

Exhibit 25

From: Samantha Hojo
Sent: Friday, July 22, 2005 10:10:34 PM
To: samhojo@yahoo.com
Subject: stuff for weekend

Attachments: Firm Overview Book 08-05 - Sterling Stamos.ppt; 06 - History of Sterling Stamos.ppt;
07 - Sterling Stamos HFOF Differentiation (One Pager).doc; 06 - History Of Sterling
Stamos Chart.ppt; Q2-05 Sterling Stamos Quarterly Letter Draft.doc

Samantha Hojo
SHojo@SterlingStamos.com
<http://www.sterlingstamos.com>

575 Fifth Avenue
New York, NY 10017
T 212 465 4370
F 212 465 4371

2400 Sand Hill Road
Menlo Park, CA 94025
T 650 233 0253
F 650 233 0202

This message is intended only for the use of the Addressee and may contain information that is PRIVILEGED and CONFIDENTIAL. If you are not the intended recipient, please telephone or email the sender and delete this message and any attachment from your system. If you are not the intended recipient, you must not copy this message or attachment or disclose the contents to any other person.



SSMT01876757R
SSMSAA1876757

STERLING STAMOS CAPITAL MANAGEMENT, L.P. FIRM OVERVIEW

July 2005
Confidential Presentation



10
07770
5

Contents

- Principles
- Partnership
- Investments
- Investment Process
- Infrastructure Partners
- People





IMPORTANT DISCLOSURE INFORMATION

This Presentation is for discussion purposes only and shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified investor receives (i) a final confidential memorandum (the "Memorandum") and a Limited Partnership Agreement (the "Partnership Agreement") describing our domestic funds or (ii) a Memorandum describing our offshore funds (together with our domestic funds, our "Funds"). The Partnership Agreement and each of the Memoranda are referred to collectively as the "Fund Documents." In the event of any inconsistency between this Presentation and the Fund Documents, the Fund Documents will govern. This Presentation and its contents are strictly confidential and are not to be provided to any person without the prior written approval of (i) SSP Associates GP, LLC (the "General Partner") with respect to investors in our domestic funds or (ii) Sterling Stamos Capital Management, L.P. (the "Investment Manager") with respect to investors in our offshore funds. An investment in the Funds may involve significant risks including the risk that such an investment, in particular an investment in the Sterling Stamos Private Equity Fund, is illiquid and the risk of loss of the amount invested. In addition, certain investment practices employed by the underlying fund managers including leverage, short selling and engaging in futures and options trading, may potentially increase the adverse impact on the Funds' portfolios. While the utilization of a multi-manager/fund of funds structure may reduce the level of risk through diversification, such a structure will result in our Funds and indirectly investors in our Funds bearing multiple management fees and incentive allocations. Although this Presentation has been prepared from public and private sources and data that the General Partner and/or the Investment Manager believes to be reliable, neither the General Partner nor the Investment Manager makes any representation as to its accuracy or completeness. The performance results shown in this Presentation are net of the Funds' performance allocation and management fees and include the reinvestment of all income. In considering the prior performance information contained herein, investors should bear in mind that past performance is no guarantee of future results and there can be no assurance that the Funds will achieve comparable results. There can be no assurance that any estimated returns contained in this Presentation will be realized or that actual results will not be materially lower than those estimated.



Sterling Stamos Capital Management, L.P.

Sterling Stamos Capital Management, L.P. ("Sterling Stamos") is a registered investment adviser with the core investment objective of producing consistent absolute returns regardless of market conditions. Sterling Stamos is dedicated to investing across five major asset classes, including fixed income, absolute returns, public market equities, real assets, and private equity. With offices in Menlo Park, California and New York City, Sterling Stamos manages over \$2 billion* in aggregate capital.

Firm Principles



Partnership

We treat our investors as partners and put their interests first



Trust

We build trust-based relationships, strive for transparency, and pass on that transparency to our partners



Values

We live by the charge of our founders: "Do well by doing good"

* As of July 3, 2005.



OVERVIEW | 3

SSMT01876761 R
SSMSAA1876761

Firm Origins

- Peter Stamos
- In 1998, the Katz, Wilpon, and Stamos families jointly invest in hedge funds, public equities, and private equity with the goal of preserving existing capital
- In 2002, Sterling Stamos opens its funds to select families and institutions with the aim of replicating the Ownership Partners' 40 years of investment success for their Limited Partners and Shareholders

* As of July 5, 2006.



OVERVIEW | 4

Advantages of Sterling Stamos

- **Trust-based relationships**
- **Transparency and communication**
- **Capacity in emerging and closed fund managers**
- **Aligned interests with Ownership Partners**

Internal capital commitments from Ownership Partners to contribute a significant percentage of total assets under management across all Sterling Stamos funds

- **Ability to leverage long-term relationships**

Sterling Stamos Partners have access to leading investment managers in public and private investment vehicles

Sterling Stamos Partners have core relationships with most leading investment banks and major financial institutions

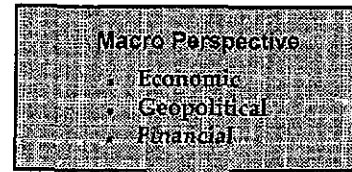
Where firm fits in landscape



OVERVIEW | 6

Investment Principles

- Sterling Stamos utilizes its access to economic, geopolitical, and financial information to identify market discontinuities and highlight investment opportunities
- With this macro perspective, we hedge our investments by diversifying across asset classes and strategies. In this way, we capture a significant portion of the upside and minimize exposure to the downside



PORTFOLIO ALLOCATION



Investment Philosophy

- **Diversification**

The only free lunch in investing. Across and within asset classes.

