

Exhibit 26

Part 2 of 2

Fixed Income Arbitrage Manager A

INVESTMENT STRATEGY

The Manager engages in fixed income relative value and arbitrage strategies in G7 countries. The Fund seeks to exploit inefficiencies in the pricing of securities, financial products, and markets. The strategy involves taking long and short positions in securities and derivatives that either have similar underlying cash flows or similar risk characteristics.

MANAGING PRINCIPAL

One of the Principals of the Manager is the Co-head of Investing and Risk Management for the Fund. He also supervises risk management for another fund managed by the Manager. Prior to founding the Manager, the Principal worked at Salomon Brothers Inc. from 1985 to 1994, where he was a Managing Director in the Mortgage Backed Securities Department. There he headed the Collateralized Mortgage Obligations Trading and Structuring desk. Prior to that, he traded various fixed income instruments.

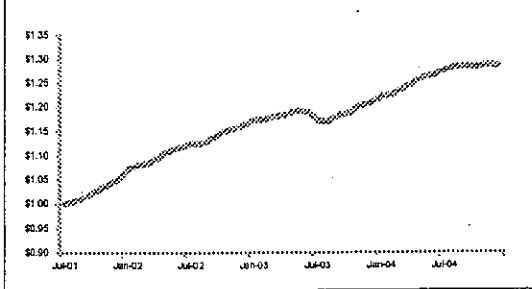
FUND TERMS

Assets Under Management	\$500 Million	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$3,000,000	Redemption Frequency	Monthly
Fees	1% + 20%	Redemption Notice Period	30 Days

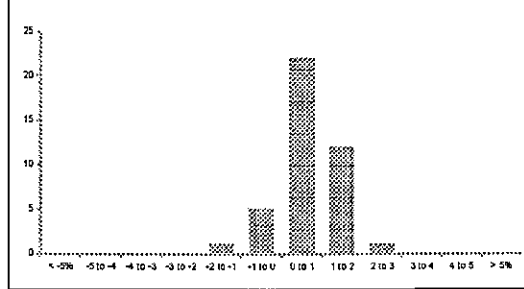
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.15%	0.25%	1.05%	0.97%	0.93%	0.32%	0.85%	0.44%	0.19%	-0.14%	0.47%	-0.30%	6.36%
2003	0.94%	0.33%	0.48%	0.56%	0.62%	0.17%	-1.44%	-0.21%	1.05%	0.43%	1.20%	0.69%	3.91%
2002	2.02%	0.82%	0.47%	1.06%	1.28%	0.59%	0.71%	-0.07%	1.04%	0.6%	0.60%	0.69%	10.83%
2001								0.63%	1.04%	0.07%	1.14%	1.04%	4.93%

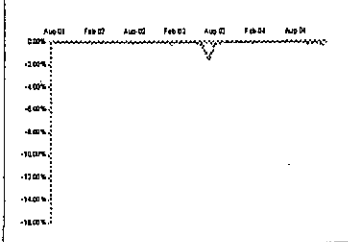
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	7.62%
Rolling 12m Average	7.43%
Monthly Average Geometric	0.61%
Standard Deviation	2.02%
Average Positive Return Monthly	0.79%
Average Negative Return Monthly	-0.39%

RISK METRICS

Largest Drawdown	-1.81%	# Positive Months	35
Longest Recovery Period	3	# Negative Months	6
Average of 5 Largest Drawdowns	-0.58%	% Positive Months	85.37%



MARKET NEUTRAL | 18

Fixed Income Arbitrage Manager B

INVESTMENT STRATEGIES

The Fund participates primarily in leveraged arbitrage positions involving, without limitation, U.S. and non-U.S. government and U.S. federal agency or instrumentality issued or guaranteed securities, future contracts, futures and securities option contracts, repurchase and reverse repurchase agreements, swaps and other derivative instruments. The primary objective of this arbitrage trading is to profit from mispricings among the securities trades.

MANAGER BACKGROUND

Prior to founding the Fund, the President worked in various capacities in the securities industry since 1971. His past experience includes Security Pacific Bank (1973-1983), where he was a Vice President responsible for the sales and fixed income arbitrage trading activities of the Investment Department, and was responsible for all credit decisions regarding that activity. Later, he joined Oppenheimer as a bond arbitrageur, trading that firm's proprietary capital account. In 1986, he was appointed a Senior Vice President at Oppenheimer until he left the company in 1990.

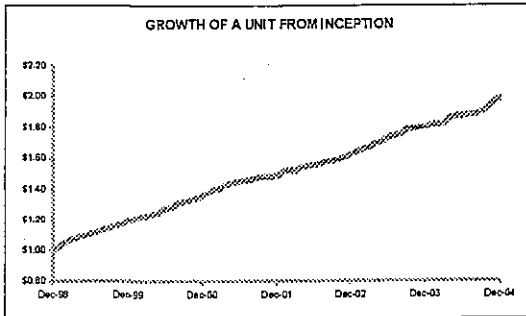
FUND TERMS

Assets Under Management	\$58 Million	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Monthly
Fees	1.5% + 25%	Redemption Notice Period	90 Days

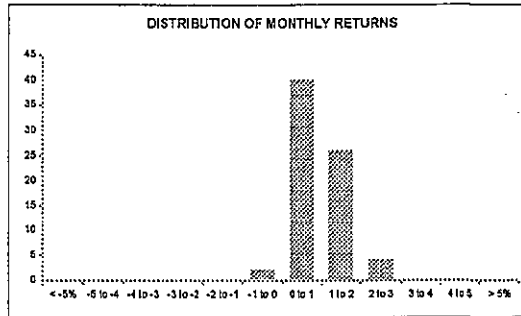
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.91%	0.28%	0.31%	1.83%	0.51%	0.25%	0.27%	0.30%	0.90%	1.07%	2.32%	1.04%	10.21%
2003	1.09%	0.24%	0.86%	1.35%	0.76%	1.25%	0.39%	0.60%	1.83%	1.76%	0.22%	0.24%	10.68%
2002	1.80%	0.76%	-0.37%	1.29%	0.72%	0.30%	0.54%	0.90%	0.24%	0.62%	1.38%	0.92%	9.59%
2001	1.80%	1.35%	0.90%	1.22%	0.82%	0.67%	0.42%	0.52%	0.44%	0.81%	-0.38%	0.54%	9.75%
2000	1.09%	1.22%	0.58%	1.03%	0.53%	2.12%	0.75%	1.91%	0.65%	0.80%	0.83%	1.14%	13.51%
1999	2.52%	2.77%	1.59%	1.70%	0.45%	1.36%	0.86%	0.51%	1.02%	1.25%	1.09%	1.90%	19.51%

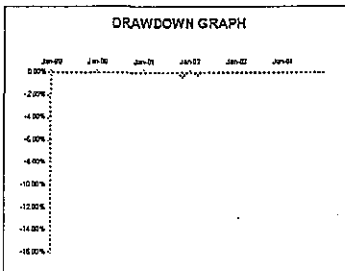
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	12.12%
Rolling 12m Average	11.29%
Monthly Average Geometric	0.96%
Standard Deviation	2.20%
Average Positive Return Monthly	1.00%
Average Negative Return Monthly	-0.37%

RISK METRICS

Largest Drawdown	-0.38%	# Positive Months	70
Longest Recovery Period		# Negative Months	2
Average of 5 Largest Drawdowns	-0.38%	% Positive Months	97.22%



MARKET NEUTRAL | 19

Mortgage Backed Securities Arbitrage Manager A

INVESTMENT STRATEGY

The Manager makes leveraged investments in a variety of mortgage backed securities. It holds many esoteric derivative products but can comfortably hold and trade such products due to their strong prepayment models and sound infrastructure.

MANAGER'S BACKGROUND

The CEO founded the Manager in December of 1994 to capitalize on distressed conditions in the MBS derivatives market. Prior to this, he was the Senior Managing Director in charge of MBS trading. During this time, Kidder Peabody's MBS department was transformed from a second tier underwriter into the undisputed leader on Wall Street in CMO underwriting. He was named "Kidder Peabody Man of the Year" in 1991.

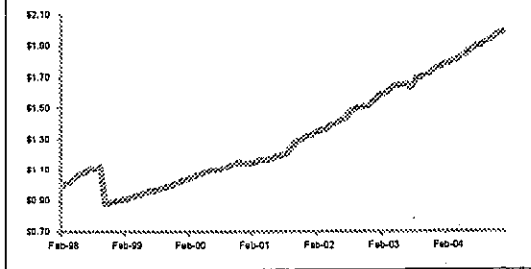
FUND TERMS

Assets Under Management	\$1 Billion	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Quarterly
Fees	1.5% + 20%	Redemption Notice Period	90 Days

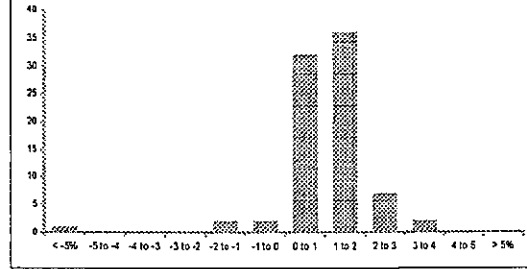
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.94%	0.78%	0.78%	0.98%	0.93%	0.87%	1.25%	0.38%	1.00%	1.23%	1.23%	1.25%	12.89%
2003	1.89%	0.80%	1.37%	0.76%	0.40%	0.40%	-1.53%	0.50%	0.77%	0.89%	1.28%	1.41%	13.56%
2002	1.06%	1.51%	0.56%	1.48%	0.92%	1.6%	1.61%	2.88%	1.20%	0.46%	0.61%	2.32%	17.30%
2001	0.00%	0.85%	1.28%	0.08%	0.62%	1.6%	0.72%	1.7%	3.27%	2.82%	1.22%	1.58%	15.65%
2000	0.86%	1.37%	1.10%	1.1%	1.42%	3.1%	-0.22%	1.54%	1.64%	1.39%	1.31%	1.16%	11.61%
1999	0.94%	0.75%	1.48%	0.84%	0.94%	0.2%	0.64%	0.89%	1.23%	0.89%	0.87%	2.12%	14.07%
1998			1.85%	2.5%	2.08%	1.07%	3.00%	0.85%	1.72%	21.61%	0.69%	1.15%	-9.96%

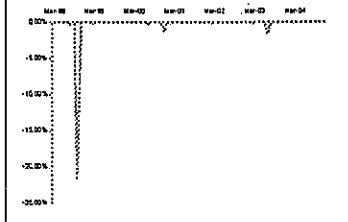
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	10.63%
Rolling 12m Average	11.50%
Monthly Average Geometric	0.85%
Standard Deviation	9.16%
Average Positive Return Monthly	1.27%
Average Negative Return Monthly	-4.97%

RISK METRICS

Largest Drawdown	-21.61%	# Positive Months	77
Longest Recovery Period		# Negative Months	5
Average of 5 Largest Drawdowns	-6.16%	% Positive Months	93.90%



MARKET NEUTRAL | 20

Statistical Arbitrage Manager A

INVESTMENT STRATEGY

The Manager uses proprietary mathematical techniques to analyze tens of thousands of financial instruments in search of potential market inefficiencies. The group attempts to isolate distinct market inefficiencies in order to provide the Firm with trading opportunities not available to other firms having knowledge of only one or two such effects. In an attempt to avoid over-fitting the data, inefficiencies are typically identified through a controlled process of hypothesis formulation, testing, and rigorous validation.

MANAGER BACKGROUND

The Founder formed a predecessor of the Investment Group in 1988, where he served as its General Partner until 1993. Until 1988, he was a Vice President at Morgan Stanley & Co., where he was responsible for the Technology and Algorithms Group within the firm's Automated Analytical Trading Unit. Prior to that, the Founder served for six years on the faculty of the Department of Computer Science at Columbia University.

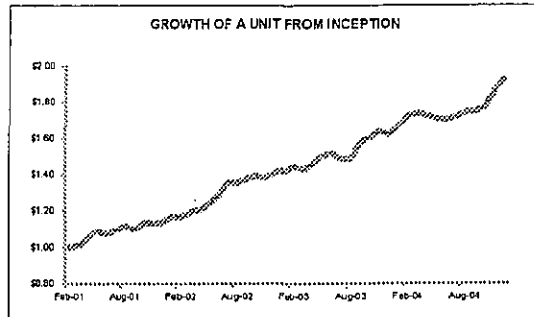
FUND TERMS

Assets Under Management	\$4.6 Billion	Lockup	1 Year
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	1/3 Each Anniversary
Fees	3% + 30%	Redemption Notice Period	50 Days

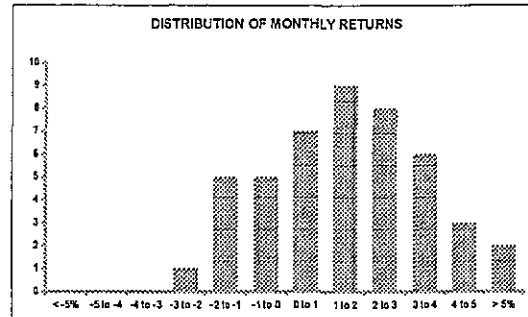
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	3.10%	3.35%	0.60%	-0.60%	-1.10%	-0.50%	1.30%	1.40%	0.10%	1.40%	4.80%	1.50%	18.59%
2003	0.46%	-1.91%	-1.48%	3.02%	2.29%	0.99%	-2.14%	0.20%	6.00%	1.90%	2.10%	-1.20%	14.54%
2002	3.20%	-0.50%	2.80%	1.10%	2.20%	4.20%	5.30%	-0.20%	1.90%	1.50%	-0.90%	2.20%	24.80%
2001			1.50%	4.10%	3.20%	-1.50%	2.00%	2.20%	-1.70%	2.80%	0.10%	0.10%	13.48%

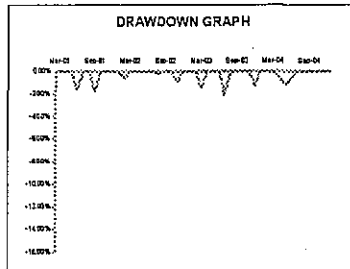
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	18.61%
Rolling 12m Average	17.69%
Monthly Average Geometric	1.43%
Standard Deviation	6.76%
Average Positive Return Monthly	2.25%
Average Negative Return Monthly	-1.08%

RISK METRICS

Largest Drawdown	-2.18%	# Positive Months	35
Longest Recovery Period		# Negative Months	11
Average of 5 Largest Drawdowns	-1.80%	% Positive Months	76.09%



Multi-Strategy Manager A

INVESTMENT STRATEGY

The Fund has 83% of its assets in fixed income, 4% in event driven strategies, 4% in statistical arbitrage, 3% in metals arbitrage, 2% in mutual fund switching, 2% in equity value long, and 2% in closed end arbitrage. The Fund has nine years of consistent, low volatility returns. The focus of the Fund is capital preservation.

MANAGER BACKGROUND

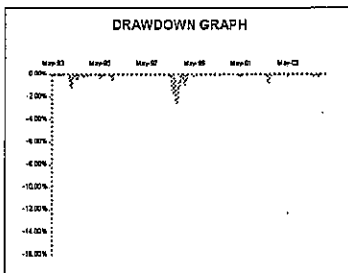
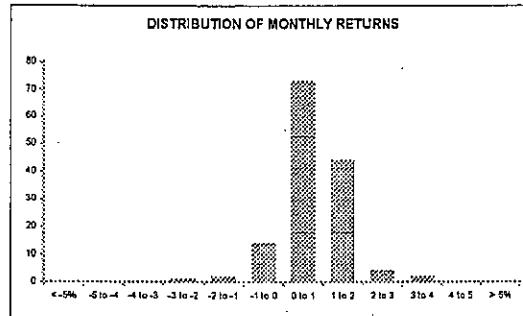
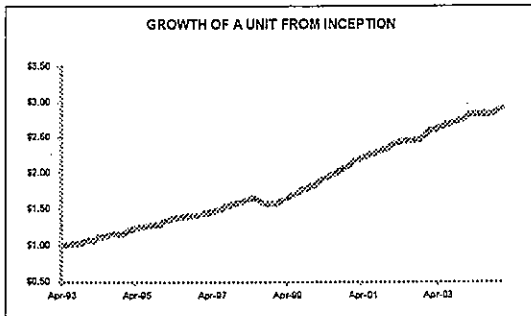
Formerly, the Chairman was Executive Vice President of the Bear Stearns Companies and Senior Managing Director of Bear, Stearns & Co. Inc., where he was Co-Head of the Fixed-Income Department. He joined Bear Stearns in 1979 as Co-Creator of the Government Bond Department, becoming a General Partner in 1981. He was named Executive Vice President in 1987.

