

Exhibit 33

Subject: Updated: 11am PST/2pm EST Cc w/Antonis Mistras, DuPont & David Whitehouse,ML (Peter, Ashok, Kevin O.) Dial-in: 866-637-2663 Passcode: 04495701#

Location: Master Calendar

Start: 1/7/2005 2:00 PM

End: 1/7/2005 3:00 PM

Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Required Attendees: Peter Stamos; Chris Stamos; Maria Gagne; Scott Witcher; Ashok Chachra; Georgette Wong; Samantha Hojo

Resources: Master Calendar

When: Friday, January 07, 2005 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).

Where: Master Calendar

~~*~*~*~*~*~*~*~*

1/7 Attached are the docs that ML has provided to DuPont -GP



Security
Fund Flip
Book
Presentation
(12-04).pdf
(232 kB)

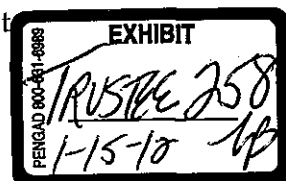


Security
Fund
Marketing
Supplement
(09-04).pdf
(134 kB)

Dial-in: 1-866-637-2663

Passcode: 04495701 #

Background info: DuPont was invested in several hedge funds from 1997 to 1999 as a way to leverage their in-house trading. They subsequently determined the strategy to be ineffective and liquidated their holdings. However, DuPont is currently in the final stages of approval for a new mandate to invest in hedge FoFs. It is crucial to begin the process with them as soon as possible in order to best



position Sterling Stamos for one of the two hedge FoFs investments DuPont will make in 2005. Antonis Mistras is spearheading the hedge fund effort at DuPont and will be on the call.

Thank you so much ...

Best Regards,

Scott

Scott Whitcher
swhitcher@SterlingStamos.com
<http://www.sterlingstamos.com>

575 Fifth Avenue
New York, NY 10017
T 212 485 4370
F 212 485 4371

2400 Sand Hill Road
Menlo Park, CA 94025
T 650 233 0263
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.

If you are not an intended recipient of this e-mail, please notify the sender, delete it and do not read, act upon, print, disclose, copy, retain or redistribute it. [Click here](http://www.ml.com/email_terms/) for important additional terms relating to this e-mail. http://www.ml.com/email_terms/

From: Scott Whitcher
Sent: Wednesday, January 05, 2005 11:17 AM
To: Heise, Ashley (IBK-NY); Wetterman, Terry (IBK-NY)
Cc: Sharma, Ajay (IBK-NY); Gillian Peoples; Georgette Wong; Kevin Okimoto
Subject: Conference Call With DuPont (Merrill)

Attachments: image001.gif

Ashley / Terry:

Can you please provide the following information in connection with our scheduled conference call this Friday (Jan. 7) at 2 PM EST:

- 1) Conference call dial-in number

- 2) Who will be on the call from the prospect and Merrill

- 3) As much info about the prospect as possible – especially their hedge fund background / experience

Thank you so much ...

Best Regards,

Scott

Scott Whitcher
swhitcher@SterlingStamos.com
<http://www.sterlingstamos.com>

575 Fifth Avenue
New York, NY 10017
T 212 486 4370
F 212 465 4371

2400 Sand Hill Road
Menlo Park, CA 94025
T 650 233 0263
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.

12/15 Will follow-up with the dial in number -GP

From: Heise, Ashley (IBK-NY) [a_heise@ml.com]
Sent: Wednesday, December 15, 2004 8:18 AM
To: Gillian Peoples
Cc: Scott Witcher
Subject: FW: Sterling Stamos: DuPont

Importance: High

Gillian,

Assuming no conflicts, please put this conference call with **DuPont** in Peter's calendar for 2:00pm EST (11:00am PST). Additional color on the investor and why it is important to lock in a call now is attached below. Please confirm that this is OK.

Thanks!
Ashley

Ashley W. Heise
Private Equity Group
Merrill Lynch & Co.
(212) 449-5701 (phone)
(212) 449-7969 (fax)
a_heise@ml.com

-----Original Message-----

From: Whitehouse, David (IBK-NY)
Sent: Wednesday, December 15, 2004 11:14 AM
To: Spencer Potts (spencer_potts@ml.com); Ashley Winn Heise (a_heise@ml.com); David Barrett (david_barrett@ml.com); David Whitehouse (david_whitehouse@ml.com); Kevin Dunleavy (kevin_dunleavy@ml.com); Mike Ricciardi (michael_ricciardi@ml.com); Sean Duff (sean_duff@ml.com); Ajay Sharma (Sharma, Ajay (IBK-NY))

Subject: Sterling Stamos: DuPont

Team,

I just spoke with DuPont and arranged a conference call with Sterling Stamos for 2:00pm on Friday January 7. Ashley you had mentioned this would be a good time to arrange a call as Peter will be in Menlo - could you please confirm, and I need to send Antonis Mistras the call-in number and flipbook for the call.