- **Value**

Seek undervalued assets, unlock value, sensitivity to pricing

- **Access**

To best-in-class managers and options, network, experience

- **Insurance**

Ex. Hedges on our portfolios; extra layer of safety; insure your other assets

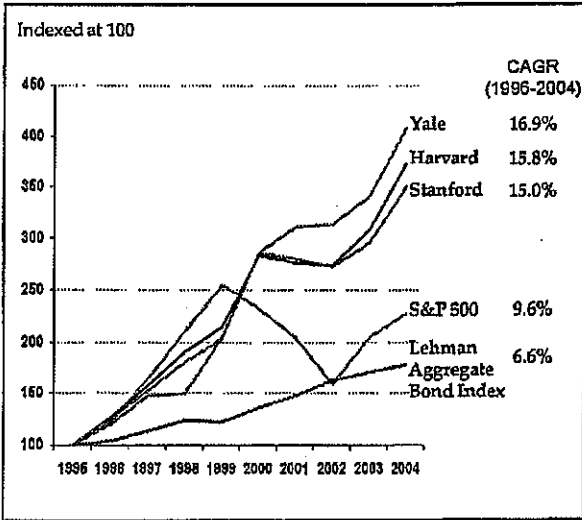
- **Liquidity**

Access to capital to be able to take advantage of options that come up



Endowment Approach

Cumulative Endowment Performance



Average Asset Allocation 2001-2004

	ASSET CLASS	HARVARD	STANFORD	YALE	ROLE
CAPITAL PRESERVATION	Fixed Income & Cash	12.4%	12.8%	11.5%	*Liquidity
	Absolute Return	30.6%	11.5%	17.2%	*Access *Insurance
CAPITAL APPRECIATION	Equities	11.7%	38.0%	28.4%	*Access
	Real Assets	40.0%	11.5%	11.5%	*Access *Value
CAPITAL OPPORTUNITY	Private Equity	40.0%	21.0%	19.5%	*Access *Value-Add

Comparison indices language.
Source: Sterling Stamos Analysis; University Annual Reports



Sterling Stamos Model Allocation

	ASSET CLASS	MODEL ALLOCATION	STERLING STAMOS INVESTMENTS	ROLE
CAPITAL PRESERVATION	Fixed Income & Cash	10-15%	<ul style="list-style-type: none"> * Liquidity Fund * Levered Fund * Taxable Fixed Income * Non-Taxable Fixed Income 	<ul style="list-style-type: none"> * Liquidity
	Absolute Return	10-20%	<ul style="list-style-type: none"> * Security Fund * Security Select Fund * Security Fund - Friends & Family 	<ul style="list-style-type: none"> * Access * Insurance
CAPITAL APPRECIATION	Equities	30-40%	<ul style="list-style-type: none"> * Growth Fund * Acceleration Fund * Legacy Fund 	<ul style="list-style-type: none"> * Access
CAPITAL OPPORTUNITY	Real Assets	15-20%	<ul style="list-style-type: none"> * Real Asset Fund <ul style="list-style-type: none"> - Real Estate - Natural Resources - Operating Assets 	<ul style="list-style-type: none"> * Access * Value
	Private Equity	8-12%	<ul style="list-style-type: none"> * Private Equity Fund * Direct Investments 	<ul style="list-style-type: none"> * Access * Value-Add

Launch date



INVESTMENTS | 9

Sterling Stamos Investment Universe

	Capital Preservation				Capital Appreciation			Capital Opportunity		
	LIQUIDITY FUND	SECURITY FUND	SECURITY SELECT FUND	LEVERED (OFFSHORE) FUND	GROWTH FUND	ACCELERATION FUND	LEGACY FUND	REAL ASSET FUND	PRIVATE EQUITY FUND	VENTURE CAPITAL FUND
Target Annual Net Returns	4-8%	8-10%	8-10%	12-15%	12-15%	15%+	15%+	15-18%	15-18%	20%+
Estimated Annual Volatility	1%	2-4%	2-4%	3-5%	5-7%	7-10%	10%	N/A	N/A	N/A
Management Fee	1%	1%	1%	1%	1%	1%	1%	1%	2%	1%
Hurdle Return	N/A	5%	5%	6%	7%	8%	10%	8%	10%	12%
Performance Fee	0%	5%	5%	10%	10%	10%	10%	10%	10%	10%
Domestic Funds										
Launch Date	Jan-01	Oct-02	Jan-05	N/A	Oct-06	Oct-04	Apr-05	Aug-05 ¹	Jan-05	Jan-06 ¹
Status	Limited	Open	Open	N/A	Limited	Limited	Open	N/A	Open	N/A
Offshore Funds										
Launch Date	Jan-03	Oct-04	Jan-05	Jul-03	Jan-05	Dec-04	N/A	N/A	N/A	N/A
Status	Open	Open	Open	Limited	Limited	Open	N/A	N/A	N/A	N/A