FUND TERMS

Assets Under Management	\$1.5 Billion	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Annual Anniversary
Fees	1.5% + 10%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.50%	0.15%	0.00%	0.12%	-0.20%	0.28%	-0.02%	-0.22%	0.73%	0.33%	1.55%	0.85%	5.12%
2003	2.00%	0.25%	0.05%	-1.12%	0.92%	0.82%	0.17%	0.45%	0.70%	0.55%	0.50%	0.30%	8.86%
2002	1.05%	0.94%	0.92%	0.42%	0.53%	0.11%	-0.71%	0.76%	0.20%	0.25%	1.55%	1.75%	8.07%
2001	2.57%	0.83%	0.78%	0.54%	0.97%	1.03%	0.07%	0.05%	0.46%	0.97%	0.09%	1.03%	11.26%
2000	1.12%	1.56%	1.76%	1.24%	0.78%	1.52%	0.51%	1.14%	1.73%	0.67%	0.72%	0.72%	15.23%
1999	1.76%	0.82%	1.79%	1.70%	1.02%	1.11%	1.48%	2.02%	0.51%	1.05%	1.50%	0.57%	16.43%
1998	0.35%	1.70%	1.12%	0.80%	0.76%	-1.62%	-0.34%	2.48%	-0.96%	0.02%	1.08%	-0.94%	-0.70%
1997	0.77%	0.45%	0.67%	0.37%	1.18%	-0.92%	1.52%	1.50%	0.51%	1.25%	0.39%	0.77%	10.86%
1996	0.62%	1.51%	1.38%	0.89%	0.64%	0.25%	0.26%	0.17%	0.65%	0.26%	0.28%	1.07%	7.91%
1995	1.91%	2.47%	1.00%	0.46%	-0.30%	1.32%	0.74%	0.38%	0.68%	0.15%	-0.46%	0.10%	12.52%
1994	0.92%	1.16%	1.95%	0.53%	-0.45%	1.41%	0.66%	0.87%	-0.19%	0.14%	0.51%	1.61%	11.05%
1993					0.45%	0.35%	1.07%	-0.05%	1.07%	0.60%	1.79%	0.74%	6.26%



PERFORMANCE

Annualized Average Geometric	9.59%
Rolling 12m Average	9.88%
Monthly Average Geometric	0.77%
Standard Deviation	2.83%
Average Positive Return Monthly	0.96%
Average Negative Return Monthly	-0.60%

RISK METRICS

Largest Drawdown	-5.37%	# Positive Months	123
Longest Recovery Period		# Negative Months	17
Average of 5 Largest Drawdowns	-1.63%	% Positive Months	87.86%



Multi-Strategy Manager B

INVESTMENT STRATEGY

The Manager is a multi-strategy global arbitrage fund. The Fund utilizes hedging strategies including convertible arbitrage, merger arbitrage, and private placement convertibles to produce high returns with limited risk. The portfolio is diversified across approximately 400-600 positions with a targeted annual net return to investors of 15%.

MANAGER BACKGROUND

One of the Founding Partners of the Manager has over 25 years of experience with arbitrage strategies, in both domestic and international markets and has written a book on the subject, *Special Situation Investing: Hedging, Arbitrage and Liquidation* (Dow Jones - Irwin, 1983). The second Founding Partner of the Fund has been trading arbitrage strategies for over 13 years alongside the Founding Partner mentioned above. Prior to this, he practiced law at Covington & Burling in Washington, D.C., where he specialized in antitrust and regulatory litigation.

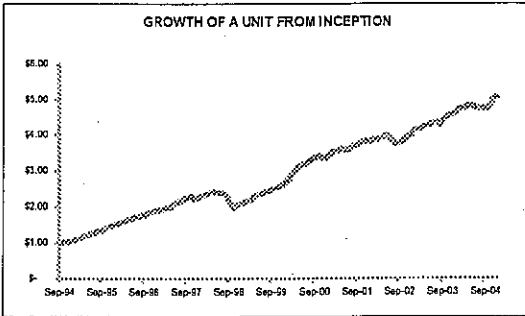
FUND TERMS

Assets Under Management	\$3.2 Billion	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Annual Dec 31
Fees	1.25% + 20%	Redemption Notice Period	90 Days

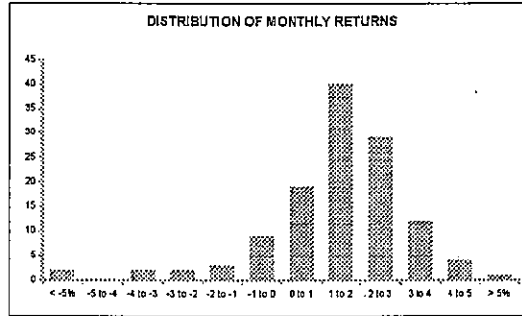
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.64%	0.87%	0.90%	1.06%	-0.49%	-0.97%	-0.44%	-0.13%	0.28%	1.35%	3.88%	1.20%	9.46%
2003	4.24%	0.92%	0.25%	1.91%	1.08%	0.51%	0.51%	-1.70%	3.79%	1.21%	1.27%	1.92%	16.37%
2002	1.77%	0.13%	0.97%	1.19%	1.32%	2.23%	-3.28%	-0.40%	1.07%	1.02%	2.47%	1.69%	5.18%
2001	2.12%	2.46%	1.19%	0.94%	0.23%	-0.37%	0.86%	2.05%	1.23%	1.61%	0.67%	-1.71%	12.80%
2000	3.15%	4.22%	5.34%	4.02%	2.38%	1.81%	1.79%	7.04%	2.28%	1.32%	-1.85%	-0.22%	28.74%
1999	2.69%	1.15%	1.86%	1.37%	2.42%	1.87%	2.07%	1.31%	2.14%	0.95%	2.67%	0.04%	25.89%
1998	1.52%	2.07%	1.45%	1.83%	0.14%	-1.23%	0.37%	-3.56%	-6.07%	5.12%	4.27%	0.98%	-7.88%
1997	1.47%	1.35%	1.17%	1.01%	2.28%	2.67%	3.29%	1.20%	1.27%	1.10%	-2.37%	1.11%	19.35%
1996	3.75%	1.37%	2.50%	2.19%	2.33%	2.17%	1.37%	2.17%	0.93%	2.62%	2.34%	0.84%	27.30%
1995	3.14%	2.76%	3.53%	1.52%	2.93%	2.58%	2.79%	7.02%	2.08%	1.75%	3.68%	0.61%	41.17%
1994										2.21%	0.26%	2.42%	4.96%

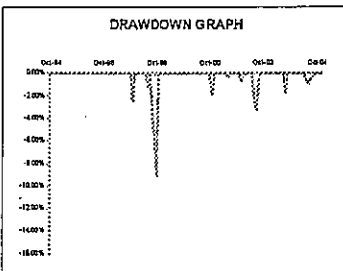
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	17.18%
Rolling 12m Average	17.45%
Monthly Average Geometric	1.33%
Standard Deviation	6.61%
Average Positive Return Monthly	1.92%
Average Negative Return Monthly	-1.96%

RISK METRICS

Largest Drawdown	-18.39%	# Positive Months	105
Longest Recovery Period	10	# Negative Months	18
Average of 5 Largest Drawdowns	-6.13%	% Positive Months	85.37%



Multi-Strategy Manager C

INVESTMENT STRATEGY

The Partnership's investment objective is to achieve superior risk adjusted returns, while minimizing volatility and potential capital depreciation through risk management. The Partnership will engage in various strategies including capital structure arbitrage, convertible arbitrage, catalyst driven trading, relative value volatility trading, and statistical volatility arbitrage trading strategies.

MANAGER BACKGROUND

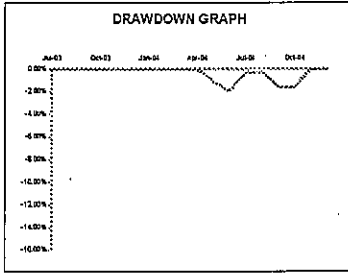
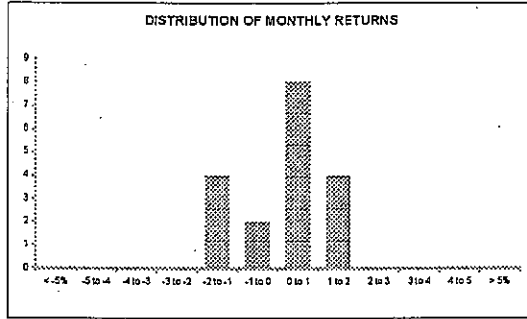
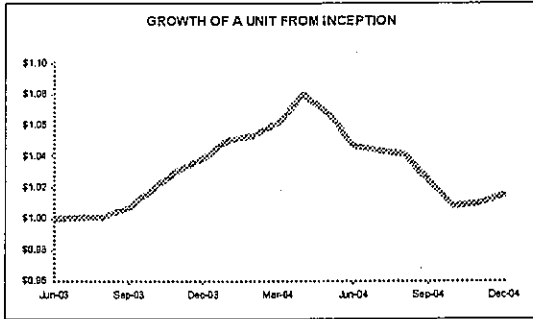
The Managing Member is primarily responsible for firm-wide management, as well as managing the catalyst driven trading and relative value volatility trading strategies. He was the Managing Director of HBK Japan, Ltd. During his tenure at HBK, he held several positions, including sole Portfolio Manager of the Asian Equities business unit as well as Founder and Head of HBK's Tokyo operations. Prior to joining HBK, he was a U.S. equity derivatives trader for O'Connor & Associates.

FUND TERMS

Assets Under Management	\$350 Million	Lockup	3% within 1st Year
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Quarterly
Fees	2% + 20%	Redemption Notice Period	65 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.13%	0.21%	0.80%	1.97%	-1.12%	1.92%	-0.31%	-0.21%	-1.61%	1.97%	0.19%	0.44%	-2.29%
2003							0.07%	0.04%	0.62%	1.23%	1.14%	0.72%	3.92%



PERFORMANCE

Annualized Average Geometric	1.02%
Rolling 12m Average	1.34%
Monthly Average Geometric	0.08%
Standard Deviation	3.65%
Average Positive Return Monthly	0.70%
Average Negative Return Monthly	-1.13%

RISK METRICS

Largest Drawdown	-6.59%	# Positive Months	12
Longest Recovery Period	0	# Negative Months	6
Average of 5 Largest Drawdowns	-6.59%	% Positive Months	66.67%



Multi-Strategy Manager D

INVESTMENT STRATEGY

The Manager's investment objective is to achieve above-market rates of return without the risk to principal or the volatility usually associated with equity returns. In making investments, the Manager seeks out inefficiencies in markets and investment arenas in which there is a shortage of traditional institutional capital. The Manager has broad and flexible investment parameters and seeks investment opportunities pursuant to a wide variety of investment strategies.

MANAGER BACKGROUND

Since 1986, the Managing Member has also been a managing director of Hellman & Friedman, LLC, a San Francisco-based private equity firm. Prior to the foundation of the Partnership, he founded and was a general partner of HFS Partners I, the predecessor to the Partnership, since its inception in February 1986. Before joining Hellman & Friedman and HFS Partners I, the Managing Member worked in the risk arbitrage department of Goldman Sachs & Co.

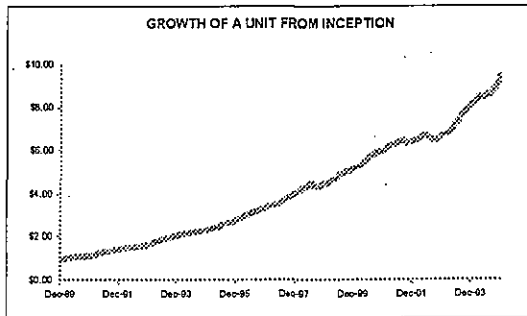
FINANCIALS

Assets Under Management	\$9.9 Billion	Lockup	None
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Annual Dec 31
Fees	1% + 20%	Redemption Notice Period	45 Days

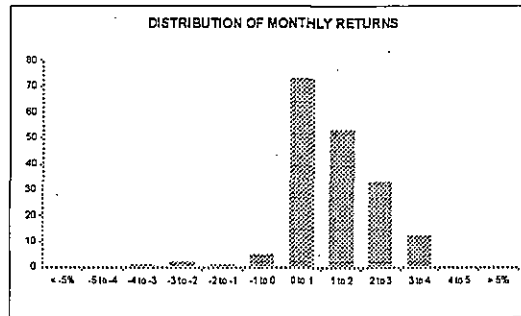
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.63%	2.05%	1.29%	-0.76%	0.21%	2.25%	-1.25%	0.88%	2.50%	0.59%	2.86%	2.50%	16.02%
2003	0.73%	0.35%	0.26%	1.61%	3.54%	2.27%	0.78%	3.47%	0.93%	2.93%	1.16%	0.82%	20.83%
2002	0.88%	0.44%	1.75%	1.14%	0.50%	-0.01%	-2.48%	0.34%	0.05%	-0.33%	1.59%	1.65%	4.96%
2001	1.45%	0.94%	0.82%	0.15%	1.35%	0.61%	0.74%	0.91%	-2.64%	0.67%	0.50%	0.26%	6.17%
2000	0.64%	1.19%	2.34%	0.53%	0.86%	3.60%	0.71%	0.52%	2.63%	0.10%	0.33%	1.11%	15.69%
1999	0.27%	0.07%	2.58%	1.14%	1.17%	3.41%	0.77%	0.56%	2.12%	-0.10%	1.14%	2.07%	16.60%
1998	0.66%	1.58%	3.39%	0.93%	0.52%	2.65%	0.59%	-1.30%	0.32%	0.07%	0.78%	2.23%	10.88%
1997	1.23%	0.22%	1.33%	0.09%	1.70%	2.55%	1.47%	0.54%	3.38%	0.81%	2.05%	2.93%	19.68%
1996	1.46%	1.00%	3.38%	1.80%	0.79%	2.83%	0.20%	1.69%	2.26%	0.63%	1.15%	2.28%	21.04%
1995	0.77%	1.24%	1.42%	0.14%	1.68%	3.54%	0.94%	1.02%	2.21%	1.02%	1.29%	2.65%	20.13%
1994	1.61%	1.00%	0.19%	0.38%	0.63%	-0.74%	1.01%	0.76%	1.30%	0.68%	0.50%	0.81%	12.52%
1993	2.98%	3.09%	2.77%	1.87%	1.26%	2.92%	1.45%	1.56%	0.94%	0.92%	1.62%	2.47%	26.09%
1992	1.52%	1.23%	2.64%	0.25%	0.24%	0.60%	0.98%	0.93%	1.33%	0.61%	0.88%	2.59%	14.69%
1991	0.77%	3.07%	2.60%	3.49%	3.11%	2.44%	1.19%	0.16%	1.15%	2.35%	1.80%	1.09%	25.91%
1990	-0.85%	1.60%	2.41%	4.33%	1.46%	1.84%	1.41%	0.23%	0.12%	0.29%	0.47%	2.02%	13.16%

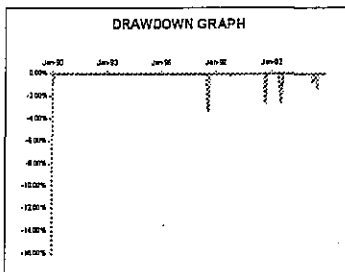
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	16.13%
Rolling 12m Average	16.28%
Monthly Average Geometric	1.25%
Standard Deviation	3.88%
Average Positive Return Monthly	1.40%
Average Negative Return Monthly	-1.38%

RISK METRICS

Largest Drawdown	-3.37% # Positive Months	171
Longest Recovery Period	5 # Negative Months	9
Average of 5 Largest Drawdowns	-2.28% # Positive Months	95.00%



MARKET NEUTRAL | 25

Equity Market Neutral Manager A

INVESTMENT STRATEGY

The Manager is a long/short equity fund that focuses on highly liquid, large-cap U.S. equities, equity indexes, and options. The CIO of the Manager invests in approximately 150 stocks and uses a flexible strategy characterized by strict risk parameters. Few, if any, positions are held overnight and, due to its strategy, the Fund does not tend to be correlated to the equity market.

