



THAMES RIVER

Thames River Multi Hedge PCC Limited

Annual Report and Audited Financial Statements

31 March 2010

THAMES RIVER MULTI HEDGE PCC LIMITED

Table of Contents

| | <u>Page</u> |
|--------------------------------------------------|-------------|
| Management and Administration | 2 |
| Chairman's Report | 3 |
| Report of the Directors | 5 |
| Investment Manager's Report | 13 |
| Independent Auditors' Report to the Shareholders | 21 |
| Schedule of Investments | 23 |
| Balance Sheet | 29 |
| Statement of Changes in Equity | 30 |
| Income Statement | 32 |
| Cash Flow Statement | 33 |
| Notes to the Financial Statements | 34 |
| Information about the Company | 52 |
| Notice of the Annual General Meeting | 54 |
| Form of Proxy | 56 |

THAMES RIVER MULTI HEDGE PCC LIMITED MANAGEMENT AND ADMINISTRATION

Directors

William Backhouse LVO (*Chairman, Independent*)
Christopher Martin Walter Hill (*Independent*)
Victor Holmes
Paul Hillary Le Page (*Independent*)
David George Peter Scholfield (*Independent*)
Fraser Alan Hiddelston (*as permanent alternate
director to V. Holmes*)

Registered Office

Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey GY1 3QL

Custodians

HSBC Private Bank (C.I.) Limited,
Park Place,
Park Street,
St. Peter Port,
Guernsey GY1 1EE

JP Morgan Trust Company (Cayman) Limited,
c/o JP Morgan House,
1 Georges Dock, IFSC,
Dublin 1,
Ireland

CREST Agent

Computershare Investor Services (Channel
Islands) Limited,
Ordinance House,
31 Pier Road,
St Helier,
Jersey JE4 8PW

Investment Manager

Thames River Capital LLP,
51 Berkeley Square,
London W1J 5BB,
United Kingdom

Secretary, Administrator, Registrar & Channel Islands Stock Exchange Sponsor

Northern Trust International Fund Administration
Services (Guernsey) Limited,
PO Box 255,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey GY1 3QL

Independent Auditors

PricewaterhouseCoopers CI LLP,
P.O. Box 321,
National Westminster House,
Le Truchot, St. Peter Port,
Guernsey GY1 4ND

Legal Advisers

English Law
Herbert Smith,
Exchange House,
Primrose Street,
London EC2A 2HS,
United Kingdom

Guernsey Law

Ozannes,
1 Le Marchant Street,
St. Peter Port,
Guernsey GY1 4HP

Broker

Cenkos Securities plc,
6,7,8 Tokenhouse Yard,
London EC2R 7AS,
United Kingdom

THAMES RIVER MULTI HEDGE PCC LIMITED

CHAIRMAN'S REPORT

I would like to welcome our shareholders to the sixth annual report for the Hedge + Cell of Thames River Multi Hedge PCC Limited. My report will follow its usual format of a performance review followed by a brief market synopsis to place this performance in context and finally a review of major events for your Company.

Your Company has delivered a year of solid performance in one of the fastest global market recoveries in post war history. During the review period the MSCI World Index enjoyed one of the most profitable periods in its forty year life with a return of 49.1%. Bond markets were equally exuberant with the Barclays Aggregate Bond Index returning 7.7%. Global credit markets have perhaps delivered the most surprising return with the Merrill Lynch High Yield Master II Index returning 57.2% over the review period as investors sought income paying investments in a period of record low interest rates. Given this backdrop, your Company's underlying hedge fund portfolio returned 15.2% for the US Dollar Shares with the Sterling and Euro Shares returning 12.7% and 14.4% in NAV terms respectively. This performance compares favourably with the hedge fund of funds industry with the HFRI Fund of Funds Index returning 12.6% over the same period. The returns also compare favourably with cash, where the equivalent rolling one month LIBOR currency deposits would have returned 0.3%, 0.6% and 0.5% respectively.

Your Company however progressively de-leveraged the portfolio over the review period from a high of 107% invested down to a low of 83% invested in July 2009, reflecting both the cautious view of your Investment Manager and the need to repay borrowings to maintain full share class currency hedges. The portfolio finished the year 100.3% invested. This increase in exposure reflected the Investment Manager's view that markets were returning to normality although this level of investment is slightly distorted by month end dealing. Exposure in April had returned to 91%. Outperforming the industry and delivering our target double-digit return to investors with an average cash position of almost 10% is a good result.

Our financial year began on a positive note with an upbeat G20 summit and a successful rights issue from HSBC. Positive sentiment was reinforced as bank test data from the US regulator suggested that banks would be able to recapitalise their balance sheets sooner than anticipated. This led to strong performances from equity and credit markets in our first quarter. Positive sentiment was however offset by growing concerns over the likelihood of onerous new bank regulation in the summer. Indications that the real economy was beginning to recover in the autumn together with the first global interest rate increases in Asia caused equity markets to post their first significant losses in this financial year in October. Towards the end of the December quarter attention began to switch from corporate credit risk to sovereign risk as it appeared that Abu Dhabi was going to allow Dubai property developers to default on debt issues that were held by a number of hedge funds and had been regarded by many to be government backed. Sovereign credit risk proved to be a dominant theme during our final quarter as Greece sought help from the IMF to finance its ballooning budget deficit with echoes of Britain in the 1970s. Speculation began to grow over the health of other high deficit economies in the Eurozone including Spain, Portugal, Italy and the United Kingdom resulting in heavy falls in the value of the euro and sterling and surging yields on the debt of Mediterranean countries. This led to strong protests from the EU that buyers of credit default swaps, including hedge funds, were driving the cost of finance for EU economies higher.

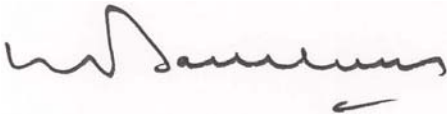
Despite the extreme levels of currency market volatility that we have experienced recently, your Company has maintained full currency hedges for the Euro and Sterling Shares whilst continuing to finance an active share buyback programme. We have repurchased 29,600,000 Sterling Shares, 150,000 Euro Shares, 4,520,000 Dollar Shares and 400,000 Realisation Shares during the year to 31 March 2010 and we also returned approximately 10% of the company's NAV as at 31 December 2009 to shareholders by means of our discretionary Redemption Facility. I am also pleased to note that your Company's share price has responded favourably to our buyback programme with a reduced discount (albeit still higher than we would like) with one year returns for holders of Sterling, Euro and Dollar Shares amounting to 39.8%, 27.4% and 34.2% respectively.

THAMES RIVER MULTI HEDGE PCC LIMITED

CHAIRMAN'S REPORT (continued)

Given the increasingly uncertain global market backdrop, your Investment Manager has pursued a prudent strategy. I indicated that your Manager felt that markets had rallied too far too soon in my interim report and as a result we de-leveraged the balance sheet during the summer, gradually reinvesting the portfolio and adding to our portfolio hedges as the year progressed. Whilst these actions exerted a small drag on portfolio performance during the second half of the review period, they should prove beneficial in the more volatile financial environment that we are experiencing due to the Eurozone crisis at the time of writing. Having survived the Lehman bankruptcy and secured new and more diverse sources of portfolio financing, hedge fund managers are better prepared to exploit any asset mis-pricing which might occur even in an environment of ever tightening regulation.

Finally, I would like to comment on the recent announcement of the proposed acquisition of your Investment Manager by F&C Asset Management plc. This represents an exciting new phase for the Thames River Capital group and your Board is pleased to note F&C's undertaking that there will be no significant changes to the investment team or the investment process as a result of the acquisition. We will of course continue to monitor the situation closely on your behalf.



William Backhouse
25 June 2010

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year to 31 March 2010.

Principal Activity

Thames River Multi Hedge PCC Limited (the "Company") is an investment company registered in Guernsey as a closed-ended protected cell company authorised by the Guernsey Financial Services Commission and its shares are listed on the London and Channel Islands Stock Exchanges. Trading in the Company's ordinary shares commenced on 23 February 2004. The Company has one cell called Thames River Hedge+ which is also referred to as the "Fund".

Structure

Investors in a cell of the Company shall only have recourse to the assets attributable to that particular cell. They shall have no recourse to the assets of any other cell, except as provided under the Protected Cell Companies Ordinance, 1997, or against any non-cellular assets of the Company. Thereafter, under Guernsey law, the assets of any cell are not exposed to the liabilities of other cells within the structure.

However, the protected cell company structure has not, so far as the directors are aware, been tested in any courts. Accordingly if the assets of the Company are situated in a jurisdiction other than Guernsey it is not known whether courts in other jurisdictions would recognise the protected cell structure and the integrity of the separate cells.

Investment Objective and Investment Policy

The aim of the Company is to produce attractive absolute returns relative to the level of risk assumed, through a dynamic multi manager approach. The Investment Manager will seek to accomplish this objective by investing the Company's assets predominantly in absolute return orientated funds worldwide whose managers employ a variety of investment strategies across all asset classes.

Shareholder Information

The Company announces its NAV on a monthly basis. Estimated net asset values are provided weekly by the Administrator. Share price, NAV and performance information can also be found on the Company's website www.trmultihedge.co.uk. However, information on that website does not form part of, nor is it incorporated by reference into, this document.

Results

The results for the year are set out in the Income Statement. As contemplated in the Prospectus, the directors do not propose a dividend for the year.

Significant Events

Following the ravages of the global financial crisis in the last quarter of 2008 and the first quarter of 2009, stock markets experienced a dramatic rally in the first half of this financial year as central banks poured liquidity into the system. Since October 2009 however there has been a period of uncertainty with further concerns about the global macro-economic outlook, particularly in the Eurozone. The Board exercised its discretion to operate the Redemption Facility on 31 December 2009 for up to 10% of each class of Shares in issue at that date. In addition for most of the financial year, the Company has continued to operate its programme of share buybacks to seek to address the continuing discount at which the Company's shares have been trading since the last quarter of 2008.

Management Agreements

The Company has contracted with Thames River Capital LLP for the provision of investment management services. Management fees as disclosed in note 15 are calculated at 1.5% per annum of the NAV of the Company plus a performance fee.

The Board has reviewed the performance of the Investment Manager in managing the portfolio and the appropriateness of the terms of the investment management agreement. Following their review, it is the opinion of the directors that the continuing appointment of the Investment Manager on the terms agreed is in the interest of shareholders as a whole taking into account the proposed acquisition by F&C Asset Management (see note 19).

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued share capital of the Company as at 31 March 2010.

| | Sterling Shares | % of Total Sterling Shares |
|------------------------------------------|------------------------|---------------------------------------|
| The Bank of New York (Nominees) | 30,876,693 | 16.94 |
| Chase Nominees Limited | 25,706,516 | 14.11 |
| HSBC Global Custody Nominee (UK) Limited | 18,634,883 | 10.23 |
| Pershing Nominees Limited | 15,281,489 | 8.39 |
| Lynchwood Nominees Limited | 13,920,920 | 7.64 |
| Nortrust Nominees Limited | 12,823,756 | 7.04 |
| BBHISL Nominees Limited | 12,119,746 | 6.65 |
| | <u>129,364,003</u> | <u>71.00</u> |

| | Euro Shares | % of Total Euro Shares |
|------------------------------------------|--------------------|-----------------------------------|
| HSBC Global Custody Nominee (UK) Limited | 2,820,316 | 45.91 |
| Pershing Nominees Limited | 675,385 | 10.99 |
| Lynchwood Nominees Limited | 740,890 | 12.06 |
| Securities Services Nominees | 535,114 | 8.71 |
| Nortrust Nominees Limited | 319,407 | 5.20 |
| | <u>5,091,112</u> | <u>82.87</u> |

| | Dollar Shares | % of Total Dollar Shares |
|---------------------------------|----------------------|-------------------------------------|
| BBHISL Nominees Limited | 6,026,204 | 31.26 |
| Computershare Investor Services | 3,091,126 | 16.03 |
| Securities Services Nominees | 2,030,756 | 10.53 |
| Nortrust Nominees Limited | 1,663,924 | 8.63 |
| Lynchwood Nominees Limited | 1,254,446 | 6.51 |
| Giltspur Nominees Limited | 1,030,092 | 5.34 |
| Chase Nominees Limited | 822,149 | 4.26 |
| | <u>15,918,697</u> | <u>82.56</u> |

In the opinion of the directors, there is no immediate or controlling party of the Company.

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

Substantial Interests

The Board had been advised that the following shareholders owned 3% or more of the issued share capital of the Company as at 31 March 2009.

| Shareholder | Sterling Shares | % of Total |
|-------------------------------------------|-------------------|--------------|
| Lynchwood Nominees Limited | 14,368,765 | 6.38 |
| BBHISL Nominees Limited | 13,770,194 | 6.11 |
| The Bank of New York (Nominees) Limited | 13,239,388 | 5.88 |
| Chase Nominees Limited | 12,049,038 | 5.35 |
| HSBC Global Custody Nominee (UK) Limited* | 11,932,110 | 5.30 |
| James Capel (Nominees) Limited | 11,003,950 | 4.88 |
| Pershing Nominees Limited | 8,320,365 | 3.69 |
| HSBC Global Custody Nominee (UK) Limited* | 7,062,914 | 3.13 |
| | <u>91,746,724</u> | <u>40.72</u> |

* Different nominee holdings.

| Shareholder | Euro Shares | % of Total |
|--------------------------------------------|------------------|--------------|
| Lynchwood Nominees Limited | 875,370 | 20.02 |
| Pershing Nominees Limited | 665,672 | 15.22 |
| Securities Services Nominees | 574,116 | 13.13 |
| HSBC Global Custody Nominee (UK) Limited** | 363,065 | 8.30 |
| Nortrust Nominees Limited | 358,984 | 8.21 |
| HSBC Global Custody Nominee (UK) Limited** | 241,010 | 5.51 |
| Hero Nominees Limited | 209,750 | 4.80 |
| Harbour Nominees Limited | 185,461 | 4.24 |
| BBHISL Nominees Limited | 171,924 | 3.93 |
| KB (CI) Custody Nominee (UK) Limited | 154,507 | 3.53 |
| HSBC Global Custody Nominee (UK) Limited** | 153,750 | 3.52 |
| Chase Nominees Limited | 150,000 | 3.43 |
| | <u>4,103,609</u> | <u>93.84</u> |

** Different nominee holdings.

| Shareholder | Dollar Shares | % of Total |
|------------------------------------------|-------------------|--------------|
| Computer Investor Services | 9,455,439 | 26.21 |
| BBHISL Nominees Limited | 8,326,849 | 23.08 |
| HSBC Global Custody Nominee (UK) Limited | 5,472,459 | 15.17 |
| Giltspur Nominees Limited | 4,945,033 | 13.71 |
| Securities Services Nominees | 2,804,683 | 7.77 |
| BDS Nominees Limited | 1,408,613 | 3.90 |
| Nortrust Nominees Limited | 1,357,335 | 3.76 |
| Lynchwood Nominees Limited | 1,163,152 | 3.22 |
| | <u>34,933,563</u> | <u>96.82</u> |

| Shareholder | Realisation Shares | % of Total |
|------------------------------------------|--------------------|--------------|
| Chase Nominees Limited | 2,010,700 | 31.78 |
| Giltspur Nominees Limited | 1,652,929 | 26.12 |
| Pershing Nominees Limited | 1,248,150 | 19.73 |
| HSBC Global Custody Nominee (UK) Limited | 200,000 | 3.16 |
| | <u>5,111,779</u> | <u>80.79</u> |

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

Directors

The directors are listed on page 2. The directors had no beneficial interest in the Company other than as shown below:

| Sterling Shares held as at 31 March 2010 | <u>Beneficial</u> | <u>Non-beneficial</u> |
|-------------------------------------------------|--------------------------|------------------------------|
| W. Backhouse | 103,732 | 56,995 |
| D.G.P. Scholfield | 50,000 | - |
| C.M.W. Hill | 17,032 | - |

Statement of Directors' Responsibilities

The directors are required to prepare financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey Law and International Financial Reporting Standards, of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

Statement under the Disclosure and Transparency Rules 4.1.12

The directors each confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- (b) the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced.

