant.

Where co-investors participate in such opportunities in parallel with the Funds, it is possible that an investors may have economic or business interests or goals that are inconsistent with those of the relevant Fund, or may be in a position to take (or block) action in a manner that is contrary to the Fund's investment objectives. Similarly, such a co-investor may be able to sell some or all of its interest in a co-investment opportunity while the relevant Fund retains (or is required to retain) its interest, such that the Fund remains at risk to the future performance of the co-investment opportunity while the co-investor has already liquidated its position. If a potential co-investment opportunity is not consummated, the full amount of any expenses relating to such potential but not consummated investment may be borne entirely by the relevant Fund rather than by any prospective co-investors.

Cross Trades. James River may cause Funds, or series or classes of a Fund, if applicable, to enter into "cross trades," which are the purchase of securities from, or the sale of securities to, other clients or vehicles (including another series), when James River believes these transactions are appropriate and in the best interest of such Funds, series or classes. In the event James River wishes to reduce the investment of one or more of the Funds, series or classes in a security and increase the investment of other Funds, series or classes in that security, it may affect the transaction by directing the transfer of securities between clients, Funds, series, classes or accounts, as the case may be. For example, a Fund, series or class may transfer an interest in a private investment fund to another Fund, series or class. In addition, James River may cause a Fund, series or class 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.

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 with respect to the direct trades that James River performs on behalf of a client, James River's general policy (except as otherwise may be set forth in a Fund's offering materials) is that James River will be responsible for all losses and the applicable Fund will receive all gains resulting from such trade errors. James River will generally net any such trade errors with respect to the applicable Fund (but not among Funds) on a quarterly basis.

12. BROKERAGE PRACTICES

For the Multi-Strategy Funds of Funds, James River has exclusive responsibility for selecting and monitoring Sub-Fund Managers, subject to the approval of the directors of James River Multi-Strategy Fund Ltd. with respect to such Fund's investments. 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.

In the event James River manages a Fund that trades on a direct basis, James River will be authorized, without limitation, to select the broker, dealer and other counterparties to effect transactions for such Fund. James River's selection of brokers will be guided by the principal objective of seeking to obtain "best execution" for investors. "Best execution" encompasses a number of factors and does not necessarily mean obtaining the lowest possible price for any particular transaction. While the choice of broker-dealer will often be a function of the facts and circumstances surrounding a particular execution, in general, in seeking "best execution," James River will consider the following factors, in no particular order:

- 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 seeks to trade;
- Reputation for diligence, fairness, and integrity;
- Quality of research and investment ideas presented to James River 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.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment managers who use “soft dollars,” *i.e.*, commissions generated by their advised accounts, to obtain investment research and brokerage services from companies that provide lawful and appropriate assistance to the manager in connection with the investment decision-making process. James River will only enter into arrangements under which it receives products and services in exchange for soft dollars where it reasonably believes that the arrangement falls within the safe harbor of Section 28(e). Where a product or service provided has both “eligible” uses under Section 28(e), *i.e.*, uses related to James River’s investment decision-making process, but also has other uses, James River will make a reasonable allocation between the eligible and non-eligible uses and use soft dollars only for the eligible portion.

Research and brokerage services obtained by the use of commissions arising from portfolio transactions of Funds that trade directly may be used by James River in its other investment activities. Such direct-trading Funds may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the soft dollars generated by its trading. James River will be specifically authorized to direct brokerage to firms that provide such services.

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 in the event James River determines that *pro rata* allocation is not appropriate under the particular circumstances. Non-*pro rata* allocation of investment opportunities among multiple Funds will be made (if at all) in James River’s discretion and based on factors it deems appropriate including, without limitation, the relevant Fund’s strategies and

investment objectives, regulatory considerations, relative capitalization and cash availability, risk and leverage parameters, diversification requirements, counterparty credit documentation issues, ramp-up periods for newly established or restructured Funds, minimum investment criteria or the relevant investment time horizon and liquidity requirements.

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 the 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 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.

13. REVIEW OF ACCOUNTS

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. If applicable, all positions for Funds that trade directly and for which James River serves as investment adviser will be reviewed at least daily by at least one of James River's principals or senior management personnel. All investment decisions and major strategy decisions are approved and/or executed by a principal and/or senior management of James River or their designee.

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, the relevant constituent documents and other offering materials. These reports to Fund investors 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.

14. CLIENT REFERRALS AND OTHER COMPENSATION

James River and/or the Funds may engage selling agents to distribute the interests in the Funds to institutional and high net worth individual 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.

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. Except as noted below, audited financial statements will be distributed to each investor within 120 days, in the case of Funds that trade directly, and are distributed to each investor within 180 days, in the case of the Multi-Strategy Funds of Funds, after the conclusion of each Fund's fiscal year end.

16. INVESTMENT DISCRETION

Pursuant to the governing documents of the Funds other than James River Multi-Strategy Fund Ltd., 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. The directors of James River Multi-Strategy Fund Ltd. have responsibility for approving James River's selection of recommended Sub Fund and Sub-Fund Managers, the recommended allocation of assets among them, redemptions from Sub-Funds and Sub-Fund Managers and hedging transactions made on behalf of James River Multi-Strategy Fund Ltd. In all cases authority is conveyed by investors subscribing to the Funds in their subscription agreements and in the Funds' governing documents.

17. VOTING CLIENT SECURITIES

Although James River currently does not trade directly on behalf of a Fund, James River may from time to time be requested and has the authority to vote proxies on behalf of an investment fund in its capacity as an investor in an underlying fund managed by a Sub-Fund Manager. In addition to solicitations in connection with equity securities of traditional operating companies, proxy voting is also deemed to include any consent requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities. 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. 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. Although such procedures are generally only applicable to those Funds for which James River trades directly, these procedures will also apply to the extent James River is requested to vote on behalf of an investment fund in its capacity as a Sub-Fund investor.

James River monitors the potential for conflicts of interest both as a result of personal relationships, significant client relationships or special circumstances that may arise during the conduct of James River's business.

To the extent a conflict of interest is identified with respect to an issuer, James River will not vote proxies relating to such issuer 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. 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

Jason DeHaven, James River's Chief Compliance Officer, at 58 Broad Street Road, Manakin Sabot, Virginia 23103.

18. FINANCIAL INFORMATION

Not Applicable.