MANAGER BACKGROUND

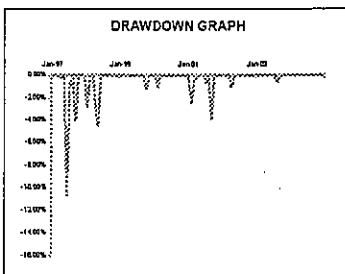
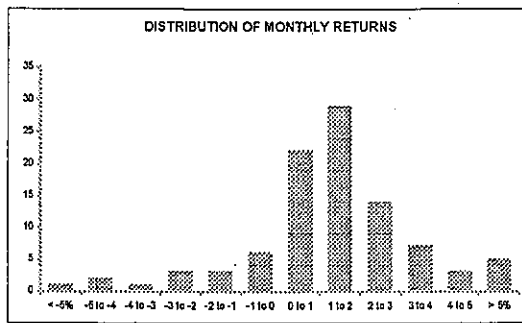
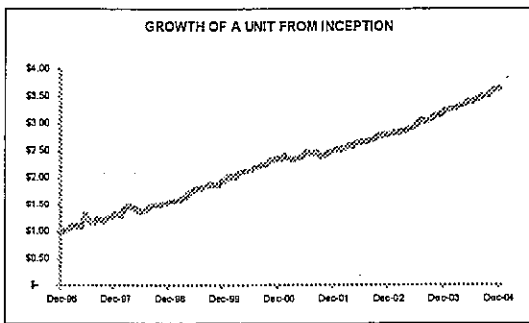
The Manager opened to investors in January of 1997. The Founder and CIO of the Manager has been actively involved in equity trading on behalf of hedge funds for nearly 20 years. He was Head Trader for Omega Advisors from 1992 to 1996 and was made a General Partner of the Fund in 1994, where he was responsible for all equity and financial executions and for hedging the portfolio. Previously, he was responsible for short-term trading with HMR Investors, LP.

FUND TERMS

Assets Under Management	\$300 Million	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$250,000	Redemption Frequency	Monthly (max 3 times per year)
Fees	0% + 20%	Redemption Notice Period	15 Business Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.05%	0.25%	1.13%	1.05%	1.60%	0.07%	1.33%	1.46%	0.71%	0.08%	2.23%	0.65%	12.69%
2003	1.08%	0.00%	1.22%	1.03%	1.13%	1.85%	2.51%	-0.60%	1.65%	1.01%	1.03%	1.75%	15.46%
2002	-0.03%	-1.11%	2.33%	-1.04%	2.68%	1.03%	0.02%	0.94%	1.47%	1.90%	0.44%	0.09%	11.23%
2001	2.70%	2.40%	-0.48%	1.24%	1.13%	2.52%	-0.64%	0.83%	-3.91%	1.60%	2.06%	1.60%	7.08%
2000	3.28%	1.10%	3.44%	2.71%	0.00%	1.21%	2.32%	1.49%	0.64%	3.15%	1.01%	0.00%	19.60%
1999	0.80%	1.41%	2.72%	4.96%	2.80%	1.25%	0.84%	2.28%	1.68%	-1.12%	2.08%	3.41%	26.06%
1998	-2.86%	19.06%	0.37%	-2.72%	-4.44%	-0.61%	2.86%	0.38%	0.44%	0.82%	0.84%	1.14%	17.55%
1997	3.97%	5.25%	0.14%	-0.22%	20.35%	-10.55%	-0.94%	5.49%	-4.04%	-4.25%	3.08%	1.50%	32.52%



PERFORMANCE

Annualized Average Geometric	17.53%
Rolling 12m Average	16.88%
Monthly Average Geometric	1.35%
Standard Deviation	11.06%
Average Positive Return Monthly	2.15%
Average Negative Return Monthly	-2.32%

RISK METRICS

Largest Drawdown	-11.39%	# Positive Months	80
Longest Recovery Period		# Negative Months	16
Average of 5 Largest Drawdowns	-5.61%	% Positive Months	83.33%



Capital Structure Arbitrage Manager A

INVESTMENT STRATEGY

The Manager is a capital structure arbitrage manager that takes risk in the balance sheet of a company. The fund managers look for opportunities in the mispricing of different types of securities from the same company by determining whether the convertible is under or over valued.

MANAGER BIO (GENERAL)

The Managing Director was with the Fixed Income Division of Drexel Burnham Lambert from 1986 to 1990. In 1992, he co-founded Hamilton Partners, a hedge fund primarily devoted to convertible bond arbitrage. In 1996, he joined Morgan Stanley & Co. as Head of Domestic Convertible Proprietary Arbitrage. In 1997, he founded Kenilworth Partners, a new convertible arbitrage fund. In 2000, he joined KBC Financial Products as an Executive Vice President and the Director of Corporate Finance.

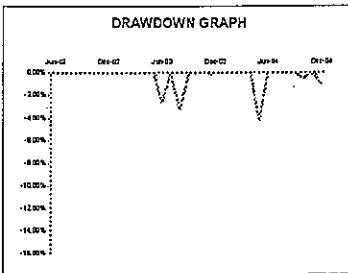
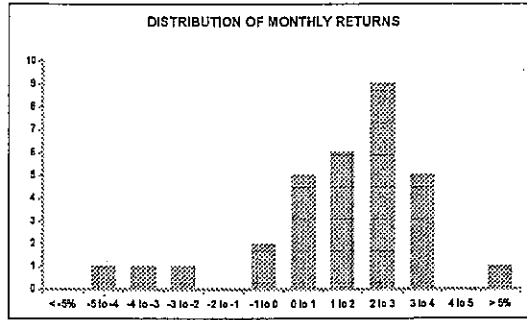
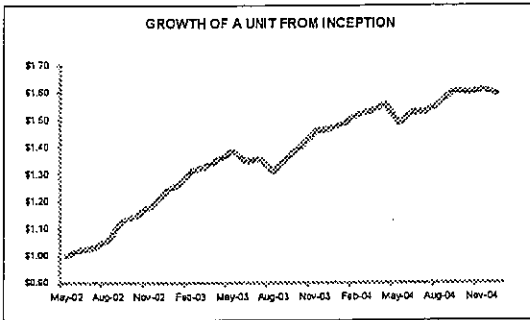
FUND TERMS

Assets Under Management \$857 Million
 Fund Status Closed
 Minimum Investment \$250,000
 Fees 1.5% + 20%

Lockup 1 Year
 High Water Mark Yes
 Redemption Frequency Quarterly
 Redemption Notice Period 45 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.40%	2.06%	1.09%	1.40%	-4.20%	2.49%	0.31%	2.02%	2.84%	-0.42%	0.65%	-0.91%	8.87%
2003	2.95%	3.85%	1.20%	2.00%	2.25%	2.64%	0.82%	-2.21%	3.94%	3.02%	3.78%	0.48%	19.40%
2002						2.25%	0.69%	2.91%	6.38%	1.76%	3.00%	1.91%	22.86%



PERFORMANCE

Annualized Average Geometric	19.87%
Rolling 12m Average	18.99%
Monthly Average Geometric	1.52%
Standard Deviation	7.64%
Average Positive Return Monthly	2.28%
Average Negative Return Monthly	-2.28%

RISK METRICS

Largest Drawdown	-5.20%	# Positive Months	26
Longest Recovery Period	3	# Negative Months	5
Average of 5 Largest Drawdowns	-2.68%	% Positive Months	83.87%



Distressed Manager A

INVESTMENT OBJECTIVE

The Manager invests in secondary market distressed securities and the debt of bankrupt companies. The Manager also participates in originating loans to distressed companies as one of many lenders. The Managing Partner has a background in evaluating credit and formerly worked as a bankruptcy attorney.

MANAGER BACKGROUND

The Managing and General Partner of the Manager is involved in managing several offshore funds. The Partner was formerly the Managing and General Partner of Ariel Capital from 1989 through 1991. Prior to that, he served as Managing Partner of Gotham Capital, an investment partnership from 1985 to 1988. The Partner was associated with Halcyon Investments from 1982 to 1985, and with the law firm of Milbank, Tweed, Hadley & McCloy from 1979 to 1982.

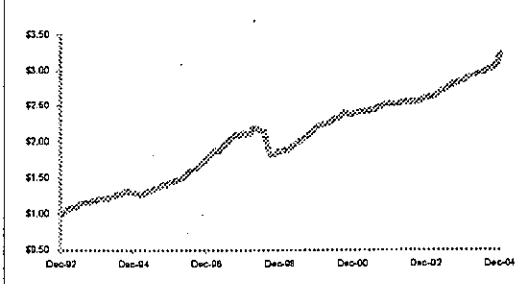
FUND TERMS

Assets Under Management	\$500 Million	Lockup	None
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Semi-Annual Jun 30 and Dec 31
Fees	1% + 20%	Redemption Notice Period	45 Days

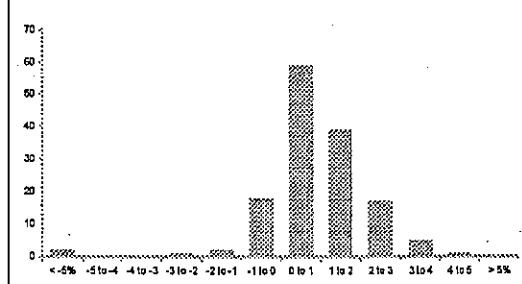
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.80%	0.54%	0.69%	0.49%	0.49%	0.56%	0.88%	0.72%	0.60%	0.35%	1.40%	0.74%	12.81%
2003	0.15%	0.12%	0.70%	1.15%	1.05%	1.31%	0.63%	0.51%	1.39%	0.57%	0.16%	1.05%	9.14%
2002	0.40%	-0.50%	0.20%	0.40%	0.40%	0.90%	-0.25%	0.67%	-0.93%	0.22%	0.50%	1.15%	3.66%
2001	1.30%	0.20%	0.30%	0.10%	0.60%	0.50%	0.30%	1.50%	-0.30%	1.30%	0.60%	0.00%	6.04%
2000	0.60%	0.90%	-0.40%	1.10%	1.30%	0.70%	0.70%	1.90%	1.00%	0.00%	-0.60%	-0.10%	7.30%
1999	1.00%	-0.30%	1.80%	1.70%	1.10%	1.40%	1.60%	2.00%	1.70%	0.50%	2.40%	0.50%	18.93%
1998	-0.80%	0.60%	3.10%	0.90%	-0.30%	-1.20%	-0.70%	-0.30%	-5.20%	0.90%	2.10%	0.00%	-12.35%
1997	3.50%	3.10%	0.20%	-0.30%	1.90%	2.90%	2.00%	2.60%	1.90%	0.00%	-0.90%	2.30%	21.20%
1996	1.20%	0.70%	0.90%	2.20%	2.10%	3.40%	0.50%	1.50%	1.60%	3.00%	2.00%	1.10%	22.01%
1995	1.00%	-2.40%	1.10%	1.70%	1.30%	1.70%	0.90%	1.10%	1.90%	1.20%	-1.00%	2.80%	11.66%
1994	1.00%	-0.50%	0.60%	0.80%	1.40%	1.80%	0.90%	-0.20%	2.50%	1.30%	-0.90%	1.60%	6.50%
1993	2.20%	-2.20%	0.20%	2.60%	0.70%	2.40%	2.40%	0.00%	0.80%	1.10%	0.30%	2.30%	20.88%

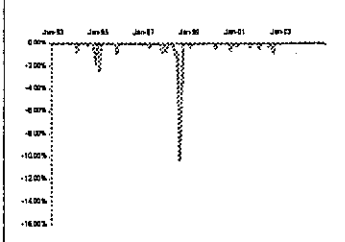
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	10.23%
Rolling 12m Average	9.76%
Monthly Average Geometric	0.81%
Standard Deviation	5.31%
Average Positive Return Monthly	1.24%
Average Negative Return Monthly	-1.33%

RISK METRICS

Largest Drawdown	-16.82%	# Positive Months	121
Longest Recovery Period		# Negative Months	23
Average of 5 Largest Drawdowns	-4.74%	% Positive Months	84.03%



Distressed Manager B

INVESTMENT STRATEGY

The Manager focuses on special situation investing defined by three specific strategies. Merger and event arbitrage strategy seeks to capture the discount that usually exists between the price of a security and its ultimate value once a major event has culminated. Distressed credit investing focuses on securities of companies likely to be subject to reorganization in or out of bankruptcy. Other special situation arbitrage exploits the inefficiencies in pricing of related securities.

MANAGER BACKGROUND

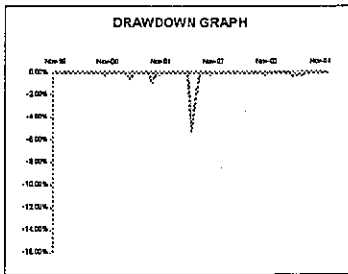
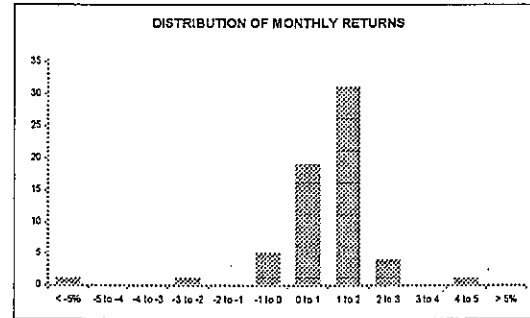
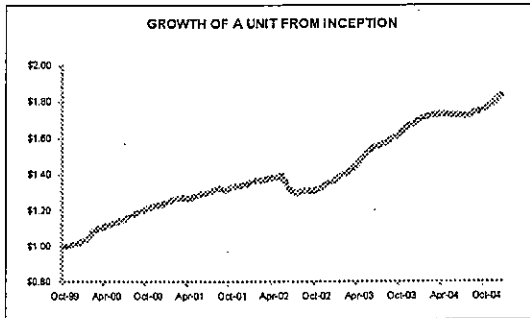
The Principal has been with the Firm since inception. Previously, he was a Managing Director and Head of the Arbitrage, High Yield and Distressed Securities Department at Soros Fund Management from 1988 through 1999. Prior to joining Soros, the Principal was a General Partner at Plaza Securities Company and previously a Senior Vice President in the Risk Arbitrage Department at Lehman Brothers.

FUND TERMS

Assets Under Management	\$4 Billion	Lockup	3 Years
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	3 Year Anniversary
Fees	1% + 18%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.59%	0.66%	0.35%	0.23%	-0.37%	-0.11%	-0.22%	0.86%	0.62%	0.78%	1.99%	2.01%	8.67%
2003	1.63%	1.53%	1.61%	2.78%	2.86%	2.59%	0.78%	1.24%	1.47%	1.84%	1.70%	1.27%	23.93%
2002	1.32%	0.23%	0.66%	0.44%	0.85%	-0.27%	-2.06%	-1.08%	0.04%	0.34%	1.85%	1.78%	1.24%
2001	1.52%	0.71%	0.47%	-0.62%	1.64%	0.65%	0.77%	1.38%	-0.85%	1.37%	0.71%	0.64%	8.94%
2000	1.93%	1.26%	1.40%	1.40%	1.13%	1.24%	1.67%	1.51%	1.48%	1.41%	1.15%	0.42%	20.69%
1999											1.43%	1.08%	2.53%



PERFORMANCE

Annualized Average Geometric	12.50%
Rolling 12m Average	11.79%
Monthly Average Geometric	0.99%
Standard Deviation	4.31%
Average Positive Return Monthly	1.29%
Average Negative Return Monthly	-1.36%

RISK METRICS

Largest Drawdown	-7.22%	# Positive Months	55
Longest Recovery Period		# Negative Months	7
Average of 5 Largest Drawdowns	-2.36%	% Positive Months	86.71%



Distressed Manager C

INVESTMENT STRATEGY

The Fund is a global long/short distressed debt & capital structure arbitrage fund. The investment objective is to achieve superior long-term absolute investment returns by investing worldwide in US Dollar and non-Dollar denominated fixed income securities. The fund utilizes a disciplined, value-oriented, and research-driven bottom-up approach in selecting its investments in order to seek substantial capital appreciation commensurate with reasonable risk.