Corporate Governance

Introduction

As a closed-ended investment company registered in Guernsey, the Company is, for this financial year eligible, for exemption from the requirements of the Combined Code (the "Code"; recently re-named the "UK Corporate Governance Code") which sets out the principles of good governance and a code of best practice and is issued by the UK Listing Authority. The Board has however put in place a framework for corporate governance which it believes is suitable for an investment company and which enables the Company voluntarily to comply with the main requirements of the Code.

The Board considers that the Company has complied with the provisions contained in Section 1 of the Code throughout this accounting year except where indicated below. The following statement describes how the relevant principles of governance are applied to the Company as updated by the Financial Reporting Council.

The Board

The Board currently consists of five non-executive directors, four of whom are independent of the Investment Manager. Mr Holmes is a director of Thames River Capital Holdings Limited, of which the Investment Manager is a subsidiary undertaking, and is managing director of the Administrator. Mr Hiddelston, who, as in the previous year, acted as Mr Holmes' alternate director during the year, is employed by Northern Trust.

Details of the directors, who are all non-executive, are:

William Backhouse LVO, Chairman

Chairman, Member of the Audit Committee

William is a former chief operating officer of Baring Asset Management and is a director of ING Real Estate Investment Management Group (UK) Limited, ING Lionbrook Property Fund LP and Herald Investment Fund plc. He qualified as a Chartered Accountant in 1965.

Christopher Hill

Member of the Audit Committee

Chris is an Associate of the Chartered Institute of Bankers and a non-executive director of a number of financial institutions and investment funds. He was managing director of Guernsey International Fund Managers Limited, part of the Barings Financial Services Group, for eight years prior to its sale to Northern Trust in 2005. Chris has more than 30 years' experience in the field of offshore banking and fund administration. In particular, he is chairman of UK Commercial Property Trust Limited and Close Fund Management Portfolios II PCC Limited, both listed in London, and is a past chairman of the Guernsey Investment Funds Association.

Victor Holmes

Vic was managing director of International Fund Managers (Ireland) Limited (renamed Northern Trust International Fund Administration (Ireland) Limited in mid 2005) from July 1990 until August 2003 and from May 2005 to May 2007. Vic assumed the position of managing director of the Administrator in May 2007, prior to which he was chairman of the Administrator for a period of four years. Since May 2007, Vic has been Northern Trust's most senior representative in the Channel Islands. Among his other responsibilities, he is a director of Thames River Capital Holdings Limited, an affiliate of the Investment Manager. Vic is a Fellow of the Chartered Association of Certified Accountants and was the inaugural chairman of the Irish Funds Industry Association from 1991 to 1992.

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

The Board (continued)

Paul Le Page

Chairman of the Audit Committee

Paul is a senior vice president of Financial Risk Management (FRM) and a director of a number of FRM funds. He has extensive knowledge of, and experience in, the fund management and hedge fund industry. Prior to joining FRM, he was an associate director at Collins Stewart Asset Management from January 1999 to July 2005, where he was responsible for managing the firm's hedge fund portfolios and reviewing hedge fund managers. Paul joined Collins Stewart in January 1999 after a 12 year career in industrial research and development, latterly as the research and development director for Dynex Technologies (Guernsey) Limited until 1998, where the development of a world leading instrumentation family led to the award of a grant which he used to fund an MBA degree from Heriot Watt University in 1999. He graduated in Electrical & Electronic Engineering from University College London in 1987.

David Scholfield

Senior Independent Director, Member of the Audit Committee

David is a non-executive director of a number of investment companies, including as chairman of two hedge funds. From 1998 to 2004, he was managing director of Bank of Bermuda in Hong Kong. For the previous 16 years, David was with Baring Asset Management, where he was latterly head of the department responsible for the establishment and ongoing corporate management of Barings' range of investment companies.

As disclosed above the Chairman, William Backhouse, has three other non executive directorships none of which is any more onerous than his directorship of the Company. As the Company has no employees, the Board does not consider it necessary to appoint a Chief Executive.

The Articles of Association provide that one third of the directors retire by rotation at each annual general meeting. If their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office. A director who retires at an annual general meeting may, if willing to act, be re-appointed. The directors are not subject to automatic re-appointment. Mr Backhouse submits himself for re-election at the sixth annual general meeting. Mr Holmes, who is a director of Thames River Capital Holdings Limited, an affiliate of the Investment Manager, also submits himself for re-election at the sixth annual general meeting in accordance with Chapter 15 of the UK Listing Authority's Listing Rules.

The Board meets at least four times a year and between these formal meetings, there are some ad hoc meetings and there is regular contact with the Investment Manager and the Secretary. All board meetings are held in Guernsey.

The directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the directors. The directors also have access to the Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. The Company maintains liability insurance for its directors and officers although the Company has no employees and none of its directors are executive.

The Board has delegated day-to-day management of the Company's assets to the Investment Manager. All decisions relating to the Company's investment policy, investment objective, dividend policy, gearing, corporate governance and strategy in general are reserved to the Board.

The Board has a breadth of experience relevant to the Company and the directors believe that any changes to the Board's composition can be managed without undue disruption. When a new director is appointed to the Board, an appropriate induction process will be put in place including the activities of the Investment Manager and Administrator.

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

The Board (continued)

The Board evaluates its performance and considers the tenure of each director on an annual basis, and believes that the mix of skills, experience, ages, and length of service are appropriate to the requirements of the Company. The Senior Independent Director is supported by the other independent directors in recommending the re-election of the Chairman and other directors retiring and offering themselves for re-election at the forthcoming Annual General Meeting.

On an annual basis the Chairman assesses the performance of each director that includes a review of Board and committee meeting attendance.

The attendance record of the directors is set out below:

| | Quarterly Meeting | Ad hoc Meeting | Audit Committee Meeting | Residence |
|------------------------------------------|----------------------|-------------------|-------------------------------|-----------|
| William Backhouse (Chairman) | 4 | 1 | 2 | UK |
| Christopher Hill | 4 | 4 | 2 | Guernsey |
| Victor Holmes | 4 | 1 | n/a | Guernsey |
| Victor Holmes (represented by alternate) | - | 1 | n/a | Guernsey |
| Paul Le Page | 4 | 5 | 2 | Guernsey |
| David Scholfield | 4 | - | 2 | UK |

Nomination Committee

A Nomination Committee, with defined terms of reference and duties and comprising the Chairman and all the other directors, has been established to, *inter alia*, regularly review the structure, size and composition of the Board, to identify and nominate candidates to fill Board vacancies as they arise, to satisfy itself with regard to succession planning and to undertake annual performance evaluations of all members of the Board.

Audit Committee

An Audit Committee has been established consisting of Mr Le Page (chairman), Mr Backhouse, Mr Hill and Mr Scholfield. The Audit Committee examines the effectiveness of the Company's internal control systems, the annual report and financial statements and interim report, the auditors' remuneration and engagement, as well as the auditors' independence and the non-audit services provided by them. The Audit Committee receives information from the Secretary's compliance department and the external auditors.

Remuneration Committee

The Board does not believe it is appropriate for the Company, as an investment company with no executive directors, to have a Remuneration Committee. All matters relating to the remuneration of the Board are considered by the full Board with the benefit of independent advice.

Management Engagement Committee

The Board has itself undertaken the functions normally carried out by a Management Engagement Committee.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this annual report and financial statements and is reviewed by the Board and accords with the Turnbull Guidance. The Code requires directors to conduct, at least annually, a review of the Company's system of internal control, covering all controls including financial, operational, compliance and risk management.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating significant risks affecting the Company and the policies by which these risks are managed.

THAMES RIVER MULTI HEDGE PCC LIMITED

REPORT OF THE DIRECTORS (continued)

Internal Controls (continued)

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Board has reviewed the need for an internal audit function. The Board consider that the systems and procedures put in place by the Investment Manager and the Administrator, including the internal audit activities of both, are adequate to safeguard shareholders' interests and investment and that the Company does not therefore require a separate internal audit function.

Going Concern

After making enquiries and given the nature of the Company and its investments, the directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements and, after due consideration, the directors consider that the Company is able to continue as a going concern in the foreseeable future.

Relations with Shareholders

The Investment Manager and the Company's broker maintain a regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

Redemption Facility

The Company has a half yearly Redemption Facility which may be activated at the discretion of the directors. If activated, shareholders may request on not less than 95 days' notice, the redemption of up to 25% (as determined by the directors) of their holdings for cash at the NAV on 30 June and/or 31 December. The directors have resolved not to activate this facility at 30 June 2010.

Switching Facility

On the dates when the March and September NAVs are calculated in each year (each a "Conversion Calculation Date"), shareholders are able to switch Shares of any class in issue into Shares of another class in issue by giving not less than 30 calendar days' notice to the Company in advance of such Conversion Calculation Date. Such conversions will be on the basis of the ratio of the NAV of each class of Shares which are the subject of requests for conversion at the relevant NAV Calculation Date.


Realisation Shares

In September 2009 the UK government introduced various changes to their "Offshore Fund Rules" which would have made UK investors in the Company's Shares liable to income tax on any gains made on their investment rather than capital gains tax. In order to protect the Shareholders from this change the Board resolved to re-designate all the Realisation Shares in issue on 20 November 2009 as Sterling Shares and merge them with the existing Sterling Share class.

Treasury Buybacks

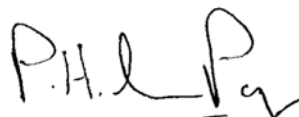
During the year the Company repurchased 29,600,000 Sterling Shares, 150,000 Euro Shares, 4,520,000 Dollar Shares and 400,000 Realisation Shares. At the year end the Company held 19,665,000 Sterling Shares, 150,000 Euro Shares and 420,000 Dollar Shares in treasury with the balance having been cancelled.

By order of the Board



William Backhouse

25 June 2010



Paul Le Page

Directors

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT

This financial year saw a global recovery on the back of the financial crisis that occurred in 2008. Thames River Multi Hedge PCC Limited ("Hedge+" or the "Fund") had a respectable year being able to deliver a return of 12.39% for the Sterling Share class over the period. With the benefit of hindsight, we should have seen the massive rally in all risk assets in 2009, as the tsunami of liquidity pumped into the global financial system by governments through fiscal stimuli, and by central banks through quantitative easing measures, made it a one way trade. However we remained cautiously positioned throughout the year as the spectre of events in the latter part of 2008 influenced us to ascribe particular importance to capital preservation.

Quarterly Performance Review

Table 1: Quarterly Returns April – June 2009

| Hedge + (£) | Cash | peers | Hedge Funds | Bonds | Equities |
|-------------|-------|-------|-------------|-------|----------|
| 5.02% | 0.05% | 6.23% | 6.27% | 1.79% | 19.73% |

Cash: Citi 3 Month Treasury Bill, **Peers:** HFRI FOF Strategic Index; **Hedge Funds:** Credit Suisse Tremont Hedge Fund Index; **Bonds:** Barclays Aggregate Bond Index; **Equities:** MSCI World Index

The second quarter of the calendar year of 2009 started where the first quarter ended, with the market recovery momentum seen in March continuing through to April and beyond. The economic data disclosed was 'less worse' than expected and the resultant market buoyancy sparked much discussion about the optimistic 'green shoots of recovery', whilst the more sanguine commentators remained of the view that this was no more than a bear market rally ('green shoots, no roots'), and that this was not the end of our woes.

Hedge funds had a strong quarter with May's performance being one of the highest recorded. All strategies performed well as investors returned to financial markets and drove prices higher. Those managers that were positioned for a falling market suffered (e.g. global macro) and found the sharp rally painful. Trend followers (e.g. CTAs) also suffered as the abrupt turn in the markets, followed by sideways trading, made it difficult for their systems to cope.

Hedge+ ended the first quarter of the financial year strongly in positive territory, up 5%. Contributions to performance came from a number of different strategies. Notable performers were: the specialist credit manager Cheyne (up 95%), the global distressed manager Davidson Kempner (up 22%), and the multi-strategy manager CQS (up 16%). There were no significant detractors for the quarter. The portfolio remained relatively cautiously invested as we saw more near term performance potential in buying back the Company's shares at the prevailing discount levels.

Table 2: Quarterly Returns July - September 2009

| Hedge + (£) | Cash | peers | Hedge Funds | Bonds | Equities |
|-------------|-------|-------|-------------|-------|----------|
| 5.28% | 0.04% | 5.14% | 7.27% | 3.74% | 16.90% |

Cash: Citi 3 Month Treasury Bill, **Peers:** HFRI FOF Strategic Index; **Hedge Funds:** Credit Suisse Tremont Hedge Fund Index; **Bonds:** Barclays Aggregate Bond Index; **Equities:** MSCI World Index

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

The rally that began at the tail end of the first calendar quarter gathered pace through the second quarter and positively barrelled through to the end of the September quarter, despite some wobbles in August, caused by Chinese markets falling during the month. Where in the second quarter we heard much discussion regarding the possibility of the 'green shoots of recovery', the more fashionable followers of the economic outlook moved from the agricultural to the mathematical and were espousing the 'square root' recovery pattern (i.e. down, up and then flat).

Markets seemed to be functioning relatively well, especially when compared to the fourth quarter of 2008 when systemic risk seemed to be about to bring about the collapse of the global financial system. Volatility fell rapidly (as confidence returned), LIBOR spreads came in significantly (implying that banks were starting to trust each other again), government bond yields were rising (risk appetite improving) and liquidity returned to the financial markets as investors put their vast cash holdings to work. It looked as if the government stimulus packages might just be working and stabilising investment markets.

Hedge+ ended the September quarter up 5.3%. Positive performance contributions came mostly from the credit and equity long short managers. Notable performances in the third quarter included the specialist credit manager Cheyne (up 32.6%), the convertible arbitrage manager Ferox (up 21.9%), the European biased equity long short manager Alphagen Tucana (up 20.3%) and the multi-strategy manager CQS (up 18.7%). Although many of the managers believed that the rally had been too fast, too soon, none of them wanted to stand in the way of the market momentum. In general, most of the hedge funds in the portfolio were long biased but net and gross exposures remained low reflecting the uncertainty in managers' views.

Table 3: Quarterly Returns October - December 2009

| Hedge + (£) | Cash | peers | Hedge Funds | Bonds | Equities |
|-------------|-------|-------|-------------|-------|----------|
| 0.88% | 0.03% | 1.73% | 3.14% | 0.20% | 3.68% |

Cash: Citi 3 Month Treasury Bill, **Peers:** HFRI FOF Strategic Index; **Hedge Funds:** Credit Suisse Tremont Hedge Fund Index; **Bonds:** Barclays Aggregate Bond Index; **Equities:** MSCI World Index

The December quarter of 2009 witnessed similar scenes to those we saw play out in the markets throughout a turbulent year. Despite some hiccups, such as Dubai rescinding on its debt repayments, the markets rally stayed on course, somewhat dispelling fears that it was too much too soon and unsustainable for any period of time. The bearish stance that we had maintained throughout the year as we looked to find the substance for the rally, changed to a cautiously bullish outlook, although we were still extremely aware of the potential pitfalls.

Hedge+ ended the December quarter up 0.9%. Most of the positive performance came once again from the credit managers. Notable performers in the quarter were: Cheyne (up 19%), CQS (up 8.9%) and the distressed manager Davidson Kempner (up an estimated 6.5%). Unfortunately, Union National Brazil, a factoring fund, neutralised these positive performances as they conservatively marked down their portfolio significantly to comply with strict Brazilian factoring rules. Over the quarter, we increased our positions with equity long short manager Zebedee Focus Fund, specialist credit fund, Cheyne, and global macro manager CCP, and added a new macro fund, Woodbine, to the portfolio. In light of the potential for inflation to return as result of the economic stimulus packages, we cautiously increased our exposure to macro hedges over the period.