- Investors in the Security Select Funds must indicate in their subscription materials whether they intend to subscribe to Class A, B, or C limited partnership interests or shares (collectively, the "Interests"). Class B Interests will only be available to investors who have contributed at least \$50 million to the Select Fund and Class C Interests will only be available to investors who have contributed at least \$100 million to the Select Fund. The Interests are identical in terms except with respect to the management fees, incentive allocations/fees, the length of the applicable lock-up period, the frequency of permitted withdrawals and the prior notice required for withdrawals. Specifically: Class A - Management Fee 1%, Incentive Allocation/Fee 5%, Lock-Up Period of 2 years, Annual Withdrawals/Redemptions, and 185 days prior notice for Withdrawals/Redemptions; Class B - Management Fee 1%, Incentive Allocation/Fee 5%, Lock-Up Period of 1 year, Semi-Annual Withdrawals/Redemptions, and 90 days prior notice for Withdrawals/Redemptions; and Class C - The lesser of (x) Management Fee 1% and Incentive Fee/Allocation 5% and (y) Management Fee 0.5% and Incentive Allocation 10% (provided that the total Management Fees and Incentive Allocation/Fee payable by an investor for a fiscal year will be capped at 1.75% of the Net Asset Value of such investor's Capital Account/Interests), Lock-Up Period of 1 year, Semi-Annual Withdrawals/Redemptions, and 90 days prior notice for Withdrawals/Redemptions.
- Investors in the Legacy Fund must indicate in their subscription materials whether they intend to subscribe to Class A, B, or C limited partnership interests (collectively, the "Interests"). The Interests are identical in terms except with respect to the Management Fee and the length of Lock-Up Period applicable to each such class, as follows: Class A - Lock-Up Period of 1 year, Management Fee 1%; Class B - Lock-Up Period of 3 years, Management Fee 0.5%; and Class C - Lock-Up Period of 5 years, Management Fee 0.75%.
- Projected launch dates.



Sterling Stamos Fund Performance*

(Since inception through May 31, 2005)

	Capital Preservation			Capital Appreciation	
	LIQUIDITY FUND	SECURITY FUND	LEVERED (OFFSHORE) FUND	GROWTH FUND	ACCELERATION FUND
Annualized Net Return					
Standard Deviation					
Sharpe Ratio†					
% Positive Months	100%	90%	90%	89%	83%
% Positive Quarters	100%	100%	100%	100%	100%
Launch Date	Jul-04	Oct-02	Jul-03	Oct-03	Oct-04

* Figures represent Sterling Stamos Domestic Funds except for the Levered (Offshore) Fund, are based on actual performance since inception through March 31, 2005, and are updated on a quarterly basis. The Liquidity and Acceleration Funds have been launched within the past year. Because these figures are annualized, actual returns for investments of less than a year may be materially different. The above numbers are based on unaudited figures provided by our underlying fund managers and are subject to change. Individual investor performance percentages will vary depending on the date of investment. All performance figures are net of all underlying manager and Sterling Stamos fees and expenses.

† Assumes risk free rate of 3.0%.



Investment Process Overview

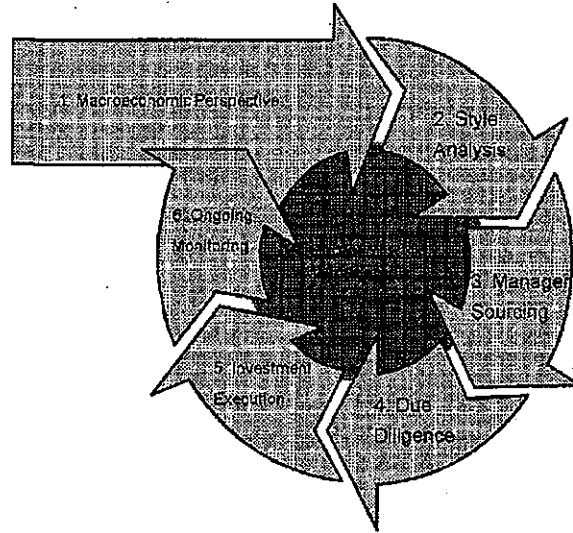
- **Distinctive forward-looking approach, informed by Sterling Stamos' global macroeconomic perspective, to allocate investments across alternative investment strategies**
- **Unique and extensive network of strategic relationships to source and gain capacity with best-in-class hedge fund managers**
- **Thorough due diligence and comprehensive risk analysis to achieve superior portfolio construction and results**
- **Transparency from underlying fund managers for enhanced monitoring of investments – underlying position, performance, and risk metrics are communicated on a weekly and/or monthly basis to the portfolio team**