MANAGER BACKGROUND

Prior to founding the Fund, one of the co-founders managed five billion dollars of assets as Vice President and Portfolio Manager at Payden & Rygel. He began his investment career at Citibank and later served as Vice President of fixed income group for Salomon Brothers, Inc. He holds a B.A. from Harvard College. The other co-founder was advisor to Soros Group Funds from 1992 to 1998. During the same time period, he was also the founder and co-manager of Rosenwald, Roditi & Co. He received his MBA from New York University and his B.A. from Vassar College.

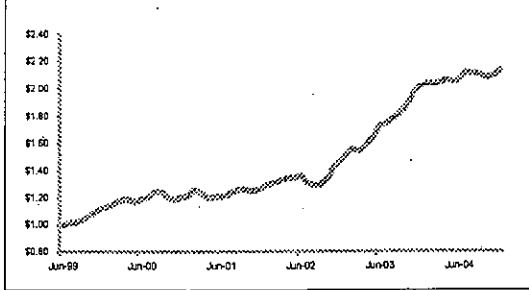
FUND TERMS

Assets Under Management	\$142 Million	Lockup	2% within 1st year, 1% within 2nd year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Monthly
Fees	1% + 20%	Redemption Notice Period	30 Days

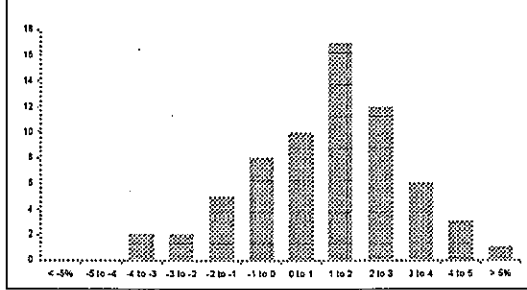
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.70%	0.41%	0.38%	0.93%	-0.65%	0.72%	2.50%	-0.35%	-0.20%	1.16%	0.63%	1.72%	6.01%
2003	3.69%	2.69%	-1.15%	3.46%	4.08%	4.07%	1.17%	1.81%	2.56%	2.99%	4.40%	2.69%	37.47%
2002	2.09%	1.29%	1.26%	1.10%	0.25%	1.10%	-3.82%	-1.59%	0.36%	3.20%	6.10%	3.11%	15.17%
2001	0.83%	1.94%	-1.84%	-0.04%	0.92%	-0.21%	1.20%	2.20%	1.11%	-0.79%	-0.26%	1.74%	5.48%
2000	1.35%	1.81%	2.30%	-0.58%	-1.45%	1.94%	1.35%	2.69%	0.09%	-2.51%	-2.13%	1.57%	6.95%
1999							1.30%	0.18%	2.41%	2.43%	3.81%	2.03%	12.76%

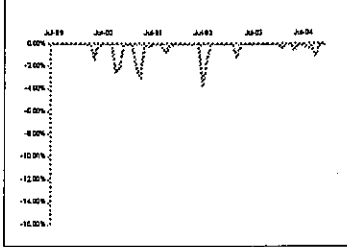
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	14.79%
Rolling 12m Average	15.52%
Monthly Average Geometric	1.16%
Standard Deviation	6.57%
Average Positive Return Monthly	2.02%
Average Negative Return Monthly	-1.27%

RISK METRICS

Largest Drawdown	-5.31%	# Positive Months	49
Longest Recovery Period		# Negative Months	17
Average of 5 Largest Drawdowns	-3.59%	% Positive Months	74.24%



Distressed Manager D

INVESTMENT STRATEGY

The Fund will make principally non-control investments in debt, equity or other securities or indebtedness primarily of European companies (i) that are in financial distress or undergoing a turn-around; (ii) that are in bankruptcy, reorganization or liquidation; (iii) that are undervalued because of discrete extraordinary events; or (iv) whose securities the General Partner deems to be undervalued. In addition, the Fund may focus on securities of companies that are engaging, or have recently been engaged, in extraordinary transactions and in other special situations.

MANAGER BACKGROUND

One of the Senior Principals has been a pioneer in the distressed debt market since the 1980s, holding senior investment positions with the Robert Bass Group, Amroc, Cowen & Co, and Smith Vasiliou Management Company. Prior to joining the Fund, another Senior Principal was a Portfolio Manager with Moore, managing approximately \$1 billion of U.S. and European distressed and high yield securities. Prior to Moore, he was a Managing Director and Head of U.S. Special Situations Trading for Banc of America.

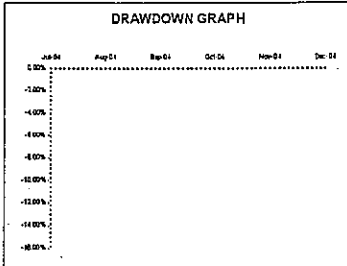
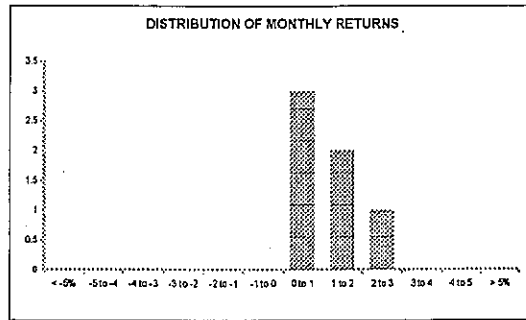
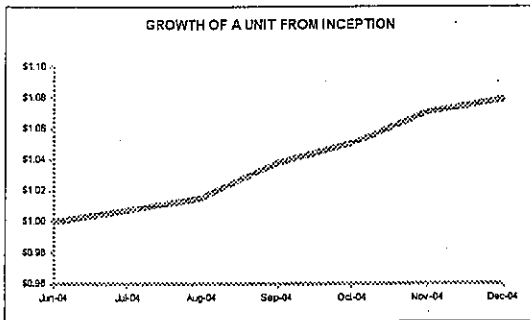
FUND TERMS

Assets Under Management \$220 Million
 Fund Status Open
 Minimum Investment \$500,000
 Fees 2% + 20%

Lockup 1 Year
 High Water Mark Yes
 Redemption Frequency Quarterly
 Redemption Notice Period 60 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004							0.73%	0.81%	2.22%	1.21%	1.90%	0.80%	7.91%



PERFORMANCE

Annualized Average Geometric	16.44%
Rolling 12m Average	N/A
Monthly Average Geometric	1.28%
Standard Deviation	2.21%
Average Positive Return Monthly	1.28%
Average Negative Return Monthly	N/A

RISK METRICS

Largest Drawdown	N/A	# Positive Months	6
Longest Recovery Period	N/A	# Negative Months	0
Average of 5 Largest Drawdowns	N/A	% Positive Months	100.00%



EVENT DRIVEN | 31

Distressed Manager E

INVESTMENT STRATEGY

The principal objective of the Fund is to achieve above-average returns (through both capital appreciation and current income) primarily from passive investments in the debt or equity securities or other indebtedness of companies in Asia (predominantly outside of Japan) that are: (i) in financial distress; (ii) in bankruptcy, reorganization or liquidation; or (iii) undervalued because of discrete extraordinary events.

MANAGER BACKGROUND

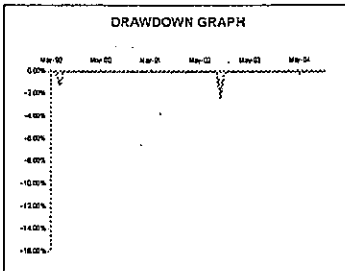
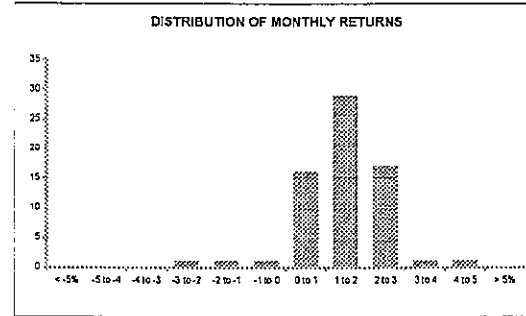
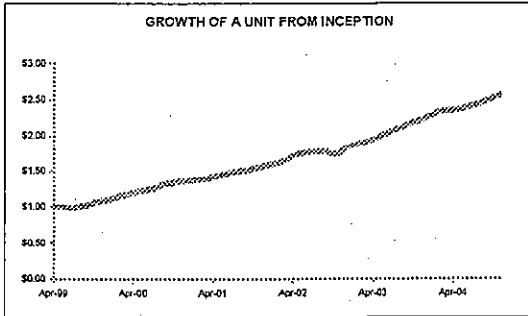
The Manager is one of the pioneers of the distressed debt market, which has been the exclusive focus of his professional career. He is a founder of each of the Avenue Asia Funds and each of the Avenue U.S. Funds and is also the founder of Amroc Investments and Amroc Asia. Prior to operating Amroc Investments as an independent entity, the Manager and Amroc Investments, L.P. were affiliated with Acadia Partners L.P., an investment partnership whose general partners include Keystone, Inc. (an investment partnership firm that was associated with the Robert M. Bass Group, Inc), American Express Company and the Equitable Life Assurance Society of America. The Manager previously was Co-Director of the Bankruptcy and Corporate Reorganization Department at Cowen & Company. Prior to that time, the Manager served as Director of the Private Debt Department at Smith Vasilou Management Company.

FUND TERMS

Assets Under Management	\$1.5 Billion	Lockup	Anniversary
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$500,000	Redemption Frequency	Anniversary
Fees	2% + 20%	Redemption Notice Period	60 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.87%	2.04%	0.61%	0.45%	-0.13%	2.52%	0.74%	0.60%	2.06%	1.23%	1.32%		13.89%
2003	1.38%	1.61%	1.14%	1.57%	2.42%	1.88%	2.28%	1.74%	1.89%	1.81%	1.07%	1.85%	22.47%
2002	1.20%	1.30%	2.60%	2.10%	2.10%	0.70%	0.50%	0.10%	0.60%	2.10%	1.10%	1.80%	16.12%
2001	0.50%	0.90%	1.00%	2.10%	1.20%	1.50%	1.70%	0.0%	0.20%	2.00%	1.40%	1.40%	15.48%
2000	2.30%	2.60%	1.60%	2.20%	2.10%	1.00%	1.90%	3.00%	2.30%	2.50%	1.70%	0.70%	24.08%
1999					0.00%	0.40%	-1.10%	1.90%	1.90%	2.20%	2.00%	1.80%	10.49%



PERFORMANCE

Annualized Average Geometric	18.37%
Rolling 12m Average	19.19%
Monthly Average Geometric	1.42%
Standard Deviation	3.52%
Average Positive Return Monthly	1.54%
Average Negative Return Monthly	-1.21%

RISK METRICS

Largest Drawdown	-2.40%	# Positive Months	64
Longest Recovery Period	2	# Negative Months	3
Average of 5 Largest Drawdowns	-1.21%	% Positive Months	95.52%



Distressed Manager F

INVESTMENT OBJECTIVE

The investment objective of the Partnership is to maximize total return on capital by seeking both current income and capital appreciation through the development and management of a diversified portfolio of distressed investments. The Partnership seeks to achieve these objectives primarily through investment directly, or through special purpose vehicles formed to hold the investment, in distressed securities acquired in secondary market purchases and positions in selected classes of distressed securities.

MANAGING MEMBER BACKGROUND

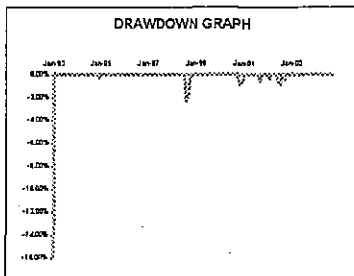
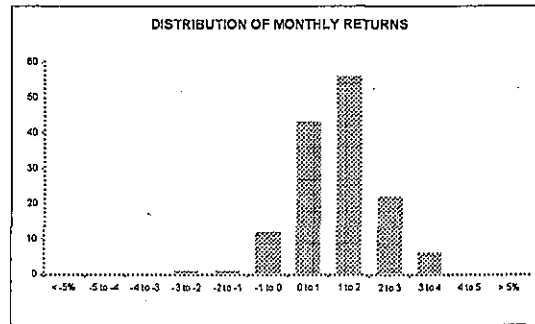
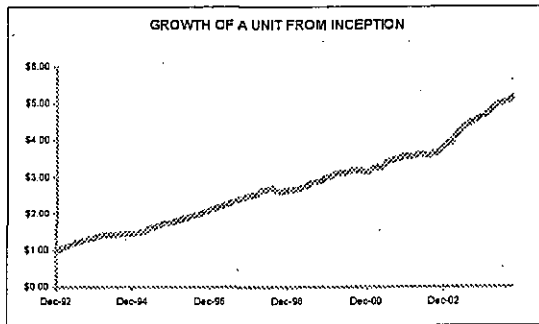
The Managing Member founded or co-founded related general partners/management companies and investment funds, some of which may pursue the same or similar investment strategies as the Partnership, and is the Chief Executive Officer of an affiliated loan origination company. The Managing Member began his career at Drexel Burnham Lambert Incorporated where he was actively involved in trading large pools of firm capital. From 1985 to 1992, after leaving Drexel, the Managing Member managed money in separate accounts, most of which was firm capital of Gruntal & Co. The Managing Member is a 1982 graduate of Princeton University.

FUND DETAILS

Assets Under Management	\$5 Billion	Lockup	None
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$3,000,000	Redemption Frequency	Jun 30 and Dec 31
Fees	1% + 20%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.20%	1.23%	2.60%	0.50%	0.92%	0.02%	0.51%	0.13%	1.20%				10.34%
2003	1.31%	0.58%	2.90%	2.93%	2.38%	1.47%	1.66%	1.99%	1.19%	0.92%	1.13%	1.01%	20.75%
2002	0.22%	0.43%	1.23%	0.81%	0.56%	-4.46%	-0.96%	2.19%	-0.48%	1.16%	3.19%	2.04%	9.34%
2001	1.19%	2.45%	0.60%	0.04%	2.20%	1.81%	1.20%	1.0%	-0.59%	1.28%	0.73%	0.04%	13.02%
2000	1.12%	1.83%	0.64%	0.05%	0.05%	1.62%	0.56%	0.75%	0.40%	-0.45%	-0.92%	-0.72%	4.38%
1999	0.42%	0.44%	0.95%	1.10%	1.37%	0.80%	2.42%	1.02%	0.78%	0.92%	2.31%	1.17%	14.00%
1998	0.37%	0.65%	1.65%	2.53%	0.61%	0.56%	1.38%	-2.31%	-1.76%	0.34%	1.52%	0.10%	5.09%
1997	1.38%	2.10%	1.32%	0.94%	1.23%	1.46%	1.86%	1.82%	0.90%	1.25%	1.76%	1.04%	18.68%
1996	1.20%	2.10%	1.90%	1.50%	1.00%	1.70%	1.20%	0.00%	1.20%	2.50%	1.50%	1.70%	19.78%
1995	0.01%	1.50%	1.40%	1.50%	3.70%	1.90%	1.50%	1.10%	2.00%	1.40%	0.80%	1.00%	20.00%
1994	1.40%	0.80%	2.30%	0.20%	0.30%	0.10%	0.00%	1.90%	0.90%	0.60%	-0.10%	0.30%	7.94%
1993	3.20%	2.40%	3.70%	2.60%	3.30%	1.00%	2.00%	2.10%	2.50%	2.30%	1.10%	2.70%	36.29%



PERFORMANCE

Annualized Average Geometric	15.00%
Rolling 12m Average	14.30%
Monthly Average Geometric	1.17%
Standard Deviation	3.57%
Average Positive Return Monthly	1.38%
Average Negative Return Monthly	-0.71%

RISK METRICS

Largest Drawdown	-4.35%	# Positive Months	127
Longest Recovery Period		# Negative Months	14
Average of 5 Largest Drawdowns	-1.79%	% Positive Months	90.07%



L/S Credit Manager A

INVESTMENT STRATEGY

The Manager invests in below investment grade corporate credit. The CEO views below investment grade securities as a hybrid asset class between investment debt and common equity, focusing on the crossover market and investment grade companies with the highest yields. The investment process is top-down and research-driven, with hedges being either other parts of the capital structure or equity-based index hedges.