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Table 4: Quarterly Returns January – March 2010

| Hedge + (£) | Cash | peers | Hedge Funds | Bonds | Equities |
|-------------|-------|-------|-------------|-------|----------|
| 1.03% | 0.02% | 1.28% | 3.09% | 1.78% | 2.74% |

Cash: Citi 3 Month Treasury Bill, **Peers:** HFRI FOF Strategic Index; **Hedge Funds:** Credit Suisse Tremont Hedge Fund Index; **Bonds:** Barclays Aggregate Bond Index; **Equities:** MSCI World Index

The cautiously bullish stance adopted in the December quarter paid off in the first quarter of 2010 although markets were volatile as expected. The year started off strongly only to sell-off halfway through January as Greek debt fears and China's tightening of monetary policy concentrated investors' minds that there were still serious problems that needed to be resolved. February started off negatively although ended positively, being the exact reverse of January! However, the rally in risk assets which started in February continued throughout March resulting in a positive quarter for most indices albeit masking a volatile ride. Greece's debt problems dominated investor views and fluctuated from fear to relief almost on a weekly basis while politicians and central banks wrestled with the problem. However, cheap money was continuing to support markets in spite of questionable fundamentals.

While the market responded favourably to the Greek solution in the short term, we remained wary – we did not believe that there was a firm foundation for a sustainable bull market. We began to expect 2010 to be the year when many countries would experience the first moves towards policy tightening and the gradual withdrawal of financial and monetary stimulus. China had already begun to implement this, albeit slowly, as Chinese leaders were worried that excessive lending was fuelling a stock market and real estate bubble. Despite the new found strength in the market, we perceived increasing fears of a double dip recession going into 2011.

Hedge+ ended the last quarter of the financial year 2010 up 0.77%. Notable performers were: RAB Octane RS (up 17.5%), Newtonian, a Chinese property fund, (up 14.2%), multi-strategy manager CQS (up 10.8%) and equity long short manager LAPP (up 9%). Detractors from performance were equity long short managers Breithorn (down 6.8%) and Zebedee Focus (down 3.4%).

Annual Performance Review

Over the last financial year, as described above, the performance of the Thames River Hedge+ portfolio has suffered from the fact that we erred on the side of caution in our view of markets. However the portfolio did achieve our stated double digit return target for the year. We now believe that we are back to "normal" although we are still dealing with some legacy issues of 2008 such as side pockets.

Table 5: Performance of the Thames River Hedge+ portfolio compared to various indices and its peers

| Summary Statistics | Hedge + (£ Class) | Hedge + (€ Class) | Hedge + (\$ Class)* | Peers | Hedge Funds | Bonds | Equities |
|--------------------------------|-------------------|-------------------|---------------------|---------|-------------|--------|----------|
| Return April 2009-March 2010 | 12.68% | 14.37% | 15.15% | 15.08% | 21.20% | 7.70% | 49.09% |
| Annualised Return (Inception) | 6.23% | 4.62% | 6.10% | 3.93% | 6.46% | 4.89% | 2.16% |
| Standard Deviation (Inception) | 6.70% | 7.44% | 8.24% | 7.73% | 6.44% | 3.71% | 16.35% |
| Worst Drawdown (Inception) | -19.94% | -23.44% | -20.28% | -26.80% | -19.68% | -3.82% | -55.37% |

Thames River Hedge+ inception date 27 February 2004 (data taken from March 2004)

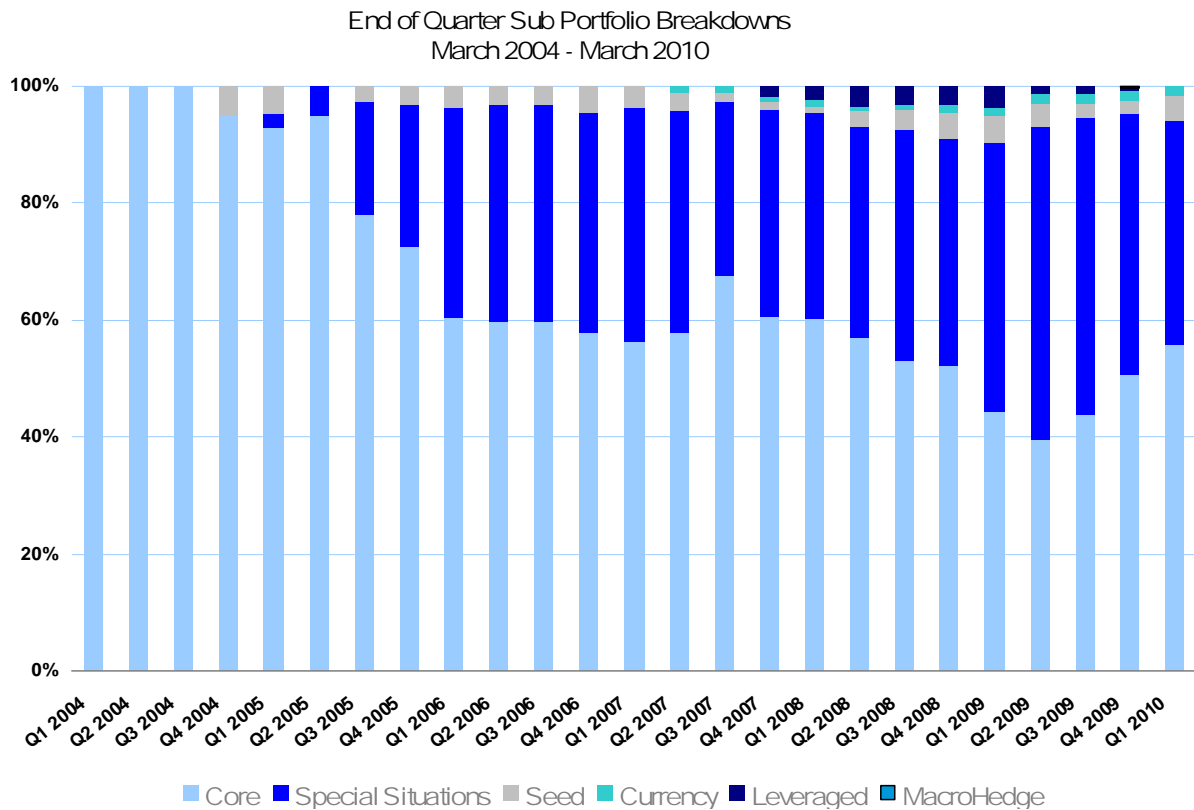
Peers: HFRI FOF Strategic Index; **Hedge Funds:** Credit Suisse Tremont Hedge Fund Index; **Bonds:** Barclays Aggregate Bond Index; **Equities:** MSCI World Index

* Inception November 2006

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

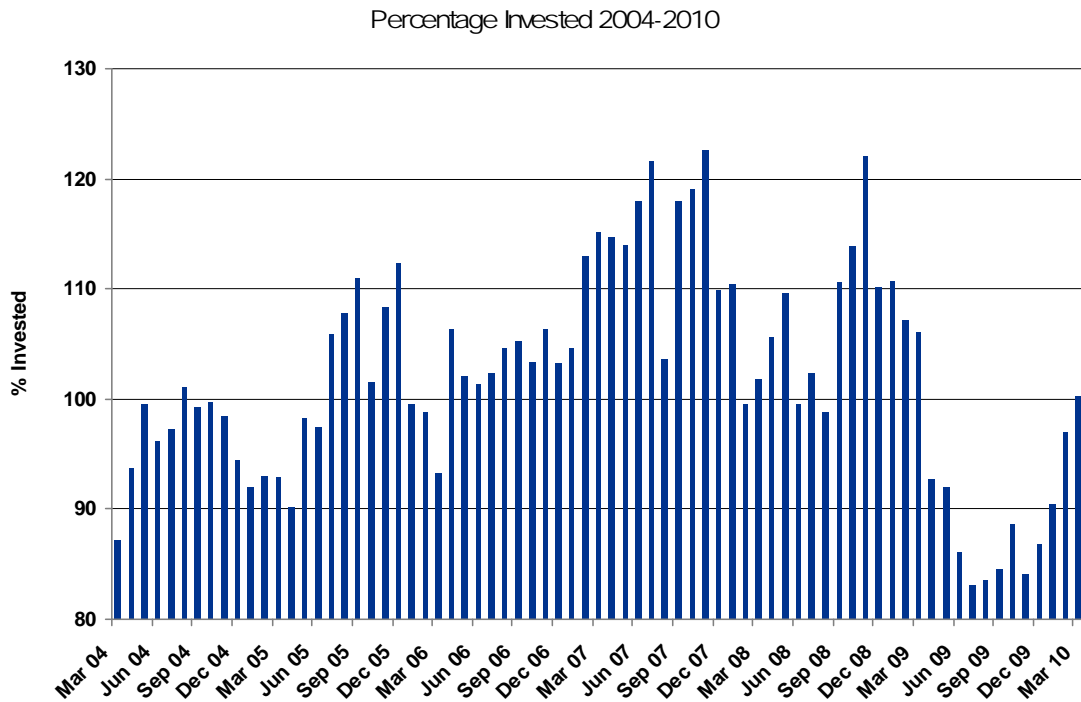
The graph below reflects the changes between the different sub-portfolios of Thames River Hedge+ since inception. Our allocation to the seed, macro hedge and currency sub-portfolios remained fairly static in the financial year to March 2010. In the last quarter we gave notice to liquidate the leveraged sub-portfolio. The allocation to the core sub-portfolio increased, whereas the allocation to the special situations sub-portfolio decreased. Given the environment in which we found ourselves, we felt that there was better value and less risk in the underlying managers whose strategies fell into the core category and we added managers in this part of the sub-portfolio. We liquidated a number of our special situations positions and chose to decrease our overall allocation to this sub-portfolio.



THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

The graph below shows the change in leverage of Thames River Hedge+ since inception. As stability started to return to the market and underlying liquidity returned to the Fund, we were able to become more fully invested and we expect to remain so going forward.



Portfolio

Due to the events of 2008, we implemented a number of notable changes during the year with regard to the management of Hedge+.

- **Currency Hedges**
Due to the extreme volatility in the currency markets in late 2008 and the fact that the majority of the underlying funds in the Hedge+ portfolio were denominated in US dollars, the cost of hedging against these currency movements created a substantial cash outflow. Under these conditions the board was forced to reduce the hedging of the exposure to US dollars in the share classes denominated in sterling and euro. During March 2009, as we managed to liquidate investments to repay borrowings used to fund foreign exchange losses, the board was able to begin to reinstate the share class currency hedging programme.
 - On 31 March 2009 currency hedges were increased from 60% to approximately 70%
 - On 5 May 2009 currency hedges were increased from 70% to approximately 78%
 - On 19 May 2009 currency hedges were increased from 78% to approximately 88%
 - On 20 May 2009 currency hedges were increased from 88% to approximately 100%

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Natural Hedging

In order to attempt to mitigate some of the impact on financial resources of the dramatic movements in foreign exchange rates, we made a concerted effort during the year to persuade managers of underlying funds to offer share classes denominated in sterling and the euro as well as the more generally available US dollar class. By investing in such classes we succeeded in transferring the responsibility for hedging from the Fund to the underlying managers. The logic for this change is that it moves the currency management role to the people with the greatest control over the liquidity within the respective portfolios. This serves to create a "natural hedge" of a sizeable portion of the assets within the portfolio against the profile of the Company's liability to holders of the different currency classes of shares. While this process has shown considerable success, a number of the underlying managers cannot hedge at their level and so we continue to hedge a part of the portfolio at the Fund level.

Table 6: below shows the level of Natural Hedging achieved at the beginning and end of the financial year:

| Natural Hedging | | | |
|------------------------|---------------------|---------------------|-----------------|
| | EUR holdings | GBP holdings | % of NAV |
| Mar-09 | €2,908,100 | £34,823,234 | 10.84% |
| Mar-10 | €6,070,480 | £114,569,387 | 44.07% |

Illiquid Holdings

By virtue of being a closed-ended vehicle, Hedge+ has always been able to invest a portion of the portfolio in interesting ideas with relatively illiquid redemption terms. These might include funds with lock-up periods of 12 months or longer and with substantial penalties if the lock-up is broken, or funds investing in private equity type projects where redemption is dependent on the fund being able to achieve an exit from its investment. These are referred to as "Structurally Illiquid" investments.

Following the very serious liquidity problems of the global financial crisis which started in the last quarter of 2008, there were a number of underlying holdings in the Hedge+ portfolio that sought to restrict liquidity in one form or another in order to avoid having to sell investments at greatly over-sold prices. These restrictions often took the form of side pockets where the managers ring-fenced the illiquid holdings within their portfolio in a separate entity with a view to managing the disposal of these on a run-off basis over time at the best prices available. In extreme situations managers were forced to put the entire fund into liquidation. These are referred to as "Newly Illiquid" investments.

Table 7: below shows the level of Newly Illiquid holdings as a percentage of the Fund's NAV at the end of each quarter during the year.

| Liquidity Analysis | |
|---------------------------|-----------------------|
| | Newly Illiquid |
| Mar-09 | 22.2% |
| Jun-09 | 21.3% |
| Sep-09 | 20.4% |
| Dec-09 | 18.8% |
| Mar-10 | 13.8% |

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

During the year we sold \$2.05m of these newly illiquid holdings in the secondary market at a weighted average discount of 48% to their notional net asset values. Cash raised from such sales helped to fund the programme of share buybacks without affecting the regular portfolio. As the shares bought back were trading at double digit discounts, this partially mitigated the discounts at which the newly illiquid holdings were sold.

We are continually evaluating whether to sell some or all of the remaining newly illiquid holdings in the secondary market. At this point in time we do see value therein and therefore may selectively sell depending on the anticipated discount compared to the value enhancement inherent in share buybacks.

Share Buybacks

The Board implemented a programme of share buybacks in late 2008. This has continued throughout the year and has served to enhance the NAV of the portfolio. In the context of our cautious view of the extent of the market rally, the share buybacks at substantial discounts served to enhance shareholder value. Moreover market liquidity was enhanced which was of assistance to some of our shareholders.

Table 8: below shows the total number and value of shares bought back during the financial year:

| Total Bought Back | Sterling Class | Realisation Class | Euro Class | US Dollar Class |
|--------------------------|-----------------------|--------------------------|-------------------|------------------------|
| Number of Shares | 29,600,000 | 400,000 | 150,000 | 4,520,000 |
| Cost | £33,447,526 | £256,512 | €146,544 | \$3,526,593 |
| £ Cost | £33,447,526 | £256,512 | £130,517 | £2,321,502 |
| | | | £ total | £36,156,057 |

Redemption Facility

The Board decided that, given the environment at the time, implementing the Redemption Facility as at 30 June 2009 would not have been in the best interest of the majority of the shareholders. In order to have funded the expected level of redemptions, the Company would either have been required to sell a number of the portfolio holdings which offered the greatest liquidity or to borrow extensively against its credit facilities, or a combination of these two. As we had just completed a substantial programme of security sales in relatively illiquid markets to raise cash to fund the losses on currency hedging contracts and to enable the Fund to reinstate its share class currency hedges, the Board decided that it would not be beneficial potentially to impair the balance of the portfolio. With the improvement in the environment in the latter part of the year, the Redemption Facility was made available to investors in December 2009 for 10% of NAV.

THAMES RIVER MULTI HEDGE PCC LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Outlook

Our bearish stance of 2009 has changed to being cautiously bullish in 2010. However, as beta was the strategy of choice in 2009, 2010 will be dominated by alpha as markets struggle to justify new highs given current full valuations. Financial markets have almost reached pre-2007 highs but we are living in a completely different world. Taxes are rising to pay for the cost of bailing out the banking system, consumers are saving more, the too-high debt levels for consumers have hardly changed and governments have piled on more debt saddling their economies with huge deficits. This all translates, in our view, to slower economic growth in the future as a best case scenario. Therefore, we see a far more volatile environment which will suit stock pickers (alpha) above directional managers (beta). Anecdotally, we see this in our underlying funds' positioning with large gross balance sheets (lots of interesting individual opportunities - alpha) but low net exposures (worried about market direction - beta).