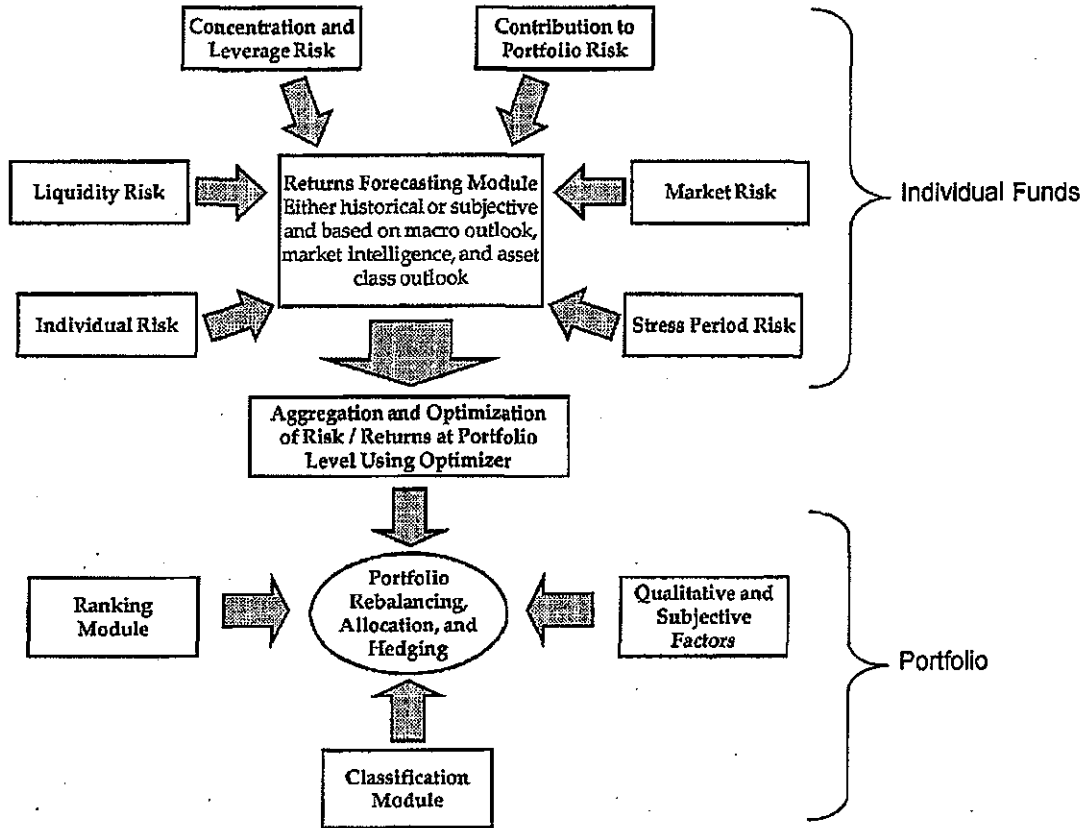
INVESTMENT PROCESS | 12

Investment Process

- Step 1
Develop distinctive macroeconomic perspective on US and global markets
- Step 2
Translate macroeconomic perspective to best position our portfolio
- Step 3
Source best-in-class hedge fund managers
- Step 4
Conduct due diligence on selected manager
- Steps 5-6
Investment execution and monitoring
- Steps 1-6
Ongoing portfolio and risk management



Risk / Portfolio Management System Overview



Sterling Stamos People

▪ Total Employees: 43

CEO

- Peter Stamos, Managing Member

Portfolio Team (12)

- Ashok Chachra, Sr. Portfolio Manager
- David Hood, Managing Director, Real Assets
- Michael Kastner, Managing Director, Fixed Income
- Catherine Lee, Manager, Private Equity
- John Lee, Manager, Capital Preservation Funds
- Rohit Kumar, Manager, Risk Management
- Cathy Tse, Manager, Capital Appreciation
- 5 Associates, Analysts, and Administrative Staff

Legal, Compliance, and Business Development (3)

- Jared Kanover, Chief Compliance Officer and General Counsel
- Laurie Reid, VP, Business Development
- 1 Associate

Finance (7)

- Kevin Barcelona, Chief Financial Officer
- Kristina Brenner, Controller
- 5 Associates, Analysts, and Administrative Staff

Investor Relations (6)

- Kevin Okimoto, Partner, Front Office
- Rick Stockton, Director, Investor Relations
- Kai Bergman, Manager, Investor Relations
- Georgette Wong, Manager, Investor Relations
- 2 Associates, Analysts, and Administrative Staff

Operations and Administration (12)

- Chris Stamos, Managing Partner, New York Office
- Spiro Stamos, Chief Administrative Officer
- Lloyd Leanse, VP, Finance/Administration
- 9 Associates, Analysts, and Administrative Staff

Sterling Stamos Foundation*

- Basil Stamos, Partner, Foundation*

Sterling Stamos Institute

- Daniel Okimoto, Partner, Institute

*Pending approval as tax-exempt 501(c)(3) charitable organization



PEOPLE | 15

SSMT01876773R
SSMSAA1876773

Selected Biographies

Mr. Peter S. Stamos is the CEO of the Management Company and the Managing Member of the General Partner. Mr. Stamos is ultimately responsible for all investment decisions for Sterling Stamos. Previously, he was the CEO of Stamos Associates, Inc. (SAI), a healthcare and technology company that was acquired by Perot Systems, Inc. In addition, he was the Senior Vice President of Channelpoint, Inc.

Before founding SAI, Mr. Stamos was the Chief of Staff and Chief Economist for US Senator Bill Bradley. He was also a Principal with Booz Allen & Hamilton, a Senior Management Consultant with McKinsey & Company, and the Managing Partner of the Doblin Group.

In addition to his private and public sector work, Mr. Stamos taught economics at both Harvard University – where he received the Allen Young Award for Teaching Excellence – and at Stanford University, where he was an occasional guest lecturer at the Graduate School of Business. Mr. Stamos serves on several boards and advisory boards, including the board of Stanford University Hospitals and Clinics, where he is Chairman of the Investment Committee and a member of the Finance and Audit Committees.

Mr. Stamos received a PhD from Oxford University, where he was a Rhodes Scholar, and a JD with honors from Harvard Law School. He earned his BA in economics and political science from Stanford University, where he was a Truman Scholar, received the Sterling Award, and was elected to *Phi Beta Kappa* with honors and distinction.

Mr. Christopher Stamos is the Managing Partner, New York Office for Sterling Stamos and is responsible for all organizational and operational aspects of the firm. Most recently, he worked for Saatchi & Saatchi in Taiwan focusing on branding, business development, and strategic planning. Mr. Stamos spent the last 10 years in Asia, studying and working in China and Japan.