MANAGER BIOGRAPHY

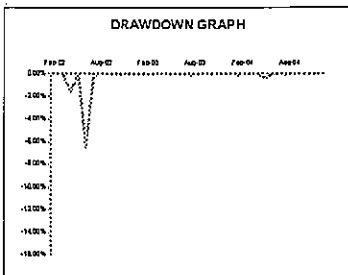
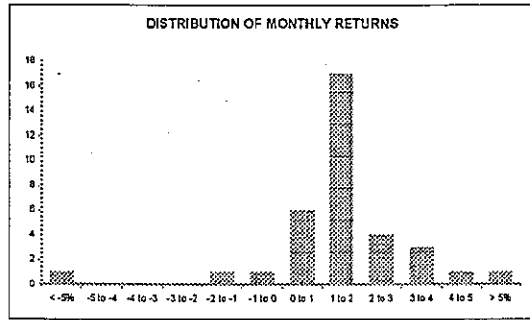
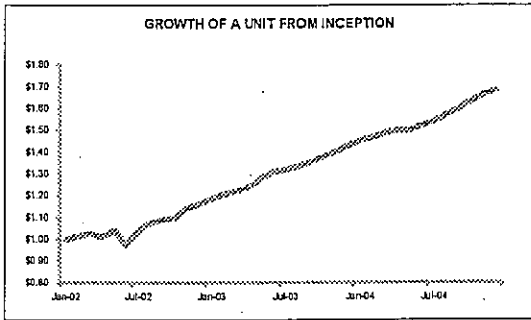
Prior to forming in 2001, the CEO of the Manager was the Co-Risk Manager for the Global Leveraged Credit portfolio for Morgan Stanley Dean Witter & Co. He joined Morgan Stanley in 1984, and, at the time of his retirement in October 2000, served as co-head of the Global High Yield Sales, Trading, and Research group and as a member of the firm's Risk Practices Committee.

FUND TERMS

Assets Under Management	\$600 Million	Lockup	1 Year
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	End of 1st or 2nd Quarter
Fees	1.75% + 20%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.65%	0.83%	1.33%	0.66%	-0.30%	1.62%	1.50%	1.94%	1.82%	2.15%	1.70%	1.75%	17.83%
2003	2.03%	1.65%	1.37%	1.73%	3.03%	2.79%	0.91%	0.96%	1.55%	0.94%	1.75%	2.02%	23.03%
2002		1.60%	1.25%	-1.50%	3.00%	-6.50%	6.50%	4.00%	1.00%	1.00%	3.92%	1.65%	16.35%



PERFORMANCE

Annualized Average Geometric	19.63%
Rolling 12m Average	21.29%
Monthly Average Geometric	1.50%
Standard Deviation	6.56%
Average Positive Return Monthly	1.92%
Average Negative Return Monthly	-2.77%

RISK METRICS

Largest Drawdown	-6.50%	# Positive Months	32
Longest Recovery Period		# Negative Months	3
Average of 5 Largest Drawdowns	-2.77%	% Positive Months	91.43%



L/S Credit Manager B

INVESTMENT STRATEGY

The Fund invests primarily in the non-investment grade corporate debt markets. The Fund utilizes the General Partner's credit-focused investment strategy to identify attractive investment opportunities on both a long and short basis. The Fund pursues capital structure arbitrage opportunities to take advantage of pricing inefficiencies among the securities of the same or similar issuers. In addition, it may invest in event-oriented situations of companies involved in refinancings, restructurings, exchange offers, and other extraordinary transactions.

MANAGEMENT EXPERIENCE

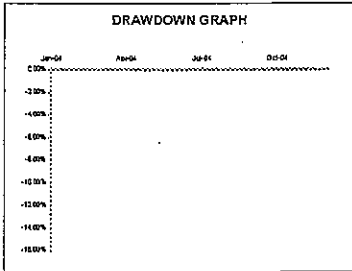
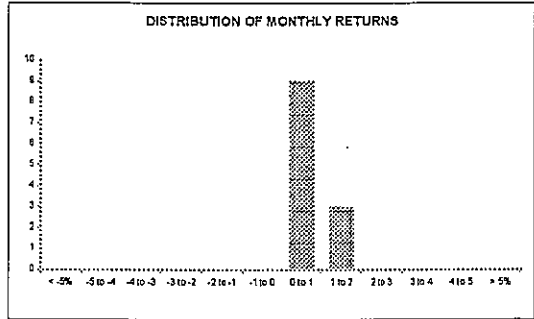
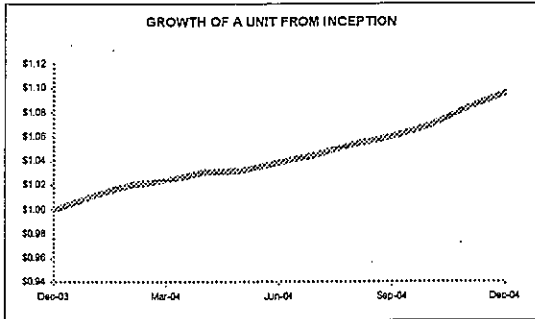
Prior to co-founding the Firm, the President was responsible for the \$1 billion securities portfolio of Acadia from 1990 to 1996. From 1992 to 1997, he was a senior officer of Keystone, the primary investment vehicle controlled by Mr. Bass. The President formerly worked in the mergers and acquisitions department at Morgan Stanley in New York and London. He earned an M.B.A. from Harvard Business School, where he was a Baker Scholar, and a B.S. degree from Cornell University.

FUND METRICS

Assets Under Management	\$3.7 Billion	Lockup	3% within 1 year
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$2,000,000	Redemption Frequency	Quarterly
Fees	1.5% + 20%	Redemption Notice Period	60 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.11%	0.85%	0.43%	0.64%	0.10%	0.07%	0.59%	0.88%	0.57%	0.45%	1.35%	1.04%	9.55%



PERFORMANCE

Annualized Average Geometric	9.55%
Rolling 12m Average	9.55%
Monthly Average Geometric	0.76%
Standard Deviation	1.18%
Average Positive Return Monthly	0.76%
Average Negative Return Monthly	N/A

RISK METRICS

Largest Drawdown	N/A	# Positive Months	12
Longest Recovery Period	N/A	# Negative Months	0
Average of 5 Largest Drawdowns	N/A	% Positive Months	100.00%



Merger Arbitrage Manager A

INVESTMENT STRATEGY

The Manager employs arbitrage strategies to realize the spread between securities or the market price of a security and its expected future value. Investments are generally based on anticipated outcomes of announced corporate transactions or other events and are not correlated to the performance of either the equity or fixed income markets. The Manager invests primarily in North America and Western Europe. The Manager utilizes extensive risk management processes which include, but are not limited to, restricted position sizes and strict loss limits.

MANAGING DIRECTOR

The Managing Director joined the Manager in 1972, where he established the arbitrage business. In addition to the Fund, the Managing Director has been involved in the Manager's merger and acquisition advisory practice, where he has served as a financial advisor to Fortune 500 corporations. He currently serves on the Board of Directors of Liberty Media Corporation, Ampco-Pittsburg Corporation, and On-Command Corp. He also serves on the Board of Trustees of Cornell University as the Vice-Chairman of its investment committee.

FUND DETAILS

Assets Under Management	\$325 Million	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Quarterly
Fees	1% + 20%	Redemption Notice Period	45 Days

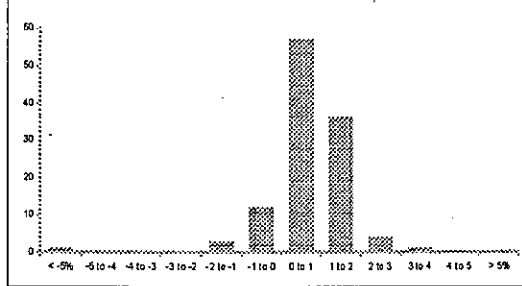
MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.09%	0.10%	-0.21%	-0.33%	-0.35%	0.34%	-0.89%	0.28%	0.97%	1.84%	1.49%	1.21%	5.12%
2003	-0.08%	0.85%	-0.05%	0.40%	0.23%	0.47%	-0.25%	0.00%	0.24%	0.31%	0.21%	0.40%	2.24%
2002	0.72%	0.07%	0.51%	0.50%	0.19%	0.04%	-0.36%	0.20%	-0.05%	0.84%	0.48%	0.40%	3.33%
2001	0.85%	0.14%	-1.27%	0.94%	1.08%	-1.28%	0.84%	0.58%	0.13%	0.63%	0.20%	0.41%	3.38%
2000	1.55%	2.47%	-0.42%	1.60%	0.78%	1.39%	0.81%	1.27%	0.77%	0.84%	1.60%	0.61%	14.19%
1999	1.55%	1.01%	0.88%	1.93%	0.97%	1.84%	1.01%	0.51%	0.41%	1.40%	1.12%	0.88%	13.80%
1998	0.50%	1.25%	1.36%	0.65%	0.36%	1.60%	0.11%	0.40%	3.16%	1.75%	0.93%	2.16%	9.10%
1997	0.68%	-0.04%	-1.99%	-0.33%	1.27%	1.45%	1.58%	0.72%	1.49%	1.51%	1.63%	0.24%	8.47%
1996	0.64%	1.20%	1.14%	0.66%	1.06%	0.54%	1.99%	0.27%	0.10%	1.62%	1.33%	0.17%	11.47%
1995							1.38%	0.95%	1.13%	1.15%	2.46%	0.65%	8.42%

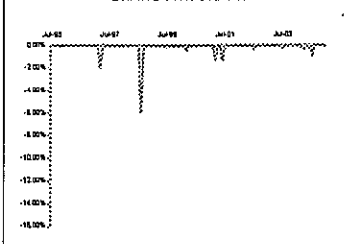
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



PERFORMANCE

Annualized Average Geometric	8.30%
Rolling 12m Average	8.02%
Monthly Average Geometric	0.67%
Standard Deviation	3.49%
Average Positive Return Monthly	0.92%
Average Negative Return Monthly	-0.86%

RISK METRICS

Largest Drawdown	-5.89%	# Positive Months	98
Longest Recovery Period	3	# Negative Months	16
Average of 5 Largest Drawdowns	-2.44%	% Positive Months	85.96%



Event Manager A

INVESTMENT STRATEGY

The Fund seeks to earn superior risk-adjusted returns that are not correlated to the equity market. The Manager is a long-biased fund that exploits value-based, event-driven investment opportunities in debt and equity interests of companies undergoing balance sheet events. Balance sheet events include: bankruptcies, recapitalizations, exchange offers, spin-offs, mergers and acquisitions, liquidations, and stock buybacks.

MANAGING PARTNER BIOGRAPHY

Prior to founding the Fund, the Managing Partner was head of research for the risk arbitrage/special situations portfolio of TD securities from 1997 until 2000. The Managing Partner began her career as an attorney and later joined L.F. Rothchild & Co., Inc.'s risk arbitrage department. From 1988 to 1997, She worked in Dillon Read & Co., Inc.'s risk arbitrage group and then Oppenheimer & Co., Inc.'s distressed debt department. The Managing Partner received her B.A. *magna cum laude* from Amherst College and her J.D. at the University of Michigan Law School.

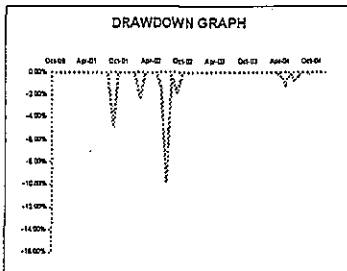
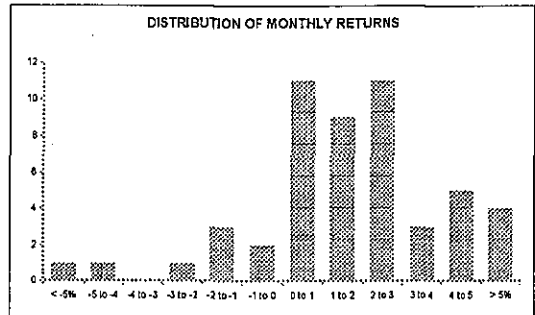
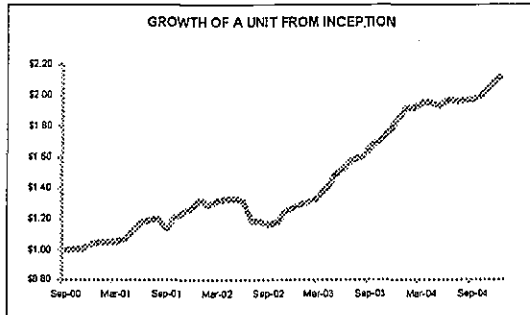
FUND TERMS

Assets Under Management \$120 Million
 Fund Status Open
 Minimum Investment \$1,000,000
 Fees 1.5% + 20%

Lockup 1 Year
 High Water Mark Yes
 Redemption Frequency Annual Dec 31
 Redemption Notice Period 45 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	4.30%	0.00%	2.00%	0.05%	-1.21%	2.30%	-0.80%	0.40%	0.40%	1.10%	3.10%	2.60%	15.27%
2003	1.81%	1.45%	1.61%	0.18%	5.71%	2.82%	3.50%	1.10%	4.10%	2.80%	2.90%	4.10%	43.93%
2002	3.63%	2.27%	2.14%	0.90%	0.19%	-1.29%	-9.69%	-2.27%	-1.83%	1.41%	5.68%	2.84%	0.15%
2001	1.00%	0.55%	0.00%	1.95%	4.62%	4.95%	1.25%	0.59%	-4.55%	5.10%	2.44%	2.64%	22.93%
2000										0.34%	0.67%	2.62%	3.66%



PERFORMANCE

Annualized Average Geometric	19.31%
Rolling 12m Average	20.91%
Monthly Average Geometric	1.48%
Standard Deviation	9.38%
Average Positive Return Monthly	2.32%
Average Negative Return Monthly	-2.78%

RISK METRICS

Largest Drawdown	-12.72%	# Positive Months	43
Longest Recovery Period		# Negative Months	8
Average of 5 Largest Drawdowns	-4.37%	% Positive Months	84.31%



Event Manager B

INVESTMENT STRATEGY

As an event-driven investment firm, the Fund uses multiple analytical techniques to evaluate investment opportunities. When an event is announced, the Manager conducts extensive research regarding the probability that the event will actually occur and the impact that various outcomes are likely to have on the prices of the underlying securities. Target events include U.S. and European corporate restructuring, distressed and bankruptcy, mergers, special situations and relative value opportunities.

MANAGER BACKGROUND

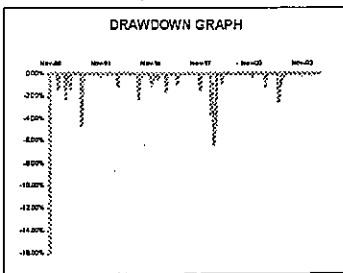
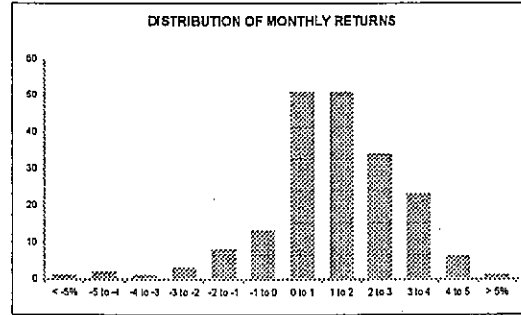
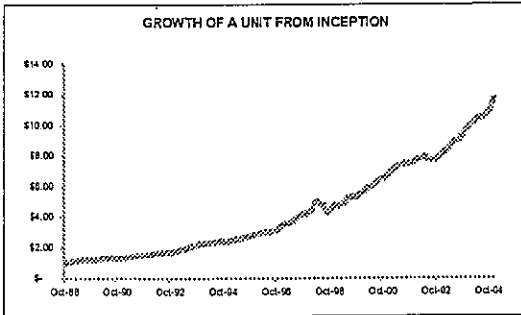
The Senior Managing Director is responsible for the overall portfolio investment strategy. Prior to joining the Fund, he was Principal of Harvard Management, where he managed a special situations portfolio. The Senior Managing Director has also served as chairman of several bankruptcy creditor committees and is currently chairman of the board of Nomus Corporation. Prior to founding the Fund, the President developed and implemented investment strategies in the equity trading area of Goldman, Sachs & Co. He was also an adjunct associate professor at the Stern School of Business at New York University.