While DuPont is in the final stage of approving internally a mandate to invest in hedge funds, it is absolutely crucial we get to them as soon as possible in order to best position ourselves for one of two HFoF investments they will make.

--

david

If you are not an intended recipient of this e-mail, please notify the sender, delete it and do not read, act upon, print, disclose, copy, retain or redistribute it. [Click here](http://www.ml.com/email_terms/) for important additional terms relating to this e-mail. http://www.ml.com/email_terms/

STERLING STAMOS
Security Fund, L.P.

December 2004



Confidential

CONFIDENTIAL

SSMT01238219
SSMSAA1238219

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

This document does not constitute an offer to sell, or a solicitation of an offer to buy the limited partnership interests described herein. No such offer or solicitation will be made prior to the delivery of a definitive offering memorandum and other materials relating to the matters herein. Before making an investment decision with respect to the partnership, potential investors are advised to read carefully the offering memorandum, the limited partnership agreement and the related subscription documents, and to consult with their tax, legal, and financial advisors.

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.

All performance information in this document is based on information provided by underlying Portfolio Managers, and all 2004 information is based on estimates provided by the underlying Portfolio Managers. No representation or warranty is given as to the accuracy or completeness of the performance information contained in this document.

This document is being provided to you on a confidential basis solely to assist you in deciding whether or not to proceed with a further investigation of an investment in Sterling Stamos. Accordingly, this document may not be reproduced in whole or in part, and may not be delivered to any person without prior written consent of Sterling Stamos.



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
 - Now includes over 125 families and nearly 50 hedge fund managers

- **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?

- Reduce 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 minimums
- Consolidated performance and tax reporting



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 – 11/30/04):

- Annualized return of 8.5%
- Annualized standard deviation of 1.9%
- Annualized Sharpe ratio of 3.7 (using a risk free rate of 1.5%)

■ 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 14 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)



7

Sterling Stamos Security Fund, L.P.
Investment Performance



Security Fund

Summary Statistics (10/01/02 – 11/30/04)

SUMMARY STATISTICS

Fund Inception:	October 2002 ¹
Firm Assets Under Management:	\$855 Million
Fund Assets Under Management:	\$248 Million
Average Annualized Return:	8.5%
Standard Deviation:	1.9%
Sharpe Ratio:	3.7 ²
Number of Managers:	35
Number of Positive Months:	23
Number of Negative Months:	3
Largest Drawdown:	-0.44%

Source: Sterling Stamos analysis.

1. October 2002 marks the official offering date to outside investors.
2. Sharpe ratio is based on 1.5% risk free rate.



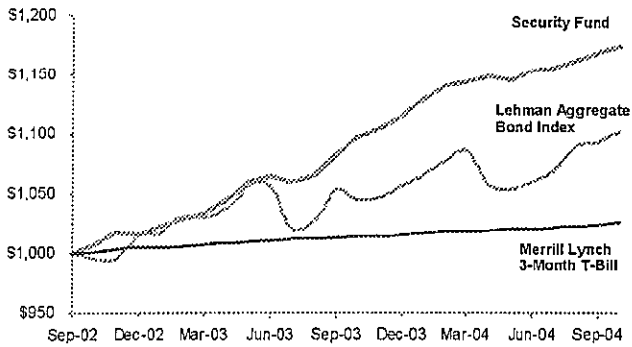
§

Security Fund

Comparison of Results (10/01/02 – 11/30/04)

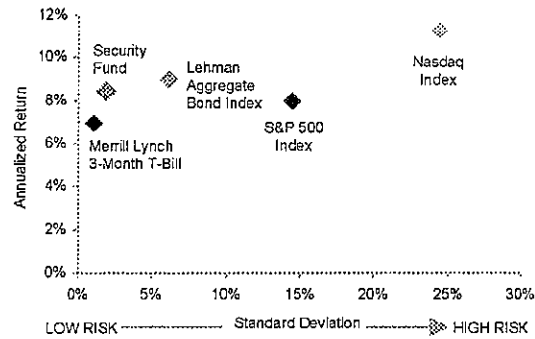
	Annual Return	Standard Dev	Sharpe Ratio
Security Fund	15.7%	1.9%	2.7

SECURITY FUND PERFORMANCE



Source: Sterling Stamos analysis.