Our focus in the portfolio is on alpha generators rather than directional funds as mentioned above. We see opportunities in three main areas: credit (including distressed), macro and equities. The credit crunch has caused significant dislocations in the credit markets which will take years to rebalance and therefore creates a great opportunity set especially for the distressed debt strategy. Following the sustained credit rally, we are cautious about long-biased credit strategies, preferring managers with a more market or credit-neutral strategy and strong stock picking skills who can take advantage of what should be plentiful opportunities on both the short and the long side as markets recover. While the current loose monetary and fiscal policy environment is ideal for macro managers, there are signs of this ending and that the current favorable conditions could backfire.

Although we are bearish on equity beta going forward, we believe that there will be a large amount of volatility in the market. This will be favorable for our more stock picker/trader style managers rather than those that are long biased. We have reduced our exposure to "ZeCo" strategies as we see many more opportunities elsewhere. We are maintaining our macro hedges to protect the potential downside which is not currently priced into the markets.

Thames River Capital LLP

June 2010

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THAMES RIVER MULTI HEDGE PCC LIMITED

We have audited the financial statements of Thames River Multi Hedge PCC Limited for the year ended 31 March 2010 which comprise the Schedule of Investments, the Balance Sheet, the Statement of Changes in Equity, the Income Statement, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

The directors have requested, (because the company applies Listing Rules 9.8.6R 5 and 6 of the Financial Services Authority as if it were a United Kingdom incorporated and listed company), that we review the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review by the Listing Rules of the Financial Services Authority. We have nothing to report in respect of this review.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Management and Administration page, the Chairman's Report, the Report of the Directors, the Investment Manager's Report and the Information about the Company.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THAMES RIVER MULTI
HEDGE PCC LIMITED (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 March 2010 and of its net gain and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008; and
- the information given in the Report of the Directors is consistent with the financial statements.


**PricewaterhouseCoopers CI LLP,
Chartered Accountants
Guernsey, Channel Islands.
25 June 2010**

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS

As at 31 March 2010

Financial assets at fair value through profit or loss

| Funds | Strategy | Nominal Holding | Fair Value US\$000's | % of NAV |
|------------------------------------------------|-----------------------|------------------------|-----------------------------|-----------------|
| Thames River Absolute Return Fund | Multi-Strategy | 2,500,000 | 38,112 | 8.93 |
| CQS Directional Opportunities Feeder Fund | Multi-Strategy | 8,366 | 35,344 | 8.29 |
| Nevsky Fund | Equity Long / Short | 17,428 | 27,324 | 6.40 |
| Cheyne Total Return Credit Fund II | Credit | 147,197 | 25,980 | 6.09 |
| Davidson Kempner Distressed Opportunities Intl | Distressed | 20,423 | 25,461 | 5.96 |
| Tourmalet Matawin Offshore Fund | Real Estate | 1 | 21,864 | 5.12 |
| Paulson Advantage Plus | Event Driven | 34,760 | 20,572 | 4.82 |
| Claren Road Credit Fund | Credit | 20,000 | 19,802 | 4.65 |
| Ferox Fund | Convertible Arbitrage | 105,752 | 19,311 | 4.52 |
| Sector Speculare (Private Equity) IV Fund | Resources | 343,974 | 18,337 | 4.30 |
| Zebedee Focus Fund | Equity Long / Short | 120,180 | 18,182 | 4.26 |
| Global Maritime Investments | Shipping | 120,587 | 14,411 | 3.38 |
| Alphatran Fund | Equity Long / Short | 454,457 | 14,355 | 3.36 |
| CCP Quant Fund | Macro | 8,699 | 13,586 | 3.18 |
| Sector Expec Fund | Resources | 143,970 | 11,192 | 2.62 |
| Managed Investments PCC - Iris Enhanced Cell | Insurance | 6,112 | 10,812 | 2.53 |
| Woodbine Capital Fund | Macro | 10,000 | 10,109 | 2.37 |
| LAPP Strategic I | Equity Long / Short | 87,970 | 8,724 | 2.04 |
| SOLA I | Credit | 6,989 | 8,227 | 1.93 |
| Newtonian China Real Estate Fund | Real Estate | 98,759 | 8,088 | 1.89 |
| Bluecrest Strategic Fund | Macro | 63,968 | 7,752 | 1.82 |
| Thames River Currency Alpha Fund | Currency | 415,976 | 6,411 | 1.50 |
| The Breithorn Fund | Equity Long / Short | 51,188 | 6,252 | 1.46 |
| RAB Octane Fund | Resources | 58,649 | 5,141 | 1.20 |
| Ecofin Special Situations Utilities Fund | Equity Long / Short | 58,137 | 5,005 | 1.17 |
| Bennelong Figtree Fund | Multi-Strategy | 35,450 | 4,760 | 1.11 |
| BlueCrest Special Situations Fund | Other | 46,362 | 4,504 | 1.05 |
| Carbon Assets Fund | Other | 32,161 | 3,420 | 0.80 |
| Union National Brazil Opportunity Fund | Factoring | 15,000 | 3,411 | 0.80 |
| GLG Emerging Markets Fund | Macro | 36,354 | 2,775 | 0.65 |
| Altima Global Special Opportunities Fund | Equity Long / Short | 1,931 | 2,527 | 0.59 |
| Thames River Legion Fund | Multi-Strategy | 3,323 | 2,484 | 0.58 |
| Drake Global Opportunities Fund | Macro | 1,284 | 970 | 0.23 |
| CPIM Structured Credit Fund | Credit | 13,658 | 477 | 0.11 |
| GPS New Equity Fund (Cayman) | Equity Long / Short | 157 | 149 | 0.03 |
| GPS Income Fund (Cayman) | Equity Long / Short | 66 | 64 | 0.01 |
| Sector Speculare (Private Equity) III Fund | Resources | 143,974 | - | - |
| | | | 425,895 | 99.75 |
| Option | | | | |
| S&P Put Option Strike 500 December 2010 | | 379 | 2,767 | 0.65 |
| FXO USD/GBP Put Option Strike 1.425 May 2010 | | 75,000,000 | 200 | 0.05 |
| | | | 2,967 | 0.70 |

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS (continued)

As at 31 March 2010

| | | | | Nominal Holding | Fair Value US\$000's | % of NAV |
|-------------------------------------------------------------------------|------------------------|----------------------|----------------------|------------------------|-----------------------------|-----------------|
| Future | | | | | | |
| United States 10 Year Note June 2010 | | | | (193) | 139 | 0.03 |
| Open Forward Foreign Currency Transactions | | | | Unrealised | | |
| Investment level | Currency Bought | Currency Rate | Maturity Date | | Gain US\$000's | % of NAV |
| Currency Sold | | | | | | |
| USD 4,044,329 | GBP | 0.6592 | 06.04.10 | | 48 | 0.01 |
| Sterling Class | | | | | | |
| USD 169,056,278 | GBP | 1.5166 | 05.05.10 | | 36 | 0.01 |
| Total financial assets at fair value through profit or loss | | | | | 429,085 | 100.50 |
| Financial liabilities at fair value through profit or loss | | | | Nominal Holding | Fair Value US\$000's | % of NAV |
| Future | | | | | | |
| GBP LIF Long Futures June 2010 | | | | (186) | (299) | (0.07) |
| Open Forward Foreign Currency Transactions | | | | Unrealised | | |
| Investment level | Currency Bought | Currency Rate | Maturity Date | | Loss US\$000's | % of NAV |
| Currency Sold | | | | | | |
| GBP 1,700,000 | USD | 0.6593 | 06.04.10 | | (47) | (0.01) |
| Sterling Class | | | | | | |
| USD 169,721,334 | GBP | 1.5168 | 06.04.10 | | (601) | (0.14) |
| USD 40,319,288 | GBP | 1.5168 | 06.04.10 | | (124) | (0.03) |
| USD 37,731,119 | GBP | 1.5166 | 05.05.10 | | (1) | - |
| GBP 111,493,000 | USD | 0.6593 | 06.04.10 | | (41) | (0.01) |
| GBP 26,499,000 | USD | 0.6593 | 06.04.10 | | (2) | - |
| | | | | | (769) | (0.18) |
| Euro Class | | | | | | |
| USD 2,103,403 | EUR | 1.3531 | 06.04.10 | | (18) | - |
| USD 375,221 | EUR | 1.3531 | 06.04.10 | | (3) | - |
| | | | | | (21) | - |
| Total financial liabilities at fair value through profit or loss | | | | | (1,136) | (0.26) |
| Total Net Investments at Fair Value | | | | | 427,949 | 100.24 |
| Other Net Liabilities | | | | | (1,023) | (0.24) |
| Total Net Assets | | | | | 426,926 | 100.00 |

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS (continued)

As at 31 March 2009

Financial assets at fair value through profit or loss

| Funds | Strategy | Nominal Holding | Fair Value US\$000's | % of NAV |
|-------------------------------------------------------|-----------------------|------------------------|-----------------------------|-----------------|
| CQS Directional Opportunities Feeder Fund | Multi-Strategy | 25,480 | 42,514 | 9.26 |
| Davidson Kempner Distressed Opportunities Intl SOLA I | Distressed | 38,556 | 31,966 | 6.96 |
| Bennelong Global Special Opportunities Fund | Credit | 19,344 | 27,813 | 6.06 |
| Ferox Fund | Multi-Strategy | 153,684 | 21,871 | 4.77 |
| Nevsky Fund | Convertible Arbitrage | 271,211 | 21,686 | 4.73 |
| Paulson Advantage Plus | Equity Long / Short | 3,128 | 21,431 | 4.67 |
| Thames River Legion Fund | Event Driven | 41,764 | 19,253 | 4.20 |
| Pequot Matawin Offshore Fund | Multi-Strategy | 30,353 | 18,885 | 4.12 |
| Sector Speculare (Private Equity) IV Fund | Real Estate | 1 | 18,061 | 3.94 |
| Bluecrest Strategic Fund | Resources | 200,000 | 17,306 | 3.77 |
| Global Maritime Investments | Macro | 133,299 | 16,811 | 3.66 |
| Paulson Credit Opportunities | Shipping | 140,112 | 16,234 | 3.54 |
| Managed Investments PCC - Iris Enhanced Cell | Credit | 16,166 | 15,870 | 3.46 |
| Alphatran Fund | Insurance | 10,079 | 14,950 | 3.26 |
| Union National Brazil Opportunity Fund | Equity Long / Short | 160,000 | 14,394 | 3.14 |
| Sector Speculare (Private Equity) III Fund | Factoring | 15,000 | 13,701 | 2.99 |
| Ecofin Special Situations Utilities Fund | Resources | 143,974 | 12,370 | 2.70 |
| RAB Octane Fund | Equity Long / Short | 136,190 | 12,114 | 2.64 |
| The Breithorn Fund | Resources | 138,635 | 11,012 | 2.40 |
| Merchant Commodity Fund | Equity Long / Short | 193,728 | 10,621 | 2.31 |
| Winton Evolution Fund | Other | 30,366 | 10,141 | 2.21 |
| HSBC Global Technology Alpha Fund | Commodity Trading | 7,594 | 9,529 | 2.08 |
| LAPP Strategic I | Equity Long / Short | 81,102 | 8,869 | 1.93 |
| Cheyne Total Return Credit Fund II | Equity Long / Short | 132,525 | 8,807 | 1.92 |
| Alphagen Tucana Fund | Credit | 150,000 | 8,632 | 1.88 |
| BlueCrest Special Situations Fund | Equity Long / Short | 57,051 | 7,865 | 1.71 |
| Newtonian Asia Offshore Fund | Other | 55,248 | 6,823 | 1.49 |
| Thames River 2X Currency Alpha Fund | Real Estate | 85,373 | 6,345 | 1.38 |
| Plenum Power 2X Fund | Currency | 4,098 | 6,154 | 1.34 |
| Carbon Assets Fund | Other | 5,738 | 4,546 | 0.99 |
| GLG Emerging Markets Fund | Other | 30,000 | 4,061 | 0.89 |
| Drake Global Opportunities Fund | Macro | 55,242 | 3,993 | 0.87 |
| GPS New Equity Fund (Cayman) | Macro | 6,076 | 3,644 | 0.79 |
| Altima Global Special Opportunities Fund | Equity Long / Short | 8,317 | 3,327 | 0.73 |
| Alpstar Secured Bank Loan Fund | Equity Long / Short | 1,972 | 2,075 | 0.45 |
| GPS Income Fund (Cayman) | Credit | 32,438 | 1,638 | 0.36 |
| Paulson Recovery Fund | Equity Long / Short | 4,957 | 1,341 | 0.29 |
| IRG TMT Asia Fund | Event Driven | 10,000 | 1,056 | 0.23 |
| CPIM Structured Credit Fund | Event Driven | 1,049 | 1,016 | 0.22 |
| Davidson Kempner Healthcare Intl | Credit | 15,712 | 547 | 0.12 |
| | Equity Long / Short | 76 | 80 | 0.02 |
| | | | 479,352 | 104.48 |

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS (continued)

As at 31 March 2009

Financial assets at fair value through profit or loss (continued)

| Index Option | | | | Nominal Holding | Fair Value US\$000's | % of NAV |
|--------------------------------------------------------------------|------------------------|----------------------|----------------------|------------------------|----------------------------------|----------------------|
| S&P Put Option strike 500 17.04.09 | | | | 250 | 2,601 | 0.57 |
| Open Forward Foreign Currency Transactions | | | | | | |
| Investment level | Currency Bought | Currency Rate | Maturity Date | | Unrealised Gain US\$000's | % of NAV |
| Currency Sold | | | | | | |
| USD 4,339,360 | EUR | 0.7532 | 02.04.09 | | 8 | - |
| Sterling Class | | | | | | |
| USD 142,085,578 | GBP | 1.4251 | 02.04.09 | | 825 | 0.18 |
| USD 530,000 | GBP | 1.4250 | 02.04.09 | | 432 | 0.09 |
| USD 139,829,776 | GBP | 1.4306 | 05.05.09 | | 277 | 0.06 |
| USD 83,810,025 | GBP | 1.4327 | 05.05.09 | | 48 | 0.01 |
| GBP 578,000 | USD | 1.4477 | 02.04.09 | | 8 | - |
| | | | | | <u>1,590</u> | <u>0.34</u> |
| Euro Class | | | | | | |
| USD 3,737,570 | EUR | 1.2709 | 02.04.09 | | 167 | 0.04 |
| USD 468,516 | EUR | 1.2697 | 02.04.09 | | 21 | - |
| USD 3,644,217 | EUR | 1.3252 | 05.05.09 | | 7 | - |
| USD 3,785,797 | EUR | 1.3255 | 05.05.09 | | 6 | - |
| USD 37,941 | EUR | 1.2647 | 02.04.09 | | 2 | - |
| | | | | | <u>203</u> | <u>0.04</u> |
| Realisation Class | | | | | | |
| USD 6,010,962 | GBP | 1.4251 | 02.04.09 | | 35 | 0.01 |
| USD 6,495,060 | GBP | 1.4306 | 05.05.09 | | 13 | - |
| | | | | | <u>48</u> | <u>0.01</u> |
| Total financial assets at fair value through profit or loss | | | | | <u>483,802</u> | <u>105.44</u> |

Financial liabilities at fair value through profit or loss

| Open Forward Foreign Currency Transactions | | | | | Unrealised Loss US\$000's | % of NAV |
|---------------------------------------------------|------------------------|----------------------|----------------------|--|----------------------------------|-----------------|
| Investment level | Currency Bought | Currency Rate | Maturity Date | | | |
| Currency Sold | | | | | | |
| EUR 3,274,000 | USD | 0.7869 | 02.04.09 | | (187) | (0.04) |
| EUR 2,906,000 | USD | 0.7545 | 05.05.09 | | (6) | - |
| | | | | | <u>(193)</u> | <u>(0.04)</u> |

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS (continued)