FINANCIAL TERMS

Assets Under Management	\$6.2 Billion	Lockup	2 Years
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$25,000,000	Redemption Frequency	Annual Anniversary
Fees	1% + 20%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	2.93%	1.56%	0.46%	1.22%	-0.14%	1.25%	0.19%	0.32%	2.45%	0.24%	4.03%	3.12%	19.50%
2003	2.65%	0.23%	1.54%	2.04%	2.67%	1.04%	1.46%	0.46%	1.96%	1.54%	2.84%	1.74%	22.21%
2002	1.73%	0.32%	1.23%	1.23%	0.46%	-2.52%	-1.61%	1.03%	-0.30%	0.94%	2.19%	1.00%	5.43%
2001	2.77%	2.91%	1.58%	1.61%	1.41%	0.54%	0.40%	1.48%	-1.17%	0.67%	0.29%	1.08%	13.70%
2000	2.15%	1.17%	3.65%	0.62%	1.32%	2.11%	2.32%	0.08%	2.23%	0.88%	-0.25%	2.10%	20.91%
1999	0.49%	0.78%	1.36%	1.28%	3.41%	4.19%	0.33%	0.31%	0.07%	0.53%	1.33%	2.52%	16.43%
1998	1.53%	4.27%	7.24%	1.44%	0.35%	-5.66%	-0.72%	6.31%	-4.56%	1.74%	3.57%	4.62%	8.93%
1997	3.40%	0.12%	0.54%	0.61%	2.78%	3.87%	3.46%	2.76%	3.25%	1.38%	1.37%	3.73%	27.77%
1996	1.41%	0.72%	2.16%	1.54%	1.06%	-0.94%	-0.06%	0.58%	2.59%	3.41%	3.33%	3.12%	20.65%
1995	0.90%	2.70%	3.09%	0.45%	0.37%	1.91%	2.32%	1.52%	2.40%	1.69%	2.94%	1.45%	17.63%
1994	3.03%	-2.20%	0.57%	-0.25%	1.96%	0.98%	1.13%	2.36%	-0.21%	0.91%	-1.03%	0.62%	6.30%
1993	2.04%	1.72%	3.42%	0.07%	2.40%	4.15%	4.11%	1.10%	0.56%	2.55%	2.58%	0.62%	29.23%
1992	1.68%	2.04%	3.17%	0.10%	0.27%	0.50%	0.15%	0.56%	1.87%	0.54%	-1.11%	3.34%	14.03%
1991	0.78%	1.71%	2.47%	2.41%	1.39%	1.79%	0.84%	0.21%	1.15%	1.61%	0.55%	0.49%	17.03%
1990	-1.28%	1.24%	3.65%	0.63%	1.02%	1.40%	1.25%	0.28%	-4.63%	0.40%	0.30%	1.83%	6.73%
1989	3.12%	3.19%	3.10%	1.33%	2.35%	2.24%	0.80%	1.44%	0.12%	-2.34%	0.79%	2.67%	17.25%
1988											1.44%	3.05%	4.53%



PERFORMANCE

Annualized Average Geometric	16.42%
Rolling 12m Average	16.14%
Monthly Average Geometric	1.28%
Standard Deviation	5.91%
Average Positive Return Monthly	1.76%
Average Negative Return Monthly	-1.51%

RISK METRICS

Largest Drawdown	-14.48%	# Positive Months	166
Longest Recovery Period	9	# Negative Months	28
Average of 5 Largest Drawdowns	-5.66%	% Positive Months	85.57%



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L/S Multi Manager A

INVESTMENT STRATEGY

The Manager is a fund of funds that employs a long/short value approach with an emphasis on equities and sometimes also opportunistic distressed debt managers. Inclusion of fund managers is based on in-depth, time-intensive due diligence that begins with the screening of written materials the Fund receives on hundreds of funds, which are then followed up with on-site due diligence. New managers are started off with a relatively small weighting which is increased as underlying managers perform to expectations.

MANAGER BIOGRAPHY

Prior to founding, the President worked as an Investment Associate at Siegler, Coltery and Co., an investment firm involved in both public and private investments. The President was also a Generalist in the Investment Banking Group of Donaldson, Lufkin & Jenrette. He graduated *summa cum laude* with distinction from Cornell University in 1991.

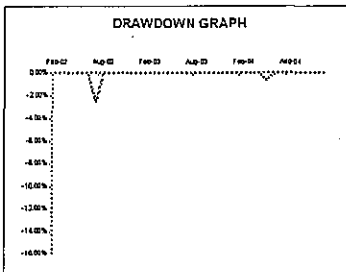
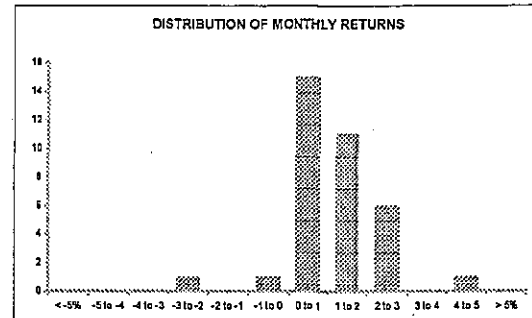
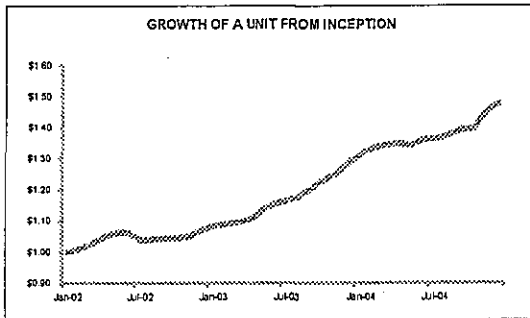
FINANCIALS

Assets Under Management \$200 Million
 Fund Status Closed
 Minimum Investment \$1,000,000
 Fees 1.5% + 10%

Lockup 1 Year
 High Water Mark Yes
 Redemption Frequency Annual Dec 31
 Redemption Notice Period 105 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	2.50%	1.40%	0.50%	0.50%	-0.60%	1.40%	0.30%	0.50%	1.20%	0.20%	4.10%	1.70%	14.84%
2003	1.20%	0.50%	0.80%	0.60%	2.50%	1.50%	0.80%	1.00%	2.52%	2.70%	1.80%	2.50%	20.25%
2002	1.10%	1.60%	2.30%	1.30%	0.20%	-2.60%	0.40%	0.20%	0.10%	0.70%	1.80%		7.14%



PERFORMANCE

Annualized Average Geometric	14.37%
Rolling 12m Average	15.08%
Monthly Average Geometric	1.13%
Standard Deviation	4.02%
Average Positive Return Monthly	1.30%
Average Negative Return Monthly	-1.60%

RISK METRICS

Largest Drawdown	-2.60%	# Positive Months	33
Longest Recovery Period		# Negative Months	2
Average of 5 Largest Drawdowns	-1.60%	% Positive Months	94.29%



L/S Multi Manager B

INVESTMENT STRATEGY

The Fund is a multi-manager portfolio of hedge funds, created with the objective of generating consistent, high absolute returns with moderate volatility. As an alternative to the equity markets, the Fund invests substantially all of its assets in long/short and market neutral strategies that generate returns by identifying pricing inefficiencies in various markets.

MANAGING PARTNER

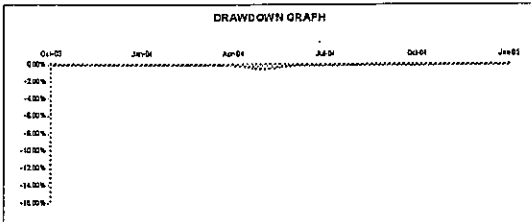
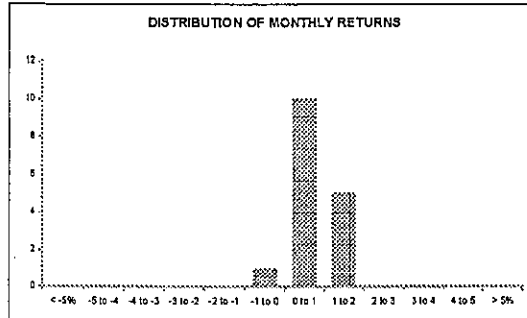
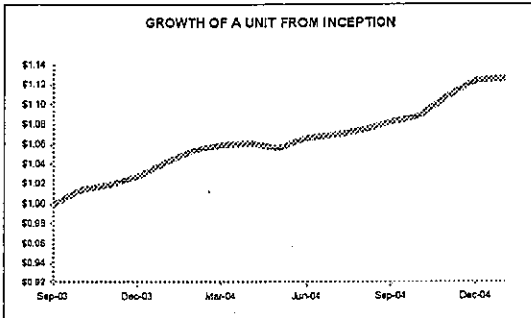
The Managing Partner was the CEO of SAI, a healthcare and technology company that was acquired by Perot Systems, Inc., where he headed the merger and acquisitions practice. In addition, he was the Senior Vice President of Channeipoint, Inc. Prior to founding SAI, he was the Chief of Staff and Chief Economist for U.S. Senator Bill Bradley. He was also a Principal with Booz Allen & Hamilton, a Senior Management Consultant with McKinsey & Company, and the Managing Partner of Doblin Group. In addition to his private and public sector work, he taught Economics at Harvard University where he received the Allen Young Award for Teaching Excellence.

FUND TERMS

Assets Under Management	\$193 Million	Lockup	No
Fund Status	Limited	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Jun 30 and Dec 31
Fees	1% + 10%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	0.14%												0.14%
2004	1.32%	1.14%	0.56%	0.16%	-0.48%	0.97%	0.28%	0.45%	0.73%	0.98%	1.80%	-1.47%	9.37%
2003										1.41%	0.54%	0.85%	2.83%



PERFORMANCE

Annualized Average Geometric	9.33%
Rolling 12m Average	8.36%
Monthly Average Geometric	0.75%
Standard Deviation	2.04%
Average Positive Return Monthly	0.83%
Average Negative Return Monthly	-0.48%

RISK METRICS

Largest Drawdown	-0.48%
Longest Recovery Period	1
Average of 5 Largest Drawdowns	-0.48%
# Positive Months	15
# Negative Months	1
% Positive Months	93.75%



L/S Multi Manager C

INITIAL INVESTMENT STRATEGY

The Acceleration Fund serves as an alternative to long-only equity and private equity investments. The initial allocations in the Fund focus on long-term activist and value-driven equity managers. These managers have demonstrated consistent high annual returns with relatively low annual volatility. The Fund has also placed investments with managers that focus on privately held businesses that are based on undervalued assets. These managers have demonstrated a superb ability to take an active role in distressed or undervalued businesses in order to achieve extraordinary rates of return.

MANAGING PARTNER BACKGROUND

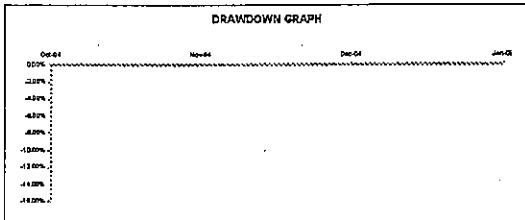
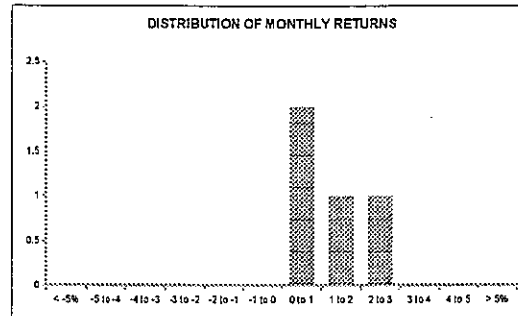
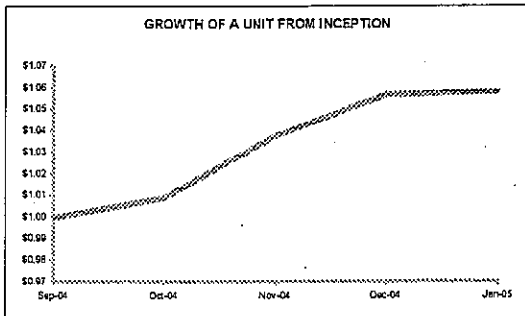
The Managing Partner was the CEO of SAI, a healthcare and technology company that was acquired by Perot Systems, Inc., where he headed the merger and acquisitions practice. In addition, he was the Senior Vice President of Channelpoint, Inc. Prior to founding SAI, he was the Chief of Staff and Chief Economist for U.S. Senator Bill Bradley. He was also a Principal with Booz Allen & Hamilton, a Senior Management Consultant with McKinsey & Company, and the Managing Partner of Doblin Group. In addition to his private and public sector work, he taught Economics at Harvard University where he received the Allen Young Award for Teaching Excellence.

FUND TERMS

Assets Under Management	\$59 Million	Lockup	3 Years
Fund Status	Limited	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Rolling 3 Years
Fees	1% + 10%	Redemption Notice Period	180 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	0.16%												0.16%
2004										5.66%	2.87%	1.27%	5.66%



PERFORMANCE

Annualized Average Geometric	18.54%
Rolling 12m Average	#N/A
Monthly Average Geometric	1.43%
Standard Deviation	4.07%
Average Positive Return Monthly	1.43%
Average Negative Return Monthly	#N/A

RISK METRICS

Largest Drawdown	#N/A
Longest Recovery Period	0
Average of 5 Largest Drawdowns	#N/A
# Positive Months	4
# Negative Months	0
% Positive Months	100.00%



Cash Manager A

INVESTMENT STRATEGY

The Fund is a multi-manager portfolio of hedge funds, created with the objective of generating consistent absolute returns with low volatility. As an alternative to traditional Money Market cash management, the Fund is a composite of short-term fixed income and market-neutral hedge funds that seeks to achieve annual return of 3-5% above the risk free rate and low volatility of 1-2%.

MANAGER BACKGROUND

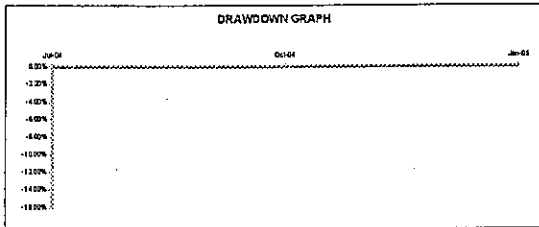
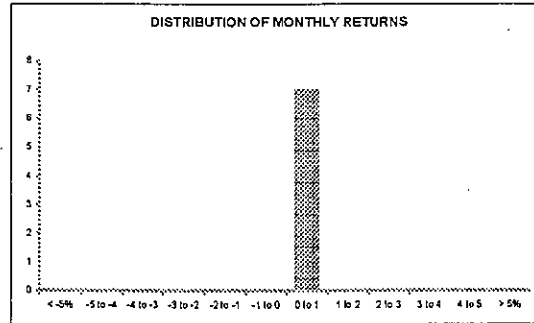
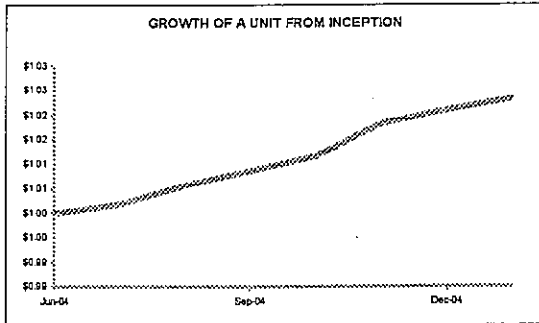
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FUND TERMS

Assets Under Management	\$84 Million	Lockup	None
Fund Status	Open	High Water Mark	None
Minimum Investment	\$500,000	Redemption Frequency	Monthly
Fees	1% + 0%	Redemption Notice Period	5 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	0.23%												0.23%
2004							0.19%	0.30%	0.29%	0.25%	0.66%	0.23%	2.11%



PERFORMANCE

Annualized Average Geometric	4.05%
Rolling 12m Average	#N/A
Monthly Average Geometric	0.33%
Standard Deviation	0.53%
Average Positive Return Monthly	0.33%
Average Negative Return Monthly	#N/A

RISK METRICS

Largest Drawdown	#N/A
Longest Recovery Period	0
Average of 5 Largest Drawdowns	#N/A
# Positive Months	7
# Negative Months	0
% Positive Months	100.00%



STERLING STAMOS
Security Fund, L.P.