Mr. Stamos earned a BA in philosophy from Stanford University, where he was awarded a Stanford Golden Grant and a Newton Tatam Scholarship (offered to Rhodes Scholarship finalists) towards an MA in politics, philosophy, and economics from Oxford University, graduating with honors. After attaining fluency in Mandarin at the Cultural University of Beijing, Mr. Stamos received a Mombusho Scholarship towards an MA in East Asian international relations from the International University of Japan, graduating valedictorian with the Dean's Citation and with distinction.

Mr. Kevin M. Barcelona is the CFO for Sterling Stamos. Mr. Barcelona is responsible for fund operations, finance, accounting, and compliance. Prior to joining Sterling Stamos, he was a Partner with Rothstein Kass and RK Consulting (now BISYS), where he provided accounting, tax, and consulting services to investment partnerships including fund of funds, private equity funds, and offshore funds.

Mr. Barcelona received an MS in taxation from Seton Hall University and a BBA from Hofstra University. He is a Certified Public Accountant and is member of the New Jersey Society of CPAs (NJSCPA) and the American Institute of CPAs (AICPA).



Selected Biographies

Mr. Ashok Chachra is the Senior Portfolio Manager for Sterling Stamos and is responsible for portfolio manager sourcing, due diligence, risk management, and ongoing portfolio monitoring. Prior to joining Sterling Stamos, he was a Senior Business Analyst with McKinsey & Company, focusing on assignments in the financial services and healthcare industry sectors.

Mr. Chachra earned a BS in business administration with university honors from Carnegie Mellon University.

Mr. Jared A. Kanover is the firm's Chief Compliance Officer and General Counsel. Prior to joining Sterling Stamos, he was an Associate with Schulte Roth & Zabel LLP in their Investment Management group. Before joining Schulte Roth & Zabel LLP, Mr. Kanover was an Associate with Dewey Ballantine LLP in their Private Equity, Venture Capital, Investment Management group.

Mr. Kanover received his JD from the NYU School of Law, where he was awarded a full-tuition academic Dean's Scholarship. He is a member of the Professional Advisory Board of the NYU School of Law's Journal of Law and Business and a member of the New York State Bar Association. Mr. Kanover received his BS in Consumer Economics/Policy Analysis and Management from Cornell University. While at Cornell, he was on the Dean's List each semester and was named to the Kappa Omicron Nu, Golden Key, and Gamma Sigma Delta national honor societies.

Mr. Kevin Okimoto is the Partner, Front Office for Sterling Stamos, responsible for developing and managing the firm's relationships with all of its investors. Before joining Sterling Stamos, he was a financial professional at Robertson Stephens, an investment bank, where his responsibilities included facilitating stock distributions on behalf of venture capital funds to general and limited partners. Prior to joining Robertson Stephens, Mr. Okimoto was a Business Analyst and Manager at MDvista, an Internet healthcare company. Mr. Okimoto earned a BS in marketing from Santa Clara University.

Dr. Basil Stamos heads the Sterling Stamos Foundation*. Dr. Stamos is a licensed general internist. He currently volunteers his time at the Tom Waddell Clinic in San Francisco, where he worked for 10 years serving a predominantly homeless population of the city. Dr. Stamos' previous practice was in the urgent care unit of Cook County Hospital in Chicago. His residency included services at Cook County Hospital and George Washington University Medical Center in Washington, DC.

Dr. Stamos received his MD from the University of Michigan Medical School, where he received the Pat Nihland Memorial Award. He earned a BS in biology and a BA in political science from Stanford University and was named to the Pi Sigma Alpha political science honors society.

*Pending approval as tax-exempt 501(c)3 charitable organization



PEOPLE | 17

SSMT01876775 R
SSMSAA1876775.

History of Sterling Stamos

For Internal Use Only

The Story of Sterling Stamos

- Saul Katz and Fred Wilpon are childhood friends from Brooklyn; humble beginnings
- Have been together for over 4 decades as family, and over 3 decades as a business
- Saul graduated from Brooklyn College; Fred graduated from University of Michigan
- Saul's background is accounting (a CPA)
- Saul married Fred's sister Iris
- Saul and Fred found real estate development and investment firm Sterling Equities (1972)
- First big success came with the development of Tarrytown (Westchester County)
- Other notable buildings they built: Revlon (Lipstick), L'Oreal (575 Park), 450 Lexington (Davis Polk), most recently the Bear Stearns building (David Childs – Freedom Towers)
- Did a lot of riskier development in the early going, but then embraced lower risk, lower return strategy as time went on – enhancing value of existing buildings with anchor tenants
- Sterling Equities acquires an ownership stake in the New York Mets in 1980
- Had created a lot of wealth; now time to start preserving wealth (diversification)
- Began to diversify into hedge funds in 1984 (Bernie Madoff has generated 15% net return with a 3% standard deviation since inception in early 80's)

The Story of Sterling Stamos (continued)

- By 1985 Saul & Fred were almost completely out of real estate; market was overheated; began to focus more and more on Mets along with majority owner Nelson Doubleday
- In 1986, Sterling Equities acquires 50% ownership in the Mets
- By late 80's started to get involved in real estate again, this time the secondary market, focusing on distressed properties and RTC opportunities
- In 1992 Sterling Equities launched first real estate fund (Sterling American Properties)
- In 1992 Sterling Equities partnered with American Securities and launched its first private equity fund (primarily later stage private equity; LBO)
- Saul and Fred have always had a dream to find a cure for a disease; in 1993 Sterling Equities seeds the financing of Pathogenesis for \$40 million; Pathogenesis at the time was seeking FDA approval for a treatment drug for pediatric cystic fibrosis
- Peter Stamos founds Stamos Associates Inc. (SAI), a healthcare technology company and healthcare consultant specializing in hospital mergers throughout the United States
- Saul Katz , who was on the board of Long Island Jewish Health System, and Peter Stamos became close with Peter; SAI was the architect of LIJ's merger with North Shore Hospitals