As at 31 March 2009

Financial liabilities at fair value through profit or loss (continued)

| Open Forward Foreign Currency Transactions | Currency Bought | Currency Rate | Maturity Date | Unrealised Loss US\$000's | % of NAV |
|-------------------------------------------------------------------------|------------------------|----------------------|----------------------|--------------------------------------|-----------------|
| Sterling Class | | | | | |
| Currency Sold | | | | | |
| GBP 97,740,000 | USD | 1.4304 | 02.04.09 | (288) | (0.06) |
| GBP 51,598,000 | USD | 1.4333 | 02.04.09 | (44) | (0.01) |
| GBP 530,000 | USD | 1.4084 | 02.04.09 | (13) | - |
| GBP 856,000 | USD | 1.4209 | 02.04.09 | (11) | - |
| | | | | (356) | (0.07) |
| Euro Class | | | | | |
| EUR 115,250 | USD | 1.2567 | 02.04.09 | (8) | - |
| EUR 2,856,000 | USD | 1.3277 | 02.04.09 | (7) | - |
| EUR 369,000 | USD | 1.3277 | 02.04.09 | (1) | - |
| | | | | (16) | - |
| Realisation Class | | | | | |
| GBP 4,218,000 | USD | 1.4333 | 02.04.09 | (12) | - |
| Total financial liabilities at fair value through profit or loss | | | | (577) | (0.11) |
| Total Net Investments at Fair Value | | | | 483,225 | 105.33 |
| Other Net Liabilities | | | | (24,433) | (5.33) |
| Total Net Assets | | | | 458,792 | 100.00 |

THAMES RIVER MULTI HEDGE PCC LIMITED

SCHEDULE OF INVESTMENTS (continued)

As at 31 March 2010

Analysis of Total Portfolio by Investment Strategy at 31 March 2010

| | Number of Funds | Fair Value US\$000's | % of NAV |
|--------------------------------------------|--------------------|-------------------------|---------------|
| Equity Long / Short | 9 | 82,582 | 19.35 |
| Multi-Strategy | 4 | 80,700 | 18.90 |
| Credit | 4 | 54,486 | 12.76 |
| Macro | 5 | 35,192 | 8.24 |
| Resources | 4 | 34,670 | 8.12 |
| Real Estate | 2 | 29,952 | 7.02 |
| Distressed | 1 | 25,461 | 5.96 |
| Event Driven | 1 | 20,572 | 4.82 |
| Convertible Arbitrage | 1 | 19,311 | 4.52 |
| Shipping | 1 | 14,411 | 3.38 |
| Insurance | 1 | 10,812 | 2.53 |
| Currency | 1 | 6,411 | 1.50 |
| Factoring | 1 | 3,411 | 0.80 |
| Other | 2 | 7,924 | 1.87 |
| Futures | | (160) | (0.04) |
| Options | | 2,967 | 0.69 |
| Open Forward Foreign Currency Transactions | | (753) | (0.18) |
| Other Net Liabilities | | (1,023) | (0.24) |
| | 37 | 426,926 | 100.00 |

Analysis of Total Portfolio by Investment Strategy at 31 March 2009

| | Number of Funds | Fair Value US\$000's | % of NAV |
|--------------------------------------------|--------------------|-------------------------|---------------|
| Equity Long / Short | 11 | 90,924 | 19.82 |
| Multi-Strategy | 3 | 83,270 | 18.14 |
| Credit | 5 | 54,500 | 11.88 |
| Resources | 3 | 40,688 | 8.87 |
| Distressed | 1 | 31,966 | 6.97 |
| Macro | 3 | 24,448 | 5.33 |
| Real Estate | 2 | 24,406 | 5.32 |
| Convertible Arbitrage | 1 | 21,686 | 4.73 |
| Event Driven | 3 | 21,325 | 4.65 |
| Commodity Trading | 1 | 9,529 | 2.08 |
| Currency | 1 | 6,154 | 1.34 |
| Other | 7 | 70,456 | 15.35 |
| Options | | 2,601 | 0.57 |
| Open Forward Foreign Currency Transactions | | 1,272 | 0.28 |
| Other Net Liabilities | | (24,433) | (5.33) |
| | 41 | 458,792 | 100.00 |

THAMES RIVER MULTI HEDGE PCC LIMITED

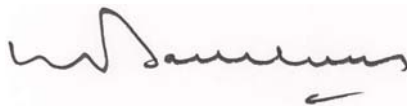
BALANCE SHEET

As at 31 March 2010

| | Notes | 2010 US\$000's | 2009 US\$000's |
|----------------------------------------------------------------------|-------|-----------------------|-----------------------|
| Current assets | | | |
| Cash | 6 | 20,761 | 34,575 |
| Margin cash | 7 | 5,922 | - |
| Debtors | 4 | 16,886 | 12,432 |
| Financial assets at fair value through profit or loss | 2, 3 | 429,085 | 483,802 |
| Total assets | | <u>472,654</u> | <u>530,809</u> |
| Current liabilities | | | |
| Bank borrowings | 8 | (40,000) | (70,000) |
| Creditors | 5 | (4,592) | (1,440) |
| Financial liabilities at fair value through profit or loss | 2, 3 | (1,136) | (577) |
| Total liabilities | | <u>(45,728)</u> | <u>(72,017)</u> |
| Total net assets | | <u>426,926</u> | <u>458,792</u> |
| Capital and revenue attributable to the Fund's equity holders | | | |
| Share capital | 11 | - | - |
| Share premium | 11 | 596,694 | 705,167 |
| Retained earnings | | (169,768) | (246,375) |
| Total equity | | <u>426,926</u> | <u>458,792</u> |
| Shares in issue | | | |
| | 11 | | |
| Sterling shares | | 182,229,082 | 225,323,965 |
| Euro shares | | 6,142,715 | 4,372,582 |
| Dollar shares | | 19,280,007 | 36,078,807 |
| Realisation shares | | - | 6,327,450 |
| Net asset value per share | | | |
| Sterling shares | | £1.4223 | £1.2622 |
| Euro shares | | €1.2943 | €1.1317 |
| Dollar shares | | \$1.1932 | \$1.0362 |
| Realisation shares | | - | £0.7915 |

The financial statements on pages 23 to 51 were approved by the Board of Directors of Thames River Multi Hedge PCC Limited on 25 June 2010.

William Backhouse



Director

Paul Le Page



Director

The accompanying notes form an integral part of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

| | Share Capital US\$000's | Share Premium US\$000's | Retained Earnings US\$000's | Total US\$000's |
|----------------------------------------|-------------------------------|-------------------------------|-----------------------------------|--------------------|
| Management Shares | - | - | - | - |
| Sterling Shares | | | | |
| Opening balance 1 April 2009 | - | 640,032 | (232,374) | 407,658 |
| Redemption of shares | - | (47,079) | - | (47,079) |
| Purchase of shares into treasury | - | (24,858) | - | (24,858) |
| Purchase of shares for cancellation | - | (28,405) | - | (28,405) |
| Re-designation from Realisation Shares | - | 11,817 | (3,598) | 8,219 |
| Switches | - | 6,750 | - | 6,750 |
| Net gain for the year | - | - | 70,878 | 70,878 |
| Closing balance 31 March 2010 | - | 558,257 | (165,094) | 393,163 |
| Euro Shares | | | | |
| Opening balance 1 April 2009 | - | 7,004 | (434) | 6,570 |
| Redemption of shares | - | (1,257) | - | (1,257) |
| Purchase of shares into treasury | - | (194) | - | (194) |
| Switches | - | 3,849 | - | 3,849 |
| Net gain for the year | - | - | 1,791 | 1,791 |
| Closing balance 31 March 2010 | - | 9,402 | 1,357 | 10,759 |
| Dollar Shares | | | | |
| Opening balance 1 April 2009 | - | 45,692 | (8,307) | 37,385 |
| Redemption of shares | - | (2,531) | - | (2,531) |
| Purchase of shares into treasury | - | (444) | - | (444) |
| Purchase of shares for cancellation | - | (3,083) | - | (3,083) |
| Switches | - | (10,599) | - | (10,599) |
| Net gain for the year | - | - | 2,276 | 2,276 |
| Closing balance 31 March 2010 | - | 29,035 | (6,031) | 23,004 |
| Realisation Shares | | | | |
| Opening balance 1 April 2009 | - | 12,439 | (5,260) | 7,179 |
| Redemption of shares | - | (242) | - | (242) |
| Purchase of shares into treasury | - | (380) | - | (380) |
| Net gain for the period | - | - | 1,662 | 1,662 |
| Re-designation to Sterling Shares | - | (11,817) | 3,598 | (8,219) |
| Closing balance 31 March 2010 | - | - | - | - |
| Total | | | | |
| Opening balance 1 April 2009 | - | 705,167 | (246,375) | 458,792 |
| Redemption of shares | - | (51,109) | - | (51,109) |
| Purchase of shares into treasury | - | (25,876) | - | (25,876) |
| Purchase of shares for cancellation | - | (31,488) | - | (31,488) |
| Switches | - | - | - | - |
| Net gain for the year | - | - | 76,607 | 76,607 |
| Closing balance 31 March 2010 | - | 596,694 | (169,768) | 426,926 |

The accompanying notes form an integral part of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 March 2009

| | Share Capital US\$000's | Share Premium US\$000's | Retained Earnings US\$000's | Total US\$000's |
|-------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------|--------------------|
| Management Shares | - | - | - | - |
| Sterling Shares | | | | |
| Opening balance 1 April 2008 | - | 471,833 | 61,323 | 533,156 |
| Issue of shares | - | 204,646 | - | 204,646 |
| Purchase of shares into treasury | - | (5,945) | - | (5,945) |
| Purchase of shares for cancellation Switches | - | (5,271) | - | (5,271) |
| | - | (25,231) | - | (25,231) |
| Net loss for the year | - | - | (293,697) | (293,697) |
| Closing balance 31 March 2009 | - | 640,032 | (232,374) | 407,658 |
| Euro Shares | | | | |
| Opening balance 1 April 2008 | - | 2,171 | 2,829 | 5,000 |
| Issue of shares | - | 4,649 | - | 4,649 |
| Purchase of shares for cancellation Switches | - | (680) | - | (680) |
| | - | 864 | - | 864 |
| Net loss for the year | - | - | (3,263) | (3,263) |
| Closing balance 31 March 2009 | - | 7,004 | (434) | 6,570 |
| Dollar Shares | | | | |
| Opening balance 1 April 2008 | - | 10,218 | 670 | 10,888 |
| Issue of shares | - | 16,544 | - | 16,544 |
| Purchase of shares for cancellation Switches | - | (5,437) | - | (5,437) |
| | - | 24,367 | - | 24,367 |
| Net loss for the year | - | - | (8,977) | (8,977) |
| Closing balance 31 March 2009 | - | 45,692 | (8,307) | 37,385 |
| Realisation Shares | | | | |
| Opening balance 1 April 2008 | - | - | - | - |
| Issue of shares | - | 12,620 | - | 12,620 |
| Purchase of shares for cancellation Switches | - | (181) | - | (181) |
| | - | - | - | - |
| Net loss for the year | - | - | (5,260) | (5,260) |
| Closing balance 31 March 2009 | - | 12,439 | (5,260) | 7,179 |
| Total | | | | |
| Opening balance 1 April 2008 | - | 484,222 | 64,822 | 549,044 |
| Issue of shares | - | 238,459 | - | 238,459 |
| Purchase of shares into treasury | - | (5,945) | - | (5,945) |
| Purchase of shares for cancellation Switches | - | (11,569) | - | (11,569) |
| | - | - | - | - |
| Net loss for the year | - | - | (311,197) | (311,197) |
| Closing balance 31 March 2009 | - | 705,167 | (246,375) | 458,792 |

The accompanying notes form an integral part of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

INCOME STATEMENT

For the year ended 31 March 2010

| | Notes | 2010 US\$000's | 2009 US\$000's | | |
|------------------------------------------------------------------------------------------|-------|----------------------|-------------------------|------------------|--------------------|
| Revenue | 2 | | | | |
| Interest income | | - | 400 | | |
| Other income | 2 | 301 | 623 | | |
| Net gain/(loss) on financial assets and liabilities at fair value through profit or loss | 3 | 86,776 | (298,836) | | |
| Total investment income/(expense) | | <u>87,077</u> | <u>(297,813)</u> | | |
| Expenses | 2 | | | | |
| Management fees | 15 | 7,330 | 8,948 | | |
| Administration fee | 15 | 424 | 485 | | |
| General expenses | | 286 | 440 | | |
| Custody fees | 15 | 255 | 328 | | |
| Directors' fees | 15 | 159 | 179 | | |
| Legal fees | | 137 | 62 | | |
| Audit fee | | 40 | 51 | | |
| Directors' and Officers' Insurance | | 30 | 39 | | |
| Performance fees | 15 | - | 16 | | |
| Total operating expenses | | <u>8,661</u> | <u>10,548</u> | | |
| Operating profit/(loss) | | 78,416 | (308,361) | | |
| Finance costs - interest expense | 2 | (1,809) | (2,836) | | |
| Net gain/(loss) for the year attributable to the Fund's equity holders | | <u>76,607</u> | <u>(311,197)</u> | | |
| | | 2010 | 2010 | 2010 | 2010 |
| | | Sterling | Euro | US Dollar | Realisation |
| Earnings per share | | Shares | Shares | Shares | Shares |
| Net gain attributable to the Fund's equity holders (US\$000's) | | 70,878 | 1,791 | 2,276 | 1,662 |
| Number of shares in issue (weighted average in the year) | | 207,038,108 | 6,570,744 | 22,412,187 | 5,938,959 |
| Basic earnings per share (expressed in US\$ per share) | | 34.23¢ | 27.26¢ | 10.16¢ | 27.98¢ |
| Basic earnings per share in share class currency | | 21.43p | 19.26¢ | 10.16¢ | 17.51p |
| | | 2009 | 2009 | 2009 | 2009 |
| | | Sterling | Euro | US Dollar | Realisation |
| Earnings per share | | Shares | Shares | Shares | Shares |
| Net loss attributable to the Fund's equity holders (US\$000's) | | (293,697) | (3,263) | (8,977) | (5,260) |
| Number of shares in issue (weighted average in the year) | | 223,241,281 | 4,004,383 | 28,824,135 | 6,487,450 |
| Basic earnings per share (expressed in US\$ per share) | | (131.56)¢ | (81.48)¢ | (31.14)¢ | (81.08)¢ |
| Basic earnings per share in share class currency | | (77.20)p | (57.72)¢ | (31.14)¢ | (47.57)p |

The accompanying notes form an integral part of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2010

| | 2010 US\$000's | 2009 US\$000's |
|--------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash flows from operating activities | | |
| Purchase of financial assets and settlement of financial liabilities | (233,307) | (414,646) |
| Proceeds from sale of financial assets at fair value through profit or loss and forward foreign currency contracts | 371,115 | 187,978 |
| Movements in margin accounts | (5,922) | - |
| Other operating expenses | (8,432) | (14,429) |
| Interest received | 2 | 478 |
| Net cash inflow/(outflow) from operating activities | 123,456 | (240,619) |
| Cash flows from financing activities | | |
| Interest paid | (484) | (2,821) |
| Proceeds from participating shares issued | - | 238,458 |
| Redemption of participating shares | (106,584) | (17,514) |
| Net cash (outflow)/inflow from financing activities | (107,068) | 218,123 |
| Net increase/(decrease) in cash and cash equivalents | 16,388 | (22,496) |
| Cash and cash equivalents at 1 April | (35,425) | (12,900) |
| Exchange loss on cash and cash equivalents | (202) | (29) |
| Cash and cash equivalents at 31 March | (19,239) | (35,425) |
| Cash at the end of the year is comprised of: | | |
| Cash at bank | 20,761 | 34,575 |
| Bank overdraft | (40,000) | (70,000) |
| | (19,239) | (35,425) |

The accompanying notes form an integral part of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

1. Incorporation and principal activity

Thames River Multi Hedge PCC Limited (the "Company") is domiciled in Guernsey. It was incorporated under The Companies (Guernsey) Law, 1994 (amended in 2008) on 6 January 2004 and is a closed ended, protected cell company. The Company has been established with one cell in accordance with the Protected Cell Companies Ordinance, 1997: Thames River Hedge+ (the "Fund"). At the end of the year under review and following the re-designation of the Realisation Share Class in November 2009, the Company had three classes of Shares in issue, being the Sterling Shares, the Euro Shares and the Dollar Shares. The Fund has a single portfolio of assets which is invested, predominantly on a fund of funds basis, in accordance with the Fund's investment objective and policy. This single portfolio is attributable to the Sterling Shares, the Euro Shares and the Dollar Shares proportionately according to their interests in the portfolio. The assets of the Company can either be cellular assets or non-cellular assets. The assets attributable to a cell comprise assets represented by the proceeds of a cell's share capital, reserves and any other assets attributable to the cell. The non-cellular assets comprise the assets of the Company which are not cellular assets. Where a liability arises from a transaction in respect of a particular cell, and there are insufficient assets within that cell, then there will be recourse to the non-cellular assets but not to the assets of any other cell.