February 2005



Confidential

CONFIDENTIAL

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Table Contents

- ❖ Overview of Sterling Stamos
- ❖ Overview of the Security Fund, L.P.
- ❖ Investment Performance
- ❖ Investment Process
- ❖ Professionals
- ❖ Summary of Principal Terms
- ❖ Underlying Portfolio Manager Performance
- ❖ Sample Portfolio Manager Tracking Report

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This document does not purport to be complete and is qualified in its entirety by reference to the more detailed discussion contained in the private offering memorandum and the actual text of the limited partnership agreement. The General Partner has the ability in its sole discretion to change the strategy described herein.

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Sterling Stamos
Overview



Sterling Stamos

Overview – The Firm and Its Philosophy

■ **The Sterling Partnership**

- Sterling Equities – real estate development and principal investments
- Sterling American Properties – real estate funds
- American Securities Capital Partners – private equity funds
- Sterling Sports and Entertainment – New York Mets and Brooklyn Cyclones
- Sterling Stamos – integrated investment arm of the Sterling Partnership

■ **The Sterling Stamos Partnership**

- Began as an investment partnership on behalf of the Katz, Wilpon, and Stamos families

■ **The Value of Partnership**

- Trust-based relationships built on transparency and communication
- Access: Closed managers, sourcing, due diligence, macro perspectives
- Unique network; a “collective intelligence”

■ **Philosophy**

- Treat investors as partners and always put their interests first
- Ensure staying power in the market
- Protect capital and seek consistent, positive returns (absolute return orientation)
- Follow the charge of our founders: “Do well by doing good”



Sterling Stamos Security Fund, L.P.
Overview



Security Fund

Overview – Attractive Asset Class / Attractive Structure

■ Why The Hedge Fund Asset Class?

- Skill-based performance (versus market based)
- Operate in less efficient market space
- Unconstrained
- Opportunistic
- Leverage
- Interests aligned (Portfolio Manager is invested alongside their Limited Partners)
- Relatively liquid (quarterly)
- Historically have generated alpha (investment value add)

■ Why The Hedge Fund of Funds Structure?

- Reduces fund level risk through diversification (low correlated sub-strategies)
- Mitigate risk of single hedge fund manager
- Leverage additional level of professional due diligence, portfolio construction, and monitoring
- Access to hedge funds that are closed to new investors
- Access to multiple hedge funds at relatively low investment minimum
- Consolidated performance and tax reporting



5

Security Fund

Overview – Attractive Attributes of the Security Fund

■ Highlights:

- Diversified; multi-strategy, multi-manager
- Low correlation to equity and fixed income markets
- Primarily “non-directional” – very little unhedged equity or fixed income market exposure
- Tactical asset allocation; active; opportunistic
- Non-directional strategies include relative value, event driven, and equity hedged

■ Investment Objective:

- Preserve capital and enhance wealth by achieving long-term absolute returns
- Moderate absolute returns of 8% – 10% annually
- Maintain low volatility of 2% – 4% annually

■ Actual Investment Performance (10/01/02 – 1/31/05):

- Annualized return of 8.7%
- Annualized standard deviation of 1.9%
- Annualized Sharpe ratio of 3.5 (using a risk free rate of 2.25%)

■ Alternative / Complement to Traditional Fixed Income Investments

- Historical equity-like returns with less than fixed income-like risk
- Opportunity to reduce overall investment portfolio risk without sacrificing return



Security Fund

Overview – Differentiating Characteristics of the Security Fund

- **Unique Macro Economic Perspective**
 - Peter Stamos' involvement as an advisor to elite academic, political, and private institutions
- **Access to Sterling Equities' Experience and Unique Proprietary Sourcing**
 - Sterling Stamos is able to leverage Sterling Equities' 40 years of alternative investment experience
- **Access to Closed Funds**
 - Fund currently invested in 16 closed funds with access to additional if desired
- **Alignment of GP and LP Interests**
 - Sterling Stamos is committed to invest alongside investment partners (25% of total Fund assets)
- **Higher Level of Transparency**
 - Sterling Stamos is committed to providing underlying Portfolio Manager information
- **Higher Level of Liquidity**
 - Quarterly liquidity after initial one year lockup
- **No Preferential Terms**
 - All limited partners are subject to identical Fund terms (fees, liquidity)



Sterling Stamos Security Fund, L.P.
Investment Performance



Security Fund

Summary Statistics (10/01/02 – 1/31/05)

SUMMARY STATISTICS

Fund Inception	October 2002 ¹
Firm Assets Under Management	1,217 MM
Fund Assets Under Management	358 MM
Average Annualized Return	8.7%
Standard Deviation	1.9%
Sharpe Ratio	3.5 ²
Number of Managers	34
Number of Positive Months	24
Number of Negative Months	3
Largest Drawdown	-0.44%

Source: Sterling Stamos analysis.

1. October 2002 marks the official launch to the public.
2. Sharpe ratio is based on 2.25% risk free rate.

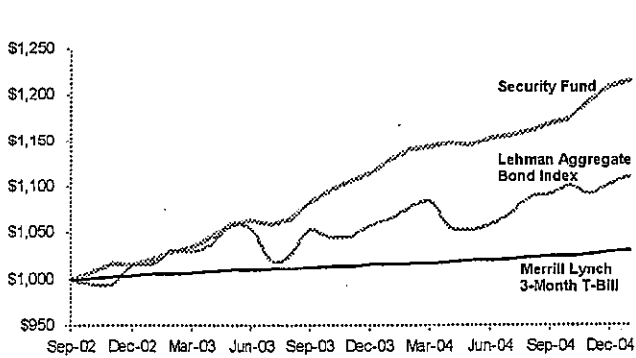


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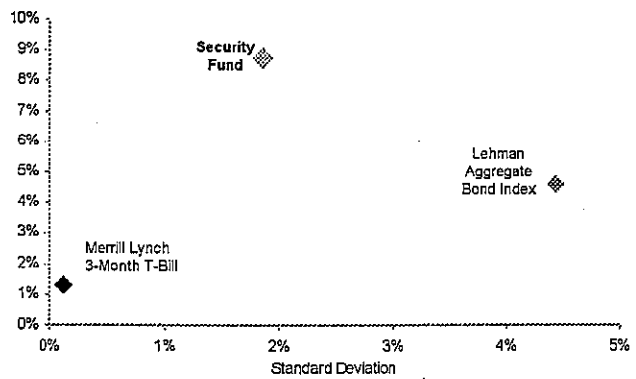
Security Fund
Comparison of Results (10/01/02 – 1/31/05)

	Annual Return	Standard Dev	Sharpe Ratio
Security Fund		1.9%	1.3

SECURITY FUND PERFORMANCE



RETURN / RISK COMPARISON



Source: Sterling Stamos analysis.



Security Fund

Monthly Performance (net of all fees and expenses)

Unaudited net returns

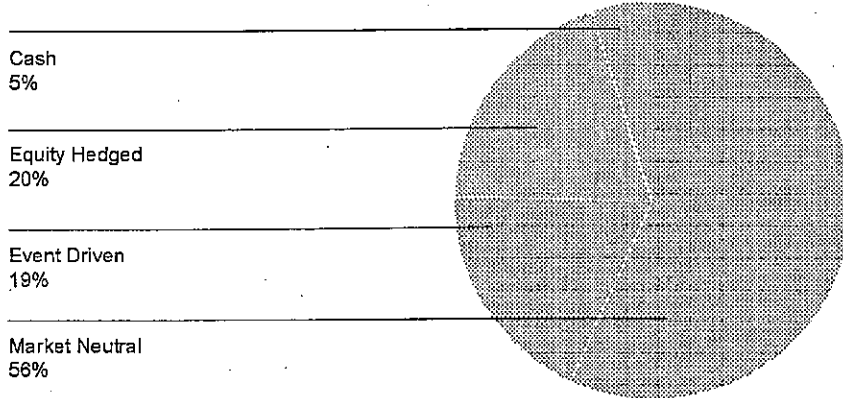
	2002	2003	2004	2005
January		0.70%	1.29%	0.48% ¹
February		0.59%	0.97%	
March		0.46%	0.31%	
April		1.19%	0.41%	
May		1.28%	-0.29%	
June		0.52%	0.72%	
July		-0.44%	0.24%	
August		0.46%	0.49%	
September		1.77%	0.63%	
October	0.71%	1.23%	0.46%	
November	1.04%	0.75%	1.71%	
December	-0.19%	0.88%	1.27%	
YTD	4.56%	9.79%	8.51%	0.48%

Source: Sterling Stamos analysis.

1. October 2002 marks the official offering date to outside investors.
2. Based on estimate as of 2/10/05.



Security Fund
Strategy Allocation (As Of January 2005)

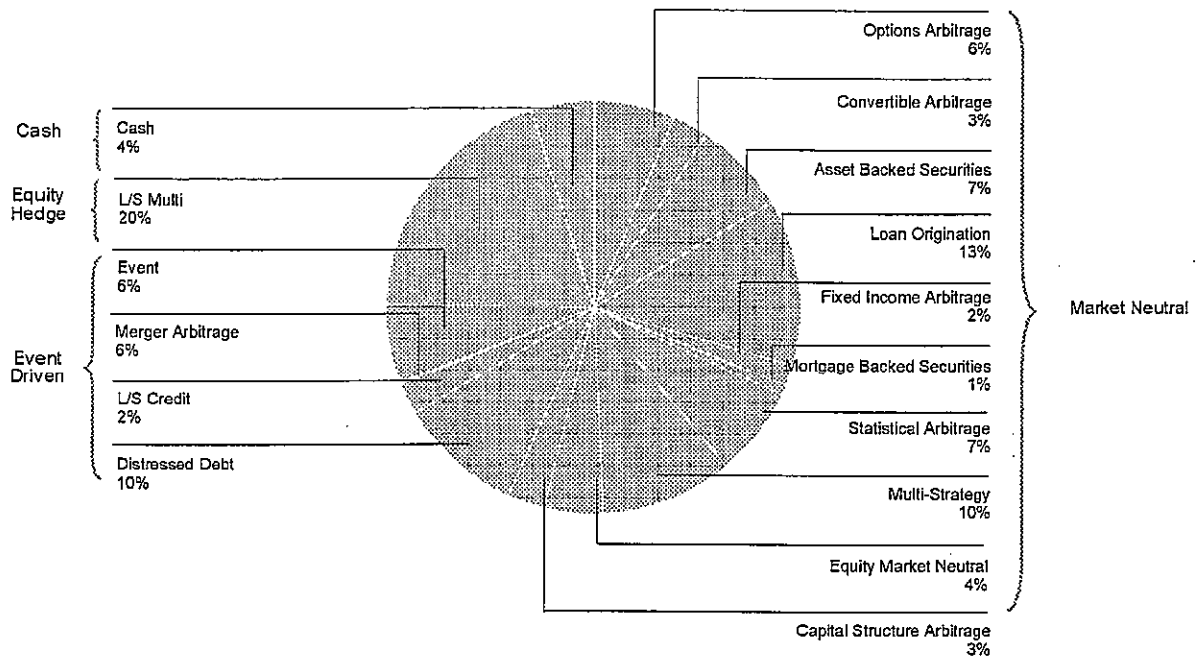


Source: Sterling Stamos analysis.



Security Fund

Sub-Strategy Allocation (As Of January 2005)



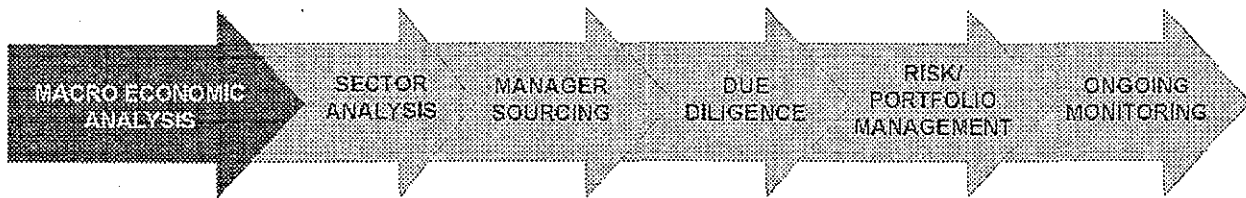
Source: Sterling Stamos analysis.



Sterling Stamos Security Fund, L.P.
Investment Process



Investment Process
Macro Economic Analysis

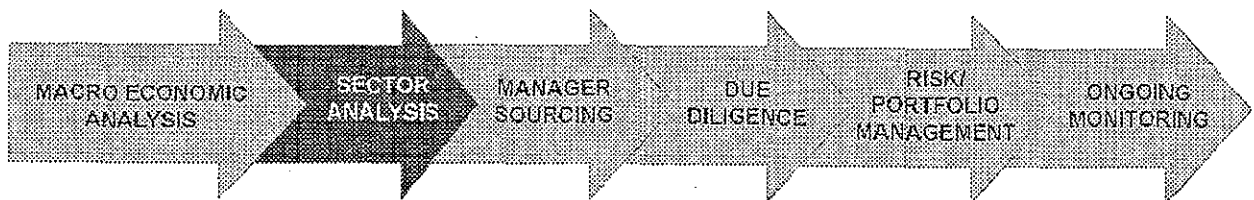


- **Identify key macro economic trends based upon:**
 - Fundamentals
 - Technicals
 - Liquidity

- **Determine potential investment opportunities and risks among:**
 - Asset classes
 - Geographies



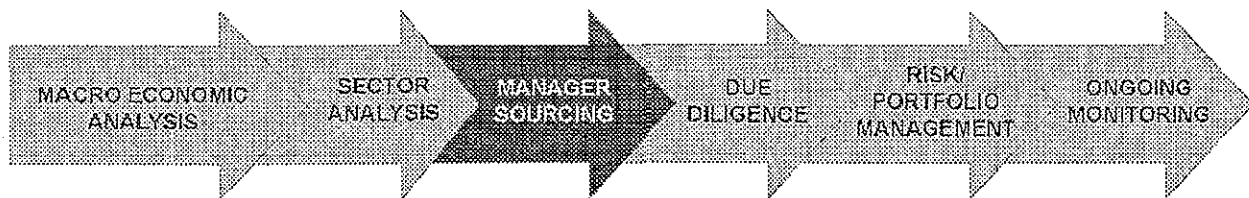
Investment Process
Sector Analysis



- Determine directional portfolio concentrations to specific hedge fund strategies based on:
 - Macro economic opportunity set
 - Risk analysis



Investment Process
Manager Sourcing



- **Leverage network and relationships of Sterling Stamos to:**
 - Identify emerging managers
 - Obtain capacity with “closed managers”

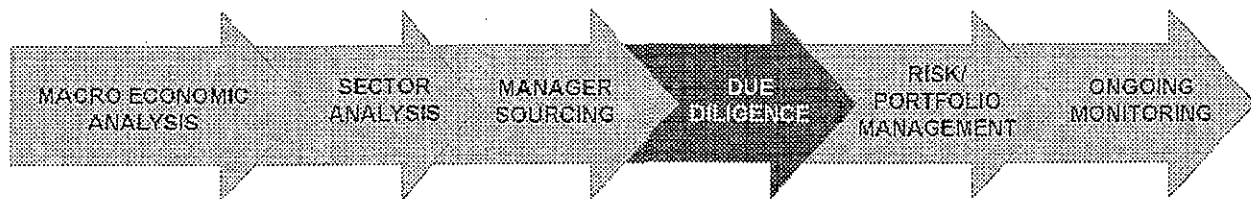
- **Leverage relationships with investment banks, third-party marketers, consultants, and research firms to identify Portfolio Managers**