The Story of Sterling Stamos (continued)

- Sterling American Properties Fund I (SAP I) launched in 1992
 - SAP II launched in 1996
 - SAP III launched in 1999
 - SAP IV launched in 2002 (\$300 million in capital committed)
 - Have raised over \$500 million and have combined IRR of approximately 18% - 22%
-
- American Securities Fund I launched in 1994
 - American Securities Fund II launched in 1998
 - American Securities Fund III launched in 2001 (\$650 million in capital committed)
 - Have raised over \$1.1 billion and have a combined IRR of approximately 25%
-
- Alpha platform of real estate, private equity, hedge funds, and sports entertainment
 - Mets is a \$500 million asset
 - Katz, Wilpon and Stamos families still have \$500 million in Madoff
 - Never lost a partnership, never lost a building, never had a down year

74 @ Sterling Stamos

SSMT01876780R
SSMSAA1876780

The Sterling Stamos Difference

The Value Add Versus Other Hedge Fund-of-Funds Opportunities

Meaningful Access: The Wilpon and Katz families have been active hedge fund investors for 20 years. Sterling Stamos leverages these existing relationships to selectively access and secure capacity with hedge funds that are often otherwise closed to new capital. Dr. Peter Stamos, the CEO of Sterling Stamos, offers macroeconomic insights to underlying hedge fund managers, the sharing of which further enhances the ability of Sterling Stamos to access exclusive hedge funds.

Internal Due Diligence Network: Sterling Stamos leverages the business expertise of its fifty percent partner, Sterling Equities. Founded over 30 years ago by the Wilpon and Katz families, Sterling Equities has developed deep expertise in hedge funds, private equity, and real estate. In addition to providing a perspective that only experience can generate, the Wilpon and Katz networks also provide unique proprietary sourcing and due diligence capabilities.

Unique Macro Perspective: Sterling Stamos CEO, Dr. Peter Stamos, an Oxford-trained economist, serves in various board and advisory roles to elite academic, political, and philanthropic institutions. These forums and the access they provide enable Dr. Stamos to engage in conversations with many of the most progressive and influential thinkers of our time on investment and economic issues that effect the investments industry. Dr. Stamos' informed macro economic view is integrated into the construction and active management of Sterling Stamos portfolios.

Commitment: The GP intends to maintain fund investments of approximately 25% of the total firm assets under management.

Opportunistic: The deep, liquid resources of the GP, combined with the commitment of the GP, creates the unique ability to both take advantage of unforeseen opportunities that arise as well as to provide for greater portfolio flexibility through rebalancing.

Equal Treatment: All LPs are treated the same. No LP benefits from preferential terms (i.e. fees and liquidity). Sterling Stamos does not issue side letters with any of its LPs.

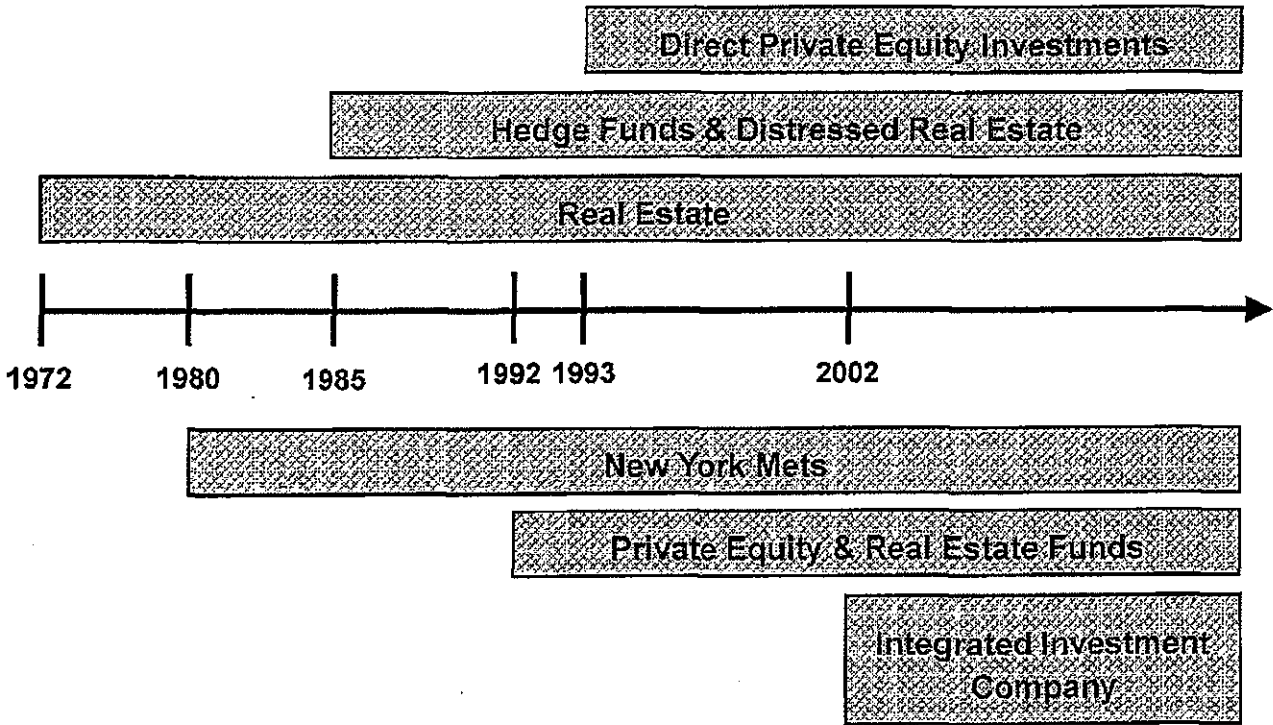
Stability of Assets: The large commitment of the GP, coupled with the GP's strong relationships with its LPs creates a stable asset environment.