However, the protected cell company structure has not, so far as the directors are aware, been tested in any courts. Accordingly if the assets of the Company are situated in a jurisdiction other than Guernsey it is not known whether courts in other jurisdictions would recognise the protected cell structure and the integrity of the separate cells.

The investment objective of the Company is to produce attractive absolute returns relative to the level of risk assumed through a dynamic multi manager approach. Thames River Capital LLP (the "Investment Manager") manages the portfolio of the Fund with the aim of having a low correlation to traditional equity and bond markets. The Investment Manager seeks to accomplish this objective by investing the assets of the Company predominantly in absolute return orientated funds worldwide whose managers employ a variety of investment strategies across all asset classes. The Company's shares are listed on the London Stock Exchange and on the Channel Islands Stock Exchange.

The Company's financial statements were authorised for issue on 25 June 2010 by the directors.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

2. Significant accounting policies

(a) Basis of preparation (continued)

Standards and amendments to existing standards

IAS 1 (revised), 'Presentation of financial statements'. The Company has applied IAS 1 (revised) from 1 January 2009, and has elected to present solely an income statement. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement, as the Company has no elements of other comprehensive income. Under IAS 1, an entity may use titles for the statements other than those used in the Standard.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance. The amendments are effective for annual periods beginning on or after 1 January 2009. In the first year of application entities are not required to provide comparative information for the new disclosures (see note 12).

The Company has adopted IFRS 8, 'Operating segments' as of 1 January 2009. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Company is engaged in a single segment of business, being investment in absolute return orientated funds. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the audited financial statements.

The Board is charged with setting the Company's investment strategy in accordance with the Prospectus. They have delegated the day to day implementation of this strategy to its Investment Manager but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Whilst the Investment Manager may make the investment decisions on a day to day basis in relation to the allocation of funds between different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis. The Investment Manager will always act under the terms of the Prospectus which cannot be radically changed without the approval of the Board of Directors.

Standards, amendments and interpretations that are not yet effective and not relevant for the Company's operations

The following interpretations are mandatory for the Company's accounting periods beginning on or after 1 July 2009 or later periods but are not relevant for the Company's operations:

IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
IAS 39, 'Financial instruments: Recognition and measurement' (effective from 1 July 2009);

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 1 (amendments), 'Additional exemptions for first-time adopters' (effective from 1 January 2010);
IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010);
IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009);
IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009); and
IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009).

'Improvements to IFRS' were issued in May 2008 and April 2009 respectively and contain many amendments to IFRS, which the IASB consider non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

(b) Interest income and expense

Interest income and expense are recognised in the Income Statement using the effective interest method.

(c) Financial assets and liabilities at fair value through profit or loss

(i) Classification

The Company classifies its investments in investment funds and derivatives as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors at fair value through profit or loss at inception.

(ii) Recognition/de-recognition

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Company has transferred all risks and rewards of ownership.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Income Statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Income Statement in the period in which they arise.

For the purpose of preparing these financial statements investments are subsequently re-measured at fair value based on the latest available unaudited NAV provided by the relevant fund manager or administrator as at the dealing date nearest to 31 March 2010, being the date of the Balance Sheet. In the opinion of the directors, there is no material difference between the fair value of investments measured at the dealing date and the fair value as at 31 March 2010.

For the purpose of preparing these financial statements financial assets and liabilities have been fair valued on Wednesday, 31 March 2010 at 5.00 pm London time.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

2. Significant accounting policies (continued)

(iii) Measurement (continued)

The directors have chosen to value one holding, the Newtonian China Real Estate Fund, at a discount to the administrator's NAV as they believe that this is a better reflection of fair value. The directors adopted this valuation methodology because they believed that an upward revaluation of the underlying fund's NAV by in excess of 30% (0.65% of the Company's NAV) in February 2010 was unrealistic in the absence of any actual sale transactions in the immediate area.

The Carbon Assets Fund is in run-off and the fund's administrator prepares quarterly NAV calculations. The valuation included in the financial statements was prepared as at 31 January 2010. Since the year end the Administrator has received a valuation as at 30 April 2010 which reflects an increase in NAV per share of 8.48% (or 0.07% of the Company's NAV).

All other funds are valued using the underlying administrators' NAV as at 31 March 2010.

The Fund, together with two other funds advised by the Investment Manager has invested in the Thames River Legion Fund Limited ("TR Legion Fund"), an open-ended multi-class investment company incorporated with limited liability in the Cayman Islands. This investment gives the Fund the opportunity to obtain exposure to a diversified portfolio of hedge funds on a leveraged basis through a combination of a derivative contract with RBC Capital Markets (the "RBC Derivative Contract") which consists of a series of structured, over the counter, European style, cash-settled equity barrier call options and various underlying hedge funds and other assets selected by the Investment Manager. The return on the RBC Derivative Contract is based on the performance, net of certain fees, of the TR Legion Fund portfolio.

TR Legion Fund's NAV is calculated by the Administrator independently of RBC on a monthly basis. In addition, RBC provide the NAV of one of the investments within the TR Legion Fund. All management and performance fees paid by the Fund in respect of the management of the TR Legion Fund portfolio are rebated by the Investment Adviser in full. The portfolio of the TR Legion Fund is currently in the process of being liquidated.

Option Contracts

For the purpose of macro hedging, the Fund may purchase over-the-counter put options on the S&P 500 Index or other major equity indices, to reduce the Fund's exposure to equity markets. These put options may include the creation of an option spread via the sale and purchase of put options with differing strike prices. These positions are recognised at fair value on the date on which the contract is entered into and are subsequently re-measured at their fair value. Fair values are provided by the counterparty to the contract. As at 31 March 2010 the Fund had an exposure of US\$2.8 million (2009: US\$2.6 million) to a put option contract in place as detailed on the Schedule of Investments.

In addition, the Fund also held as at 31 March 2010 a USD/GBP Put Option to hedge against fluctuations in the USD/GBP exchange rate. This represented US\$200,000 of exposure (2009: US\$Nil). At year end the counterparties to the options in the Fund are JP Morgan and the Newedge Group.

Futures

For open futures contracts, changes in the fair value of the contract are recognised as unrealised gains or losses by "marking-to-market" the value of the contract at the balance sheet date and are included in the net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the Income Statement. When the contract is closed, the difference between the proceeds from (or cost of) the closing transactions and the original transaction is recorded as a realised gain or loss. At year end the counterparty to the futures in the Fund is the Newedge Group.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

2. Significant accounting policies (continued)

Interest Income

Bank interest income is recognised in the Income Statement using the effective interest method.

(d) Forward Foreign Currency Contracts

Forward foreign currency contracts are treated as derivative contracts. The unrealised gain or loss on open forward foreign currency transactions is calculated as the difference between the contracted rate and the market rate to close out the forward foreign currency contracts at 31 March 2010. Fair values are obtained from quoted market prices. At the year end, the counterparties to the open forward foreign currency contracts were HSBC Private Bank (C.I.) Limited and the Newedge Group.

(e) Operating Expenses

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments.

(f) Translation of Foreign Currencies

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the US dollar, which reflects the Company's primary activity of investing in US dollar denominated assets, although the Sterling Shares are sterling denominated and the Euro Shares are euro denominated. The Company has also adopted the US dollar as its presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Translation differences on non-monetary items such as financial instruments held at fair value through profit or loss are reported as part of fair value gain or loss.

(g) Cash and Cash Equivalents

Cash comprises cash on hand, demand deposits, bank overdraft and cash at broker. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value with a maturity of less than three months.

(h) Share Capital

Sterling Shares, Euro Shares and Dollar Shares are only redeemable at the discretion of the directors and are classified as equity.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

2. Significant accounting policies (continued)

(i) Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings are measured at fair value, being the amount outstanding plus interest using the effective interest rate method in accordance with IAS 39.

(j) Other Income

Other income is the rebates received by the Company in respect of management and performance fees charged by underlying funds managed or advised by the Investment Manager.

3. Financial assets and liabilities at fair value through profit or loss

| | 2010 | 2009 |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
| | US\$000's | US\$000's |
| Financial assets at fair value through profit or loss | 429,085 | 483,802 |
| Financial liabilities at fair value through profit or loss | (1,136) | (577) |
| | <u>427,949</u> | <u>483,225</u> |
| Financial assets at fair value through profit or loss as initially recognised | 430,483 | 562,778 |
| Unrealised loss on investments | (1,781) | (80,825) |
| | <u>428,702</u> | <u>481,953</u> |
| Unrealised (loss)/gain on open forward foreign currency transactions | (753) | 1,272 |
| | <u>427,949</u> | <u>483,225</u> |

Gain/(loss) recognised in relation to financial assets and liabilities at fair value through profit or loss

| | 2010 | 2009 |
|-------------------------------------------------------------------------|----------------------|-------------------------|
| | US\$000's | US\$000's |
| - Realised | (5,784) | 5,337 |
| - Change in unrealised gain/(loss) on investments | 79,044 | (125,664) |
| Net gain/(loss) on currencies and forward foreign currency transactions | 13,516 | (178,509) |
| | <u>86,776</u> | <u>(298,836)</u> |

4. Debtors

| | 2010 | 2009 |
|---------------------------------------------|----------------------|----------------------|
| | US\$000's | US\$000's |
| <i>Amounts falling due within one year:</i> | | |
| Trades in advance | 10,164 | - |
| Securities sold receivable | 6,652 | 12,369 |
| Other debtors | 70 | 63 |
| | <u>16,886</u> | <u>12,432</u> |

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

5. Creditors

| | 2010 US\$000's | 2009 US\$000's |
|---------------------------------------------|-------------------|-------------------|
| <i>Amounts falling due within one year:</i> | | |
| Redemptions payable | 1,889 | - |
| Management fee payable | 1,093 | 1,164 |
| Commitment fee payable | 1,032 | - |
| Bank interest payable | 325 | 32 |
| Administration fee payable | 99 | 99 |
| Sundry creditors | 84 | 81 |
| Custodian fee payable | 70 | 50 |
| Performance fee payable | - | 14 |
| | <u>4,592</u> | <u>1,440</u> |

6. Cash

At the year end the Company held cash deposits of US\$252,230 (2009: US\$243,685) with Northern Trust (Guernsey) Limited, US\$2,863 (2009: US\$22,201,356) with Bear Stearns International Limited, US\$5,288,502 (2009: US\$Nil) with JP Morgan Trust Company (Cayman) Limited, US\$10,688,601 (2009: US\$Nil) with the Newedge Group and US\$4,528,502 (2009: US\$12,129,647) with HSBC Private Bank (C.I.) Limited.

7. Margin accounts

At the year end the Company held a margin balance of US\$5,922,367 (2009: US\$Nil) with the Newedge Group.

8. Bank Borrowing

At the year end the bank borrowings were provided by Credit Suisse International ("Credit Suisse") as to US\$40,000,000 and Bear, Stearns International Limited as to US\$Nil (2009: US\$70,000,000).

The interest rate charged during the year by Credit Suisse was LIBOR plus 2.25%. In addition to interest charged by Credit Suisse on amounts borrowed the Company paid a commitment fee of 1.25% on the total facility of US\$110 million from the inception of the facility on 26 May 2009 on undrawn amounts. Full details of the facility appear in note 16 below.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

9. Operating Segments

Information on realised gains and losses derived from sales of investments are disclosed in Note 3 to the financial statements. The Company is domiciled in Guernsey. All of the Company's income from investments is from underlying funds that are incorporated in countries other than Guernsey. The Company has no assets classified as non-current assets. The Company has a highly diversified portfolio of investments and no single investment accounts for more than 8.93% of the Company's net assets.

10. Related Party Transactions

The Company has entered into an Investment Management Agreement with the Investment Manager. All fees in relation to the Investment Manager are disclosed separately in the Income Statement with amounts outstanding at the year end shown in note 5, Creditors and note 15, Fees and Other Expenses.

The Company has also entered into an Administration Agreement with Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator"). The Administrator has delegated part of the administration of the Company's portfolio to Northern Trust International Fund Administration Services (Ireland) Limited. Mr. Holmes is a director of Thames River Capital Holdings Limited, of which the Investment Manager is a subsidiary undertaking, and is managing director of the Administrator. Mr Holmes has appointed Mr Hiddelston as his alternate. Mr Hiddelston is employed by the Administrator as senior client relationship manager.

At the year end the Company had an investment in three other Thames River managed funds. They are Thames River Legion Fund, Thames River Currency Alpha Fund and Thames River Absolute Return Fund (see schedule of investments on page 23), in respect of which all management and performance fees are rebated by the Investment Manager. In addition, the Company had an investment, which was sold in during the year, in Nevsky Fund which is managed by an affiliate of the Investment Manager. Investment management and performance fees on the Nevsky Fund have not been rebated by the Investment Manager. (Please see note 2 (j)).

During the year, directors' fees of US\$159,275 (2009: US\$178,937) were charged to the Company, of which US\$41,438 (2009: US\$37,625) was outstanding at the year end.

Mr. Backhouse and close family members own 160,727 (2009: 160,727) Sterling Shares, Mr Scholfield owns 50,000 (2009: 50,000) Sterling Shares and Mr Hill owns 17,032 (2009: 17,032) Sterling Shares. None of the other directors or the Company Secretary had any interest in the share capital of the Company at any time during the year, or at 31 March 2010.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

11. Shareholders' Funds

| | 2010 US\$000's | 2009 US\$000's |
|--------------------------------------------|-------------------|-------------------|
| Authorised Share Capital | | |
| Unlimited number of shares of no par value | - | - |
| Issued and fully paid | | |
| Management Shares at £1.00 each | - | - |

| | Number | Share Premium US\$000's | Number | Share Premium US\$000's |
|-----------------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|
| Sterling Class | | | | |
| Opening balance | 225,323,965 | 640,032 | 175,414,908 | 471,833 |
| Issued during the year | - | - | 66,760,843 | 204,646 |
| Redemption of shares | (20,708,775) | (47,079) | - | - |
| Purchase of own shares into treasury | (16,850,000) | (24,858) | (5,315,000) | (5,945) |
| Repurchased into treasury and cancelled | (12,750,000) | (28,405) | (2,365,674) | (5,271) |
| Re-designation from Realisation Shares | 3,603,694 | 11,817 | - | - |
| Switches | 3,610,198 | 6,750 | (9,171,112) | (25,231) |
| Closing balance | 182,229,082 | 558,257 | 225,323,965 | 640,032 |

| | | | | |
|-----------------------------------------|------------------|--------------|------------------|--------------|
| Euro Class | | | | |
| Opening balance | 4,372,582 | 7,004 | 2,243,343 | 2,171 |
| Issued during the year | - | - | 2,094,145 | 4,649 |
| Redemption of shares | (682,521) | (1,257) | - | - |
| Purchase of own shares into treasury | (150,000) | (194) | - | - |
| Repurchased into treasury and cancelled | - | - | (439,765) | (680) |
| Switches | 2,602,654 | 3,849 | 474,859 | 864 |
| Closing balance | 6,142,715 | 9,402 | 4,372,582 | 7,004 |

| | | | | |
|-----------------------------------------|-------------------|---------------|-------------------|---------------|
| Dollar Class | | | | |
| Opening balance | 36,078,807 | 45,692 | 8,621,064 | 10,218 |
| Issued during the year | - | - | 12,899,947 | 16,544 |
| Redemption of shares | (2,142,217) | (2,531) | - | - |
| Purchase of own shares into treasury | (420,000) | (444) | - | - |
| Repurchased into treasury and cancelled | (4,100,000) | (3,083) | (5,472,459) | (5,437) |
| Switches | (10,136,583) | (10,599) | 20,030,255 | 24,367 |
| Closing Balance | 19,280,007 | 29,035 | 36,078,807 | 45,692 |

| | | | | |
|-----------------------------------------|-------------|----------|------------------|---------------|
| Realisation Class | | | | |
| Opening balance | 6,327,450 | 12,439 | - | - |
| Issued during the year | - | - | 6,527,450 | 12,620 |
| Redemption of shares | (176,982) | (242) | - | - |
| Purchase of own shares into treasury | (400,000) | (380) | - | - |
| Repurchased into treasury and cancelled | - | - | (200,000) | (181) |
| Re-designation to Sterling Shares | (5,750,468) | (11,817) | - | - |
| Closing Balance | - | - | 6,327,450 | 12,439 |

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

11. Shareholders' Funds (continued)

Two Management Shares were issued at £1.00 each and are beneficially owned by the Investment Manager. Management Shares do not entitle the holders to any dividend and on a winding up entitle the holder to receive the amount paid up thereon and to participate in the assets attributable to any non-cellular assets of the Company but not otherwise to participate in the assets attributable to any cell. The holders of Management Shares are entitled to attend and vote at general meetings of the Company.