- **Utilize industry-specific internal network, databases, newspapers, and magazines to identify prospective Portfolio Managers**



Investment Process

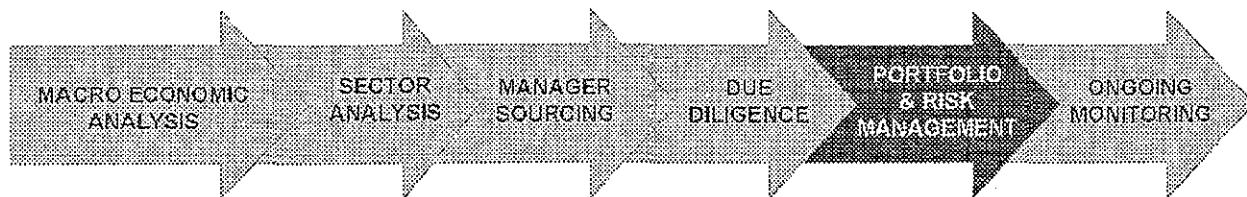
Due Diligence



- ❖ Obtain information on fund-specific strategy, monthly returns, performance attribution, and references
- ❖ Analyze performance, liquidity, and correlations between proposed Portfolio Manager and existing Portfolio Managers in portfolio
- ❖ Conduct interviews and on-site visits to gain understanding of:
 - Strategy (position level detail)
 - Operations (decision making rules, execution, and infrastructure)
 - Risk management
 - Back office infrastructure
 - Other procedures (e.g., portfolio pricing)



Investment Process
Portfolio & Risk Management



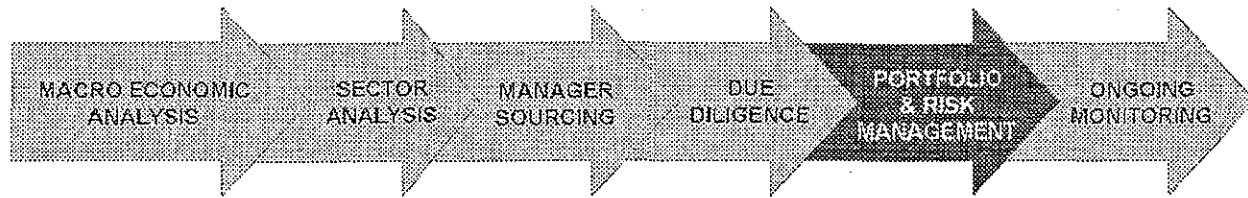
- **Maintain portfolio exposure limits by:**
 - Sector
 - Strategy
 - Portfolio Manager
 - Factors (credit, asset class, style, etc.)

- **Monitor each asset class and strategy associated with underlying Portfolio Managers to determine market opportunities and key events**

- **Compare weekly NAVs from Portfolio Managers with performance of associated market/asset class**



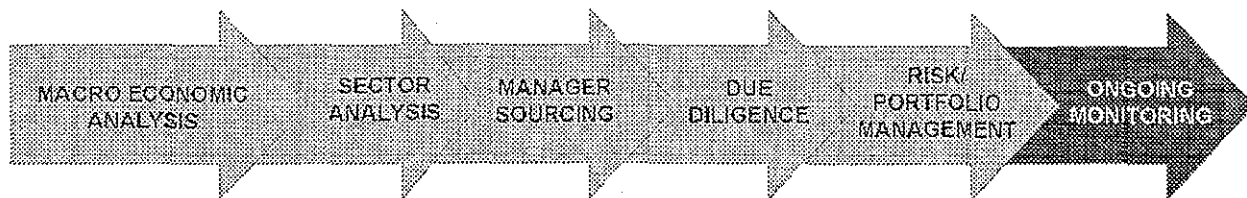
Investment Process
Portfolio & Risk Management



RISK TOOLS	ANALYSIS
Portfolio Optimization	<ul style="list-style-type: none"> Mean-Variance optimization model by strategy and Fund Manager utilizing historical monthly performance data
Time Series Analysis	<ul style="list-style-type: none"> Covariance/correlation analysis by Fund Manager-to-Fund Manager, to strategy, and to-the-market Distribution Curve mapping (i.e., Skewness and Kurtosis) Drawdown attribution and downside deviation/recovery analysis
Portfolio Value-at-Risk	<ul style="list-style-type: none"> Allocation range limits set by strategy and Fund Manager given a 2-3 standard deviation adverse move (assuming normal market conditions) Probability of loss determined through historical simulation as well as parametric methods such as Monte Carlo simulation
Stress/Scenario Testing	<ul style="list-style-type: none"> Worst case scenario analysis developed through <i>straining</i> the covariance matrix and analysis of historical returns and factor observations outliers Qualitative case studies of high volatility periods and adverse moves in key asset classes (e.g., Russian default, WorldCom) to build "what if" scenario testing capabilities
Style Analysis	<ul style="list-style-type: none"> Style drift and asset allocation analysis to quantify Fund Manager's performance attribution to the stated strategy and asset class Factor sensitivities and factor tilt analysis to determine underlying drivers of a specific fund manager's performance at different points



Investment Process
Ongoing Monitoring



- **Monthly / quarterly conference calls to discuss market conditions and fund performance with each underlying Portfolio Manager**

- **Review portfolio to assess performance, risk, and allocation on:**
 - Weekly basis by Portfolio Team and Principals
 - Quarterly basis by Sterling Stamos Investment Committee



Sterling Stamos Security Fund, L.P.
Professionals



Professionals
Senior Investment Team

INVESTMENT PROFESSIONAL	TITLE	EXPERIENCE	EDUCATION
Peter S. Stamos	Chief Executive Officer Managing Partner	Stamos Associates, Inc. (SAI) U.S. Senator Bill Bradley McKinsey & Company Bona Allen & Haralson Dahlin Group Harvard University, Dept. of Economics	Stanford University, BA Oxford University, DPhil Harvard University, JD Rhodes Scholar Truman Scholar
Ashok Chachra	Senior Portfolio Manager Partner	McKinsey & Company Morgan Stanley Chase Securities	Carnegie Mellon University, BS
Ellen T. Fleming	Senior Portfolio Advisor Partner	Highgate Partners Gabel & Co. Watts, Peck & Greer Merrill Lynch	Columbia University, MFA Colorado University, BS London School of Economics
Saul B. Katz	President of Sterling Equities General Partner	Sterling Equities New York Mets and Brooklyn Cyclones Chairman of the Board, NS-LIJ	Brooklyn College, BS CPA
David M. Katz	Executive VP of Sterling Equities General Partner	Sterling Equities Changing World Technologies New York Mets	Hebrew University, BA



Professionals
Investment Professionals

INVESTMENT PROFESSIONAL	TITLE	EXPERIENCE	EDUCATION
Cathy Tse	Associate	Magna Securities Merrill Lynch & Co. Goldman Sachs & Co.	NYU, Leonard Stern School of Business, BS The Wharton School, MBA
Catherine Lee	Private Equity Manager	Stadium Capital Management, LLC Bain & Company Delta Air Lines Booz Allen and Hamilton	University of Kansas, BS Massachusetts Institute of Technology, MS Harvard Graduate School of Business Administration, MBA
Robin Kumar	Associate	Brilliant Software Solutions, Inc. AlphaSoft Services, Co. Idea Bank, Limited Ernst & Young, Private Limited	Indian Institute of Technology, BS Xavier Institute of Management, MS NYU, Leonard Stern School of Business, MBA
Angella Rainford	Associate	McKinsey & Company	Harvard University, BA University of Cambridge, MS
John Lee	Associate	Veeva USA Guru.com Charles Schwab & Co.	Stanford University, BA
Catherine Liu	Senior Analyst	Merrill Lynch & Co.	Nanjing University, BS Renmin University, MS UCLA, Anderson School of Management, MS



Professionals

Other Investment Professionals

INVESTMENT PROFESSIONAL	TITLE	EXPERIENCE	EDUCATION
Fred Wilson	Chairman of Sterling Equities General Partner	Sterling Equities New York Mets and Brooklyn Cyclones Best Stearns & Co. Board Luwa's Compensation Board	University of Michigan, BS
Spizo Stamos	Chief Administrative Officer General Partner	Stamos Associates, Inc. (SAD) Whitaker Corporation Atlantic Richfield Hughes Aircraft	McGill University, BA
Chris Stamos	Chief Operating Officer Partner	Saatchi & Saatchi Stamos Creative U.S. Environmental Protection Agency	Stanford University, BA Oxford University, MA International University of Japan, M.A. Newman Tatum Scholar Mombusaro Scholar
Kevin Barcelona	Chief Financial Officer Partner	RK Consulting Dreyfus Corporation	Seton Hall University, MS Hofstra University, BBA CPA
Kent Okamoto	Front Office Manager Partner	Robertson Stephens MDVista	Santa Clara University, BS
Georgette Wong	Investor Relations Manager	ICG Financial USBancorp Piper Jaffray	UCLA, Anderson School of Management, MBA Amherst College, BA



Sterling Stamos Security Fund, L.P.
Summary of Principal Terms



Security Fund
Summary of Principal Terms

Legal Structure:	Domestic 3(c)(7) Limited Partnership
Investor Eligibility:	Qualified Purchasers
Minimum Investment:	US \$5,000,000
Management Fee:	1% per annum
Performance Fee:	5%
Threshold Rate:	5%
High Water Mark:	Yes
Lock-up:	1 Year
Redemptions:	Quarterly
Notice Period:	90 days prior written notice



Sterling Stamos Security Fund, L.P.
Underlying Portfolio Manager Results



Security Fund

Underlying Portfolio Manager Results (through 1/31/05)¹

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO ²
Market Neutral Options Arb		A	Closed	1995	13.5%	3.0%	2.8
	Convert Arb	A	Open	1988	10.2%	3.5%	1.0
		B	Closed	1997	19.9%	4.1%	3.6
	Asset Backed	A	Limited	1997	12.9%	1.9%	4.1
		B	Open	2001	16.0%	4.2%	2.6
		C	Open	2004	4.0%	0.3%	N/A
	Loan Origination	A	Closed	1996	11.7%	2.7%	2.9
		B	Closed	2002	13.5%	0.8%	10.5
		C	Limited	2002	12.2%	1.6%	2.6
	FI Arb	A	Closed	2001	7.6%	2.0%	1.3
		B	Closed	1999	12.1%	2.8%	3.2
	MBS Arb	A	Open	1998	10.6%	9.2%	0.6
	Statistical Arb	A	Closed	2001	18.6%	6.6%	2.0
	Multi-Strategy	A	Open	1993	9.6%	2.8%	1.6
		B	Open	1997	17.2%	6.6%	1.8
		C	Closed	2005	1.0%	3.7%	N/A
		D	Closed	1990	16.1%	1.9%	2.9
	Equity M/N	A	Limited	1997	17.5%	11.1%	1.1
	Cap Struct Arb	A	Closed	2002	19.9%	7.6%	2.0

Source: Sterling Stamos analysis.

1. Since inception of each Portfolio Manager.
2. Sharpe ratio is based on 5% risk free rate.



Security Fund

Underlying Portfolio Manager Results Continued (through 1/31/05)¹

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO ²
Event Driven	Distressed	A	Limited	1993	10.2%	5.3%	1.0
		B	Closed	1992	12.5%	4.3%	1.7
		C	Limited	1999	14.8%	6.7%	1.5
		D	Limited	2004	16.4%	2.2%	5.2
		E	Closed	1994	18.4%	3.5%	3.8
		F	Closed	1992	15.0%	3.0%	2.8
L/S Credit		A	Closed	2002	19.6%	6.6%	2.2
		B	Closed	2004	9.6%	2.2%	3.9
Merger Arb		A	Open	1992	8.3%	3.3%	1.0
Event		A	Open	2001	19.3%	9.4%	1.5
		B	Closed	1994	16.4%	5.9%	1.9
Equity Hedged	L/S Multi	A	Limited	2001	14.4%	4.0%	2.3
		B	Limited	2002	9.3%	2.0%	2.1
		C	Limited	2005	18.6%	4.0%	3.3
Cash	Cash	A	Limited	2004	4.1%	0.8%	N/A
		B	N/A	N/A	1.4%	0.1%	N/A

Source: Sterling Stamos analysis.

1. Since inception of each Portfolio Manager.
2. Sharpe ratio is based on 5% risk free rate.



Sterling Stamos Security Fund, L.P.
Sample Portfolio Manager Tracking Report



Portfolio Manager Tracking Report

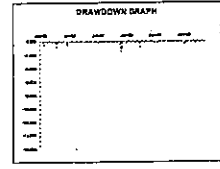
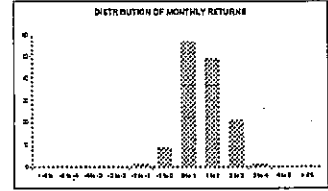
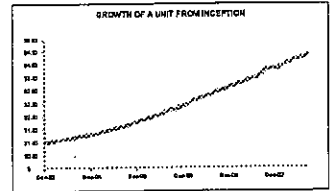
Sample Options Arbitrage Manager

The Manager engages primarily in the practice of options arbitrage with a focus on LEAPS. The Manager executes numerous options strategies including hedged directional strategies, such as bull spreads and bear spreads and long volatility strategies including straddles and strangles.

The Managing Director was formerly the Managing and General Partner of Arid Capital from 1989 through 1991. Prior to that, he served as Managing Partner of Gotham Capital, an investment partnership from 1985 to 1988. The Managing Director was associated with Hudson Investments from 1982 to 1985, and with the law firm of Milbank, Tweed, Hadley & McCloy from 1979 to 1982.

Assets Under Management	\$1 Billion	Lockup	None
Fund Status	Closed	High Water Mark	No Incentive Fee
Minimum Investment	\$500,000	Redemption Frequency	Annually (Dec 31)
Fees	1.5% + 0%	Redemption Notice Period	45 Days

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003	1.7%	2.5%	0.0%	2.6%	2.7%	3.8%	1.8%	2.7%	1.1%	-2.2%	2.1%	2.1%	4.5%
2002	4.1%	1.0%	0.8%	2.0%	2.8%	2.2%	3.1%	1.1%	0.2%	0.0%	0.0%	0.0%	11.2%
2001	7.2%	3.9%	1.3%	0.9%	2.2%	2.1%	0.3%	1.1%	1.0%	1.4%	1.4%	1.2%	12.6%
2000	7.6%	3.1%	2.3%	0.2%	1.6%	1.9%	0.8%	2.2%	0.2%	0.4%	0.4%	0.0%	13.2%
1999	1.2%	1.4%	2.2%	0.8%	2.2%	1.9%	0.6%	0.6%	0.6%	1.0%	1.0%	0.0%	14.8%
1998	1.2%	1.7%	2.2%	0.6%	1.9%	2.7%	0.2%	0.9%	2.0%	2.4%	1.2%	0.0%	15.8%
1997	1.9%	3.7%	0.8%	1.3%	1.0%	1.8%	1.8%	1.0%	0.9%	0.2%	1.0%	0.0%	17.4%
1996	1.0%	1.7%	1.2%	1.3%	1.7%	2.3%	2.0%	1.8%	0.2%	1.0%	1.0%	0.0%	16.3%
1995	1.0%	1.4%	1.2%	1.0%	1.0%	1.8%	1.3%	0.1%	1.1%	0.2%	0.0%	0.0%	14.1%
1994	1.2%	0.9%	1.8%	1.9%	0.8%	0.9%	2.2%	1.1%	1.1%	0.2%	0.0%	0.0%	14.1%
1993	1.2%	2.1%	2.0%	2.4%	1.8%	0.4%	0.4%	1.0%	0.0%	0.2%	0.0%	0.0%	14.1%



Annualized Average Geometric	13.74%	
Rolling 12m Average	13.87%	
Monthly Average Geometric	1.03%	
Standard Deviation	3.65%	
Average Positive Return Monthly	1.21%	
Average Negative Return Monthly	-0.50%	
Largest Drawdown	-1.40% # Positive Months	128
Longest Recovery Period	1 # Negative Months	10
Average of 5 Largest Drawdowns	-0.24% # Positive Months	92.75%