Higher Level of Transparency: Sterling Stamos has trust-based relationships with its LPs, and as such, openly shares all appropriate underlying hedge fund manager information with its LPs.

Higher Level Of Liquidity: After an initial one-year lockup, LPs are permitted to make quarterly redemptions, thus enabling LPs the ability to rebalance their overall asset allocation.

SSMT01876782R
SSMSAA1876782

Sterling Stamos
Firm History



May 23, 2005

Sterling Stamos
575 Fifth Avenue, 40th Floor
New York, NY 10017

RE: Second Quarter 2005

Dear Partner:

Performance

For the quarter ending June 30, 2005, an investment in Sterling Stamos appreciated, net of all fees and expenses, by approximately:

<u>Capital Preservation Funds</u>	<u>Q2</u>	<u>2005 YTD</u>	<u>Status</u>
Liquidity Fund (Domestic)			Open
Liquidity Fund (Offshore)			Open
Friends & Family Fund (Domestic)			Limited
Security Fund (Domestic)			Open
Security Fund (Offshore)			Open
Security Fund Select (Domestic)			
Security Fund Select (Offshore)			
Levered Fund (Domestic and Offshore)			Closed
Capital Appreciation Funds			
<u>Capital Appreciation Funds</u>	<u>Q2</u>	<u>2005 YTD</u>	<u>Status</u>
Growth Fund (Domestic)			Limited
Growth Fund (Offshore)			Limited
Acceleration Fund (Domestic)			Open
Acceleration Fund (Offshore)			Open
Legacy Fund* (Domestic)			Open
Capital Opportunity Funds			
<u>Capital Opportunity Funds</u>	<u>Q2</u>	<u>2005 YTD</u>	<u>Status</u>
Private Equity Fund†	N/A	N/A	
Real Asset Fund‡	N/A	N/A	Open
* The Legacy Fund opened on April 1, 2005. † The Private Equity Fund opened on November 1, 2004, and completed its second closing on May 1, 2005. The Fund will open to additional investments on July 1, 2005 and will close again on October 1, 2005. ‡ The Real Asset Fund will open on August 1, 2005.			
Q - quarter - YTD - year-to-date			



Capital Preservation Funds

Liquidity Fund

Security Fund

Liquidity Fund ¹

Security Fund ¹

1M LIBOR ²

Lehman Aggregate
Bond Index ³

HFRX Relative Value
Arbitrage Index ³

Levered Fund

Levered Fund ¹

HFRX Relative Value
Arbitrage Index ³

Lehman Aggregate
Bond Index ³

Capital Appreciation Funds

Growth Fund

Acceleration Fund

Growth Fund ¹

Acceleration Fund ¹

HFRX Equity
Hedge Index ⁴

HFRX Equity
Hedge Index ⁴

1. Sterling Stamos performance figures are based on actual fund performance through June 30, 2005.
2. The 1-Month LIBOR is intended to represent a comparable benchmark for the Sterling Stamos Liquidity Fund, L.P. (the "Liquidity Fund"), an enhanced cash management fund. Similarities include redemption terms and that some of the assets within the Liquidity Fund are tied to floating interest rates. It should be noted that the LIBOR is often used as a proxy for the risk free rate and has lower volatility than the Liquidity Fund which may result in substantially different performance from the Liquidity Fund. The 1-Month LIBOR is provided for illustrative purposes only, is unmanaged, reflects reinvestment of income and dividends, and does not reflect the impact of fees.
3. The Lehman Aggregate Bond and Hedge Fund Research, Inc. ("HFRX") Relative Value Arbitrage Indices are intended to represent comparable benchmarks for the Sterling Stamos Security Fund, L.P. (the "Security Fund") and the Sterling Stamos Levered (Offshore) Fund, Ltd. (the "Levered Fund"). The Lehman Aggregate Bond Index has historically had similar volatility characteristics as the Security and Levered Funds. It should be noted that the underlying securities of the Lehman Aggregate Bond Index and the Security and Levered Funds are materially different. The HFRX Relative Value Arbitrage Index, launched April 1, 2005, has similar underlying investment strategies as the Security and Levered Funds which include market neutral, fixed income arbitrage, convertible arbitrage, and other conservative absolute return strategies. It should be noted that the Security and Levered Funds also include allocations to strategies which are not represented in the HFRX Value Arbitrage Index. These indices are provided for illustrative purposes only, are unmanaged, and reflect reinvestment of income and dividends. The Lehman Aggregate Bond Index does not reflect the impact of fees or expenses. The HFRX Relative Value Arbitrage Index is net of fees and expenses.
4. The HFRX Equity Hedge Index is intended to represent a comparable benchmark for the Sterling Stamos Growth Fund, L.P. (the "Growth Fund") and the Sterling Stamos Acceleration Fund, L.P. (the "Acceleration Fund"). The HFRX Equity Hedge Index has similar volatility and underlying investment strategies as the Growth and Acceleration Funds which combine core long holdings of equities with short sales of stock or stock index options. It should be noted that the Growth and Acceleration Funds have allocations to additional strategies that are not represented in the Equity Hedge Index which may result in substantially different performance from the index. This index is provided for illustrative purposes only, is unmanaged, reflects reinvestment of income and dividends, and is net of fees and expenses.