Holders of Sterling Shares, Euro Shares and Dollar Shares are entitled to attend and to vote at general meetings of the Company.

The Board resolved to hold up to 10% of the issued capital in treasury and as the share buyback programme was implemented during the year any shares originally held in treasury were cancelled when they exceeded 10% of the reducing total capital in issue. As identified in the Investment Manager's report, the Redemption Facility was implemented as at 31 December 2009 to redeem about 10% of the shares in issue at that date.

12. Financial Instruments

(i) Strategy in using financial instruments

The activities of the Fund expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the Fund's exposure to financial markets and seeks to ensure that the appropriate level of risk is taken at all times to maximise returns while minimising the potential adverse effects on the Fund's financial performance. The Fund may also use derivative financial instruments to moderate certain risk exposures.

The Fund's investment objective is to produce attractive absolute returns relative to the level of risk assumed, through a dynamic multi manager approach. The Investment Manager seeks to accomplish this investment objective by investing the assets of the Fund predominantly in absolute return orientated funds worldwide whose managers employ a variety of investment strategies across all asset classes. A fundamental part of the investment policy is to be innovative in terms of portfolio construction technique as well as in strategy allocation.

(ii) Market price risk

The Fund is exposed to market risk through the underlying funds in which it invests which take exposure to a wide range of market factors including equity, credit, FX, interest rate and commodity markets. This exposure may be implemented by the use of complex derivative instruments.

The Investment Manager monitors the Fund's exposure to these indirect market risks by a qualitative assessment of the underlying managers before any investment is made and then by subsequent reviews once invested. This includes a review of the historical performance of the investment with particular focus on periods when markets have experienced a withdrawal of liquidity or general stress and, on an ongoing basis, a review of the available risk reporting.

On a regular basis the Investment Manager also monitors the exposure the Fund runs on an aggregated basis to equity markets, changes in daily Value at Risk ("VAR") and to stress events such as a 20% fall in equity markets, a 1% parallel upward shift in interest rates, credit spreads widening by 50% and the US dollar appreciating by 10%.

An additional aspect to the qualitative assessment is an operational review of the underlying managers' businesses which seeks to ensure that the correct operational controls, systems and skills are in place to manage market risks.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

12. Financial Instruments (continued)

(ii) Market price risk (continued)

Market risks at the fund of hedge funds portfolio level are controlled via the use of diversification across a range of hedge fund styles and fund holdings and the use from time to time of some macro hedging.

The table below demonstrates the directors' best estimate of reasonably possible price movements during the year for securities held in the Fund's portfolio and the corresponding increase in the net assets as a result.

| | 2010 | | 2009 | |
|---------------------|-----------------------------|------------------------|-----------------------------|------------------------|
| | Possible Price movement (%) | Increase in Net Assets | Possible Price movement (%) | Increase in Net Assets |
| Thames River Hedge+ | 10% | US\$42.6m | 10% | US\$47.9m |

The above sensitivity analysis is provided purely to comply with the requirements of International Financial Reporting Standard No 7. In view of the fact that the Fund is managed on an active and dynamic basis with frequent changes in both the underlying funds and the securities in which it invests, the directors urge extreme caution in the interpretation of this analysis.

(iii) Liquidity risk

The Fund has exposure to liquidity risk as a result of the redemption terms provided in the underlying funds in which the Fund invests.

Since the shares in the underlying funds are not publicly traded, redemptions can only be made by the Fund on the prescribed redemption dates and subject to the required notice periods specified in the offering documents of each of the underlying funds. Consequently, the risk exists that the Fund might not be able readily to dispose of its holdings in such investments when it chooses and that the carrying values of such investments may not be indicative of the value ultimately realised on redemption. In addition, the Fund may be materially affected by the actions of other investors who have invested in the underlying funds in which the Fund has invested.

At 31 March 2010 and 31 March 2009, the Fund's holdings in investments allowed the following liquidity:

| | Monthly liquidity | Quarterly liquidity | Semi-annual liquidity | Liquidity of more than one year |
|------------------|-------------------|---------------------|-----------------------|---------------------------------|
| At 31 March 2010 | 24.0% | 46.0% | 4.0% | 26.0% |
| At 31 March 2009 | 14.0% | 34.0% | 14.0% | 38.0% |

Funds are included in one of the below categories (which are mutually exclusive).

- Monthly liquidity is defined as monthly dealing with a 60 calendar day notice period for redemption (or better).
- Quarterly liquidity is defined as monthly or quarterly dealing with 60-90 calendar days notice period for redemption.
- Semi-annual liquidity is defined as monthly, quarterly or semi-annual dealing with 90-180 calendar days notice period for redemption.
- Liquidity of more than one year includes funds which would take a year or more to redeem from, this includes funds which have restricted redemptions either through gating or suspending redemptions.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

12. Financial Instruments (continued)

(iii) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities as at 31 March 2010 and at 31 March 2009 into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

| | Up to 1 Month US\$000's | 1 to 6 Months US\$000's | 6 months to 1 year US\$000's | No stated Maturity US\$000's | Total US\$000's |
|-------------------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|--------------------|
| As at 31 March 2010 | | | | | |
| Liabilities | | | | | |
| Borrowings | - | - | 40,000 | - | 40,000 |
| Creditors | 4,592 | - | - | - | 4,592 |
| Total contractual undiscounted cashflows | 4,592 | - | 40,000 | - | 44,592 |
| As at 31 March 2009 | | | | | |
| Liabilities | | | | | |
| Borrowings | - | - | 70,000 | - | 70,000 |
| Creditors | 1,440 | - | - | - | 1,440 |
| Total contractual undiscounted cashflows | 1,440 | - | 70,000 | - | 71,440 |

The table below analyses the Fund's derivative financial instruments in a loss position. Maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

| | Up to 1 Month US\$000's | 1 to 6 Months US\$000's | 6 months to 1 year US\$000's | No stated Maturity US\$000's | Total US\$000's |
|---------------------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|--------------------|
| As at 31 March 2010 | | | | | |
| Liabilities | | | | | |
| <i>Net settled derivatives</i> | | | | | |
| - Futures | - | (299) | - | - | (299) |
| <i>Gross settled derivatives</i> | | | | | |
| Forward foreign currency contracts - pay legs | 426,875 | 37,731 | - | - | 464,606 |
| Forward foreign currency contracts - receive legs | 426,039 | 37,737 | - | - | 463,776 |
| As at 31 March 2009 | | | | | |
| <i>Gross settled derivatives</i> | | | | | |
| Forward foreign currency contracts - pay legs | 230,876 | 3,858 | - | - | 234,734 |
| Forward foreign currency contracts - receive legs | 230,298 | 3,852 | - | - | 234,150 |

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

12. Financial Instruments (continued)

(iv) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Underlying investments within the Fund's portfolio may be exposed to interest rate risk as a directly intentional or unintentional part of their investment strategies.

Any excess cash and cash equivalents held in the Fund are invested at short-term market interest rates.

The Fund experiences interest rate charges of a spread over LIBOR on its loan/ overdraft facilities. As such, and based on the level of borrowing in place as at 31 March 2010, a 1% increase in LIBOR would reduce the Fund's expected return by 9 bps (2009: 16 bps), and likewise a 1% decrease in LIBOR would increase the Fund's expected return by 9 bps (2009: 16 bps).

(v) Credit risk

Credit risk is the risk of counterparty default. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange or clearing house. The counterparties to derivatives and other contracts (i.e. the Newedge Group, JP Morgan and HSBC) are internationally recognised names and are subject to a review process undertaken by the Investment Manager.

The counterparties to the Fund's trades in underlying funds are the funds themselves which are generally open-ended limited liability investment companies. In the absence of fraud in relation to the calculation of the NAV of the shares of the underlying fund, settlement of amounts due may be subject to withholding amounts pending completion of the underlying funds' annual audit (known as "holdbacks") but do not otherwise generally represent a credit risk.

With regard to assets held by the custodians, these are ring fenced from the assets of the custodians except where they are pledged as security for borrowings from those custodians. Cash held at the custodians, although segregated, does not benefit from Client Money protection as defined under the FSA's rules. Cash held with Northern Trust is not segregated. Cash held with the Newedge Group does benefit from Client Money protection.

Credit risk arising from receivables from investments sold relates to redemptions or transactions awaiting settlement. The risk relating to unsettled receivables is normally considered small due to the short settlement period involved (with the exception of amounts held back by the underlying funds ("holdbacks")) and the due diligence performed on the portfolio companies. In the absence of fraud, the maximum exposure in respect of such unsettled trades equals the amounts shown in the Balance Sheet. A portion of the receivable (which is generally in the region of 10% of the gross proceeds) pertains to holdbacks on redemption orders. All holdbacks recorded as receivable are due to be paid on the finalisation of the underlying investee funds' audited financial statements.

(vi) Currency risk

The Fund holds assets denominated in currencies other than the functional currency of the Fund (US dollar). It is therefore not generally exposed directly to currency risk. However the Fund may, from time to time, invest unhedged in underlying assets denominated in euros or sterling as part of a process (known as "Natural Hedging") by which the Fund mitigates currency exposure arising from the issue of Shares denominated in those currencies.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

12. Financial Instruments (continued)

(vi) Currency risk (currency)

To the extent that the currency exposure in the underlying assets is not part of the Natural Hedging policy, the Fund's general policy is to enter into currency hedging transactions.

Also, to the extent that currency exposure at the Share Class level has not been mitigated by Natural Hedging, the Fund's general policy is to enter into currency hedging transactions.

The Fund's exposure to investments denominated in US dollars, euros and sterling at the portfolio level is presented in percentage terms below:

| | 2010 | 2009 |
|----------------|----------------|----------------|
| US dollar | 57.67% | 88.90% |
| Euro | 1.91% | 0.80% |
| Pound sterling | 40.42% | 10.30% |
| | <u>100.00%</u> | <u>100.00%</u> |

(viii) Fair value estimation

The Fund adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund's Board. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

12. Financial Instruments (continued)

(viii) Fair value estimation (continued)

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified with Level 2. For example investments in underlying funds are considered Level 2 investments if there is evidence that redemptions occurred at the net asset values reported at 31 March 2010.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include investment funds that have suspended redemptions or created side pockets or imposed gates.

Level 3 investments include the following:

- funds that have suspended redemptions, imposed gates or created side pockets; and
- funds that have not restricted redemption terms, have provided liquidity consistent with their governing documents but did not have subscriptions or redemptions based on their 31 March 2010 NAV.

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2010.

| | Level 1 US\$000's | Level 2 US\$000's | Level 3 US\$000's | Total US\$000's |
|---------------------------------|----------------------|----------------------|----------------------|--------------------|
| Assets | | | | |
| Investments funds at fair value | - | 319,782 | 106,113 | 425,895 |
| Derivatives at fair value | 139 | 3,051 | - | 3,190 |
| Total assets | 139 | 322,833 | 106,113 | 429,085 |
| Liabilities | | | | |
| Investments funds at fair value | - | - | - | - |
| Derivatives at fair value | (299) | (837) | - | (1,136) |
| Total liabilities | (299) | (837) | - | (1,136) |

The following table presents the movement in level 3 instruments for the year ended 31 March 2010 by class of financial instrument.

| | US\$000's |
|----------------------------------------------------------------------------------------------|-----------|
| At 31 March 2009 | 187,338 |
| Transfer from Level 2 to Level 3 | 10,156 |
| Cash distributions and realised profit or loss | (69,889) |
| Unrealised profit or loss | (21,492) |
| At 31 March 2010 | 106,113 |
| Total gains/losses for the year included in the income statement for assets held at year end | (36,604) |

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

13. Exchange Rates

At the year end date the exchange rates used were as follows:

| | Exchange Rates to US\$ | |
|----------------|------------------------|--------|
| | 2010 | 2009 |
| Pound Sterling | 0.6592 | 0.6977 |
| Euro | 0.7390 | 0.7532 |

14. Forward Foreign Currency Contracts

a) Income Statement

To the extent that currency exposure at the Share Class level has not been hedged by Natural Hedging, the Fund's general policy is to enter into currency hedging transactions. Gains and losses on such forward contracts are exclusively borne by the respective Share Class and reflected in the Income Statement.

b) Balance Sheet

As at 31 March 2010, the Fund had entered into and not closed forward foreign currency contracts to hedge the value of the respective Share Classes. These contracts were executed with HSBC Private Bank (C.I.) Limited and with the Newedge Group. All gains and losses arising from such hedging are exclusively applied to the relevant Share Class and reflected in their respective net asset values. Details of these contracts are shown in the Schedule of Investments.

15. Fees and Other Expenses

Management and Performance Fees

The Company is contracted to pay the Investment Manager a management fee payable monthly in arrears at the rate of 1.5% per annum of the NAV of the Fund on the last Business Day of each calendar month.

In addition, the Investment Manager may also be entitled to a performance fee, in the case of the Sterling, Euro and Dollar Share classes, if the NAV of the Fund attributable to the Shares at the end of the performance period ("NAV2") exceeds the NAV of the Fund attributable to the Shares at the end of the Performance Period in respect of which a performance fee was last paid ("NAV1") by more than the Performance Hurdle net of the accrued performance fee.

The Performance Hurdle for the Sterling, Euro and Dollar Share classes applicable in respect of a Performance Period shall be 5% for each annual Performance Period. If the Performance Hurdle for a Performance Period is met then a performance fee will be calculated and payable to the Investment Manager equal to 10% of the increase between NAV2 and NAV1 provided that the fee may be reduced so that NAV2, after payment of any performance fee, shall always be equal to or greater than 105% of NAV1.

During the year ended 31 March 2010, management fees of US\$7,330,425 (2009: US\$8,947,972) and performance fees of US\$Nil (2009: US\$16,247) were charged to the Fund of which US\$1,092,900 (2009: US\$1,164,882) and US\$Nil (2009: US\$13,802) respectively was outstanding at year end.

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

15. Fees and Other Expenses (continued)

Administration Fees

The fees payable to the Administrator are calculated by reference to the total NAV of all the multi manager hedge funds managed or advised by the Investment Manager and administered by the Administrator and a composite rate is applied to each fund. The maximum fee rate is 0.1% per annum with no minimum fee.

During the year ended 31 March 2010, administration fees of US\$424,277 (2009: US\$484,759) were charged to the Company, of which US\$98,952 (2009: US\$98,716) was outstanding at the year end.

Custody Fees

As at 31 March 2010, the Fund had entered into contracts with two custodians: HSBC Private Bank (C.I.) Ltd ("HSBC") and JP Morgan Trust Company (Cayman) Ltd ("JP Morgan").

The Fund is contracted to pay HSBC a fee of 0.1% per annum of the NAV of the Fund held by HSBC plus a transaction charge of 0.1% of the value of each purchase transaction executed by HSBC in underlying funds and 0.05% of the value of each transfer between funds advised by the Investment Manager and custodied with HSBC which is charged to the purchaser.

JP Morgan is entitled to (i) an annual fee of 0.035% of assets held by it with a value up to US\$100 million, 0.025% of assets with a value from US\$100 million to US\$500 million and 0.01% of assets with a value of more than US\$800 million, all subject to a minimum annual fee of US\$30,000; and (ii) a transaction fee of US\$250 per subscription or redemption or US\$100 per transfer between funds managed or advised by the Investment Manager which is effected by JP Morgan on behalf of the Company. JP Morgan will also be reimbursed for out-of-pocket expenses incurred in the performance of its duties.

During the year ended 31 March 2010, custody fees of US\$254,593 (2009: US\$328,352) were charged to the Company, of which US\$69,511 (2008: US\$49,889) was outstanding at the year end.

Broker Fees

Cenkos Securities plc received an arm's length fee in respect of shares bought under the programme of share buybacks implemented by the Board.

Directors' Fees

Each director is paid a fee of £20,000 per annum (£25,000 for the chairman and for the chairman of the audit committee).

THAMES RIVER MULTI HEDGE PCC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2010

16. The Credit Suisse International Variable Funding Note Programme

As part of its bank borrowing facilities, the Company has entered into a Variable Funding Note Programme, the details of which are:

(a) By agreements between inter alia (i) Credit Suisse International (as initial noteholder, calculation agent, security agent and hedging counterparty) and the Company dated 27 May 2009 (the "Credit Suisse International VFN Agreement"), the Company will issue variable funding notes ("VFN") to Credit Suisse International or an affiliate or certain eligible third parties (the "Noteholders"). The Noteholders will advance amounts to the Company in respect of such VFN issued by them, such amounts being secured against assets held at JP Morgan as collateral provided by the Company.

(b) The Credit Suisse International VFN Agreement may be terminated by either party giving to the other not less than 180 days' notice in writing or a shorter period upon the occurrence of an event of default by the Company or certain other specified events.

(c) The Credit Suisse International VFN Agreement contains indemnities in favour of Credit Suisse International against, inter alia, all actions, proceedings, claims and demands (including costs and expenses incidental thereto) which may be made against suffered or incurred by it pursuant to the VFN programme other than as a result of some act of its negligence, fraud or wilful default.

At 31 March 2010, variable funding notes totalling US\$40,000,000 had been issued by the Company to Credit Suisse International.

17. Directors' Interests in the Shares of the Company

Mr Backhouse and close family members own 160,727 (2009: 160,727) Sterling Shares, Mr Scholfield owns 50,000 (2009: 50,000) Sterling Shares and Mr Hill owns 17,032 (2009: 17,032) Sterling Shares. None of the other directors or the Company Secretary had any interest in the share capital of the Company at any time during the year, or at 31 March 2010.

18. Taxation

The Company is registered in Guernsey as an exempt company under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is therefore only liable to an annual fee of £600 and is not resident in Guernsey for the purposes of liability to Guernsey income tax. Confirmation has been sought and obtained from the administrator of income tax that, under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest.

19. Subsequent Events

Between 1 April 2010 and 23 June 2010, the Company has bought back 3,000,000 Sterling Shares and 1,740,000 Dollar Shares.

On 28 April 2010 F&C Asset Management plc announced that it had reached a conditional agreement to acquire the Thames River Capital Group including the Investment Manager, Thames River Capital LLP. Completion of the transaction is expected to take place in or before the third quarter of 2010. Following completion, it is intended that Thames River Capital will continue to function as a largely autonomous business within the enlarged F&C group but supported by the distribution network and operating platform of the enlarged group. The Board have been advised that there will be no changes to the investment management structure within Thames River Capital LLP.

No other significant events have occurred in respect of the Company subsequent to the year end that may be deemed relevant to the accuracy of these financial statements.

THAMES RIVER MULTI HEDGE PCC LIMITED

INFORMATION ABOUT THE COMPANY

Financial Calendar

| | |
|---------------------------|-----------|
| Financial year end | 31 March |
| Interim results announced | November |
| Final results announced | June |
| Annual General Meeting | September |

History

The Company was incorporated with limited liability in Guernsey as a protected cell company and closed ended investment company on 6 January 2004. Shares were issued following the closing of a placing and offer for subscription on 20 February 2004 and the initial capital raised was £45.2 million. On 16 October 2006 a further £15.6 million was raised through a C Share issue. On 1 March 2007 a further £6.6 million was raised through a tap issue. On 20 July 2007 a second C Share issue raised £68.5 million and on 14 November a third C Share issue raised approximately £81.8 million net of costs. In February and March 2008, £28.6 million was raised from further tap issues. On 22 May 2008 a further £104.3 million net of costs was raised in a fourth C Share issue. Since September 2008 and up to 23 June 2010 the Company had undertaken a share buy back programme and has re-purchased 11,365,190 Sterling Shares, 459,486 Euro Shares, 9,572,459 Dollar Shares and 200,000 Realisation Shares.

Market Information

The Company's shares are listed on the London Stock Exchange and on the Channel Islands Stock Exchange. The market prices are shown daily in the Financial Times.

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Company Numbers

Company registration number: 41511
London stock exchange codes: (Investment Companies)
ThRvMtHdg£; ThRvMtHdg€; ThRvMtHdg\$;
Sterling shares: 225,323,965
Sterling ISIN number: GB0034081512
Sterling SEDOL code: 3408151
Euro shares: 4,372,582
Euro ISIN number: GB0034081629
Euro SEDOL code: 3408162
Dollar Shares: 36,078,807
Dollar ISIN number: GB00BIF2KQ35
Dollar SEDOL code: BIF2KQ3

Monthly Newsletter

If investors would like to receive a copy of the monthly newsletter prepared by the Investment Manager, they should contact Vanessa Lawley at Thames River Capital LLP, 51 Berkeley Square, London W1J 5BB (vlawley@thamesriver.co.uk).

THAMES RIVER MULTI HEDGE PCC LIMITED

INFORMATION ABOUT THE COMPANY (continued)

Redemption Facility

The Company has a half yearly redemption facility, activated at the discretion of the directors. If activated, shareholders may request on not less than 95 days' notice, the redemption of all or part of their holdings for cash at the NAV on 30 June and/or 31 December.

Switching Facility

Shareholders may switch Shares of any class in issue into Shares of another class in issue by giving not less than 30 calendar days' notice to the Company in advance of such Conversion Calculation Date. Such conversions will be on the basis of the ratio of the NAV of each class of Shares which are the subject of requests for conversion at the relevant NAV Calculation Dates which are the dates when the March and September NAVs are calculated.

THAMES RIVER MULTI HEDGE PCC LIMITED

Notice of the Annual General Meeting

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held at Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands on 9 September 2010 at 12.30pm.

| Resolution on Form of Proxy | Agenda |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 1. To elect a Chairman of the Meeting. |
| | 2. To receive the Annual Report and Audited Financial Statements of the Company for the year ended 31 March 2010. |
| Ordinary Resolution 1 | 3. To re-elect PricewaterhouseCoopers CI LLP as Auditors of the Company until the conclusion of the next Annual General Meeting. |
| Ordinary Resolution 2 | 4. To authorise the Board of Directors to determine the remuneration of the Auditors. |
| Ordinary Resolution 3 | 5. To re-elect William Backhouse as a director of the Company in accordance with Article 82 of the Articles of Incorporation of the Company. |
| Ordinary Resolution 4 | 6. To re-elect Victor Holmes as a director of the Company in accordance with Chapter 15 of the UK Listing Authority's Listing Rules. |
| Special Resolution 5 | 7. THAT, in substitution of all previous authorities, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 315(1)(a) of the Companies (Guernsey) Law, 2008 (the "Companies Law") to make market acquisitions (within the meaning of section 316 of the Companies Law) of Sterling Shares, Euro Shares or Dollar Shares, and to cancel such shares or hold such shares as treasury shares provided that: i) the maximum number of Sterling Shares, Euro Shares and Dollar Shares hereby authorised to be purchased shall be such number as shall represent 14.99 per cent of each class of shares in issue (excluding shares held in treasury) on the date on which this resolution is passed; ii) the minimum price which may be paid for a Sterling Share, Euro Share and Dollar Share, shall be 1 penny or 1 cent as the case may be; |

THAMES RIVER MULTI HEDGE PCC LIMITED

Notice of the Annual General Meeting (continued)

- iii) the maximum price which may be paid for a Sterling Share, Euro Share and Dollar Share shall be the higher of (a) an amount equal to 105 per cent of the average middle market values for a Sterling Share, Euro Share, Dollar Share and, respectively, taken from and calculated by reference to the London Stock Exchange's and Channel Island Stock Exchange's Daily Official Lists for the five business days immediately preceding the day on which the relevant class of shares is purchased and (b) the higher of the price of the last independent trade and highest current independent bid on the London Stock Exchange or the Channel Island Stock Exchange when the purchase is carried out;
 - iv) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company, to be held in 2011; and
 - v) the Company may make a contract to purchase Sterling Shares, Euro Shares and/or Dollar Shares, under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Sterling Shares, Euro Shares and/or Dollar Shares, pursuant to any such contract notwithstanding such expiry.
8. Any other business.

By Order of the Board

For and on behalf of
**Northern Trust International Fund Administration
Services (Guernsey) Limited**
Secretary

25 June 2010

Notes

A member of a company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. The requisite form is attached hereto and must be delivered to Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES at least forty-eight hours before the time of the Meeting.

To have the right to attend and vote at the Meeting, a person must have his/her name entered on the register of members by no later than 12.30pm on 7 September 2010. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

If within 30 minutes from the time of the Meeting a quorum of members is not present the meeting shall stand adjourned to 1.15pm on 9 September 2010. At such adjourned meeting the members present in person or by proxy shall constitute a quorum.

THAMES RIVER MULTI HEDGE PCC LIMITED

Form of Proxy

I/We, _____
 [please insert shareholder name using block capitals]
 of _____
 [please insert shareholder address]
 being (a) holder(s) of _____ Sterling shares, _____ Euro shares and _____ Dollar shares in
 the capital of Thames River Multi Hedge PCC Limited (the "Company"), hereby appoint
 _____ (full name) of
 _____ proxy
 _____ (address)

or failing him, the Chairman of the Meeting or the Company Secretary as my/our proxy to attend and vote on my/our behalf and if necessary demand a poll at the Sixth Annual General Meeting of the Company to be held at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands on 9 September 2010 at 12.30pm and at any adjournment thereof.

I/We wish my/our proxy to vote as shown below in respect of the resolutions set out below and at his discretion in respect of any further resolutions proposed at the Meeting.

| | | Number of shares voted ¹ : | | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------|---------|
| | | For | Against | Abstain |
| Ordinary Resolutions | | | | |
| 1. | To re-elect PricewaterhouseCoopers CI LLP as Auditors to the Company until the conclusion of the next Annual General Meeting. | | | |
| 2. | To authorise the Board of Directors to determine the remuneration of the Auditors. | | | |
| 3. | To re-elect William Backhouse as a director of the Company in accordance with Article 82 of the Articles of Incorporation of the Company. | | | |
| 4. | To re-elect Vic Holmes as a director of the Company in accordance with Chapter 15 of the UK Listing Authority's Listing Rules. | | | |

¹ Please indicate how you wish your proxy to vote by entering in the appropriate box the number of shares (of any applicable class) held by you which you wish to allocate to each voting option. If no indication is given your proxy will be deemed to have authority to vote or abstain at his discretion.

THAMES RIVER MULTI HEDGE PCC LIMITED

Form of Proxy (continued)

| | | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 5. | <p>THAT, in substitution of all previous authorities, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 315(1)(a) of the Companies (Guernsey) Law, 2008 (the "Companies Law") to make market acquisitions (within the meaning of section 316 of the Companies Law) of Sterling Shares, Euro Shares or Dollar Shares, and to cancel such shares or hold such shares as treasury shares provided that:</p> | | | |
| | <ul style="list-style-type: none"> i) the maximum number of Sterling Shares, Euro Shares and Dollar Shares hereby authorised to be purchased shall be such number as shall represent 14.99 per cent of each class of shares in issue (excluding treasury shares) on the date on which this resolution is passed; ii) the minimum price which may be paid for a Sterling Share, Euro Share and Dollar Share, shall be 1 penny or 1 cent as the case may be; iii) the maximum price which may be paid for a Sterling Share, Euro Share and Dollar Share shall be the higher of (a) an amount equal to 105 per cent of the average middle market values for a Sterling Share, Euro Share and Dollar Share , respectively, taken from and calculated by reference to the London Stock Exchange's and Channel Island Stock Exchange's Daily Official Lists for the five business days immediately preceding the day on which the relevant class of shares is purchased and (b) the higher of the price of the last independent trade and highest current independent bid on the London Stock Exchange or the Channel Island Stock Exchange when the purchase is carried out; iv) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company, to be held in 2011; and | | | |

THAMES RIVER MULTI HEDGE PCC LIMITED

Form of Proxy (continued)

| | | | | |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| | <p>v) the Company may make a contract to purchase Sterling Shares, Euro Shares and/or Dollar Shares , under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Sterling Shares, Euro Shares and/or Dollar Shares ,pursuant to any such contract notwithstanding such expiry</p> | | | |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|

.....
Signature(s)

Dated

IN ORDER TO BE VALID AT THIS MEETING THIS PROXY MUST BE COMPLETED AND RETURNED TO SHIRLEY THOMAS BY E-MAIL SHIRLEY.THOMAS@COMPUTERSHARECI.COM OR FAX +44 (0) 870 873 5851 SENDING THE ORIGINAL BY POST TO, COMPUTERSHARE INVESTOR SERVICES (JERSEY) LIMITED, COMPUTERSHARE INVESTOR SERVICES (JERSEY) LIMITED, QUEENSWAY HOUSE, HILGROVE STREET, ST HELIER, JERSEY, JE1 1ES NO LATER THAN 12.30PM ON 7 SEPTEMBER 2010.

Notes re your Form of Proxy and voting at the General Meeting

A member of a company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

If it is desired to appoint some other person or persons as proxy or proxies the name(s) of the proxy or proxies desired must be inserted in the space provided and the alteration should be initialled. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Please indicate with an 'X' in the appropriate box how you wish your vote to be cast in respect of the resolution. If you do not insert an 'X' in the appropriate box your proxy will vote or abstain at his discretion.

Any instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.

All joint holders should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the Company's register.

In the case of joint holders of a share such persons shall not have the right of voting individually but shall elect one of their number to represent them and vote in their names in default of which the vote of the first-named who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose "first-named" shall be determined by the order in which the names stand in the Register in respect of the shares.

Any corporation which is a member of the Company may by resolution of its directors or other governing body or officers authorised by such body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be delivered to Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES not less than forty-eight hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date.

Only shareholders registered in the register of members of the Company at 12.30pm on 7 September 2010 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at the time, or in the event that the meeting is adjourned in accordance with the provisions contained in the Company's Articles of Incorporation, in the register of members at close of business two days before the time of any adjourned meeting. Changes to entries on the register of members after such time or, in the event that the meeting is adjourned, to entries in the register of members after close of business before the time of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

Completion of this form of proxy will not prevent a member from attending the Meeting and voting in person should the member so wish.

Any alterations made to this proxy should be initialled.

DEALING SERVICES

Northern Trust International Fund Administration Services (Guernsey) Ltd

Tel: +44 (0)1481 745191

CLIENT SERVICES

Thames River Capital LLP

Tel: +44 (0)20 7360 3550