SSMT01876785R
SSMSAA1876785

Summary and Outlook

Performance:

The Economy and Markets

"Two paradoxes are better than one; they may even suggest a solution."

- Edward Teller

Following the poor performance of the equity markets for the first quarter of 2005, the second quarter held further decline ending with a sharp reversal towards the end of April. For the period, the major equity indices closed up with the exception of the Dow Jones Industrial Average (the "Dow"). The Dow closed down 2.2%, while the S&P 500 gained 0.9%. The technology sector and smaller capitalization companies rose with the Nasdaq Composite gaining 2.9%, and the Russell 2000 Index posting a strong 4.0% gain. Nonetheless, year to date, the losses from the first quarter of 2005 remain unremitting. Somewhat favorable economic reports and rather robust earnings helped to support these gains. The strength of the equity market gains is a leading indicator of anticipated economic strength. The US dollar significantly strengthened over the past quarter, also indicating an optimistic outlook for the US economy. The US dollar gained X% against the Euro and Y% against the Japanese Yen.

Paradoxically, bond investors have not shared this optimistic outlook for the US economy over the past quarter. US Treasuries rallied over this period in spite of continued tightening by the Federal Reserve, thereby buoying the Federal Reserve Chairman, Alan Greenspan's "conundrum." Long-term rates declined, with the yield on the 10-year Treasury note falling from a high of 4.643% last quarter to a low of 3.886% at the end of the May. A second paradox of the quarter is the parallel movement of the equity markets with oil prices. Energy prices typically move in an inverse pattern to the equity markets, yet the past quarter witnessed the breakthrough of a new resistance level of \$60/barrel occurring simultaneously with robust gains in the equity markets.

Sterling Stamos Portfolio Implications:

Just as the paradoxes of the markets have led to "substantial uncertainties", including the sustainability of housing prices, the potential for a sharp rise in energy prices and the future of the unyielding US consumer, so have these paradoxes also suggested a solution. The traditional portfolio asset allocation of 60% equities and 40% bonds no longer suffices in the navigation of such markets.

We, at Sterling Stamos, continue to take an endowment approach to investing. Harvard, Stanford, and Yale have successfully deployed this model, outperforming all major equity and fixed income indices across a range of investment environments. Our endowment approach entails five core investment philosophies: diversification, value, access, insurance, and liquidity. We diversify across and provide access to the best

managers across five asset classes: Fixed Income, Absolute Returns, Equities, Real Assets, and Private Equity. It is a dynamic model in which we can modify the allocation across the asset classes according to the opportunity set identified and the investment objectives of the investor.

Capital Preservation

Absolute Return Investments

Security

Security Select

Security Friends and Family

Levered

Fixed Income and Cash Management

Liquidity

This August, Sterling Stamos will be expanding our product offering to include fixed income asset management. We will begin with the launch of what we call Reserve Cash Management (RCM). RCM is an investment style that brings a sophisticated investment management approach to what has traditionally been a passively managed asset.

Typically in an average portfolio that does not follow the RCM discipline, idle cash is either swept into a money market fund, invested in certificates of deposit or even in some cases remains un-invested. None of these alternatives maximize the return potential of the asset. While a money market fund offers ready liquidity, the manager is tasked solely with keeping the portfolio liquid and therefore the actual valuation of the investment is usually secondary to the purchase itself. Certificates of deposit, almost without exception, pay a below market rate and carry with it a time commitment of up to two years. What differentiates RCM is the five step portfolio construction process that evaluates the relative value of:

- 1) Interest rates
- 2) Various security classes
- 3) Coupon, maturity and call structure
- 4) Shape of the yield curve
- 5) Credit worthiness of the issuer.

Through continuous monitoring and strategic rebalancing, we are able to maximize the return on the portfolio while maintaining a risk profile similar to that of a money market fund.

In the nearly ten years that I have been managing Reserve Cash Management assets, the strategy has generated approximately 125 basis points above the average money market fund. Given the current state of the economy and the continually hawkish comments from Federal Reserve Chairman Greenspan, I expect that the strategy will generate

approximately 4.00% over the coming 12 months in the taxable market and approximately 3.20% in the municipal bond market.

Capital Appreciation
Growth
Acceleration
Legacy

Capital Opportunity
Private Equity
Real Assets
Opportunity

Organizational Developments

Staffing

Through our growth, continuing to put the needs of our limited partners first is the highest priority for the firm.

RIA

Harris W. Schwartz is a Compliance Associate. Prior to joining Sterling Stamos, he was a Compliance Officer at Nordea Investment Management North America, a registered investment adviser, a Compliance Officer for Nordea Securities, Inc., a registered broker-dealer, and a Risk Manager for Nordea Bank Finland, New York Branch. Harris received his B.A. in Economics from Hunter College.

Investor Dinner

Date is set for October 18th at the Four Seasons.

West coast dinner, in Menlo or SF (not sure), is likely on November 8th

Office Move

450 Park Avenue

12th & 29th Floors (how do we do THAT?)

mid-September