RETURN / RISK COMPARISON



Security Fund

Monthly Performance (net of all fees and expenses)

Unaudited net returns

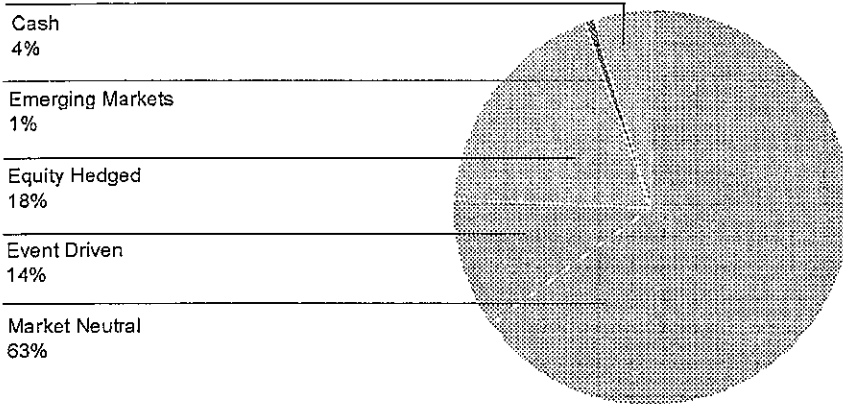
	2002	2003	2004
January		0.70%	1.29%
February		0.59%	0.97%
March		0.46%	0.37%
April		1.19%	0.41%
May		1.28%	-0.29%
June		0.52%	0.72%
July		-0.44%	0.24%
August		0.46%	0.49%
September		1.77%	0.63%
October	0.71%	1.23%	0.45%
November	1.04%	0.75%	1.61%
December	-0.19%	0.88%	
YTD	1.56%	9.79%	7.03%

Source: Sterling Stamos analysis.

1. October 2002 marks the official offering date to outside investors.
2. Based on estimate as of 12/10/04.



Security Fund
Strategy Allocation (As Of November 2004)

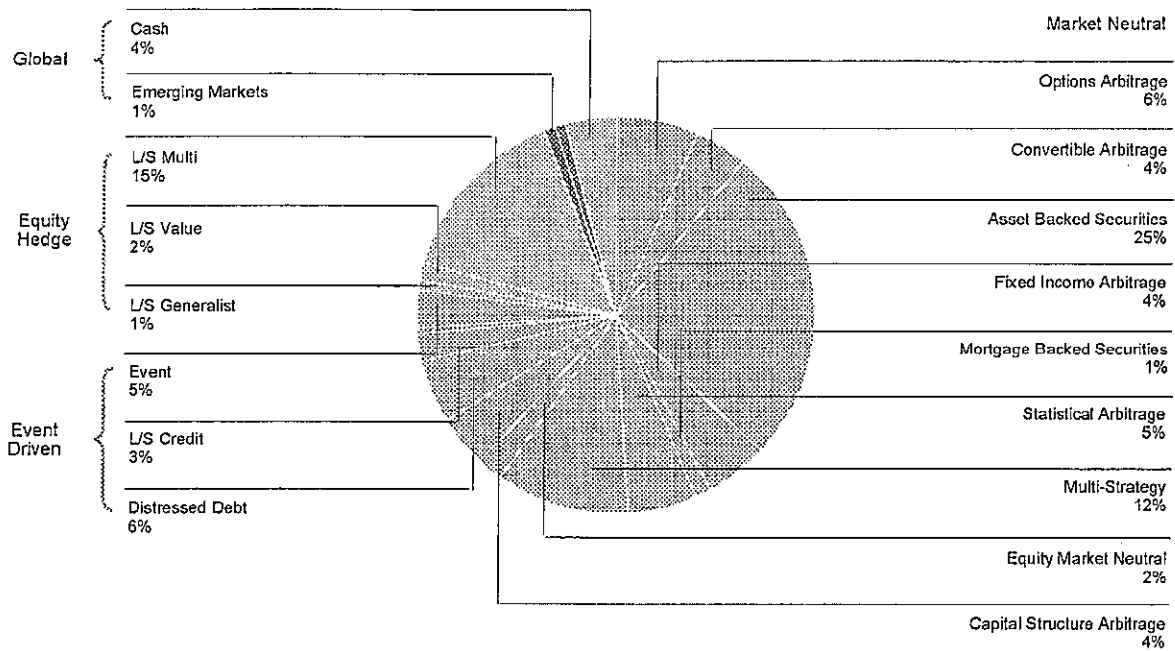


Source: Sterling Stamos analysis.



Security Fund

Sub-Strategy Allocation (As Of November 2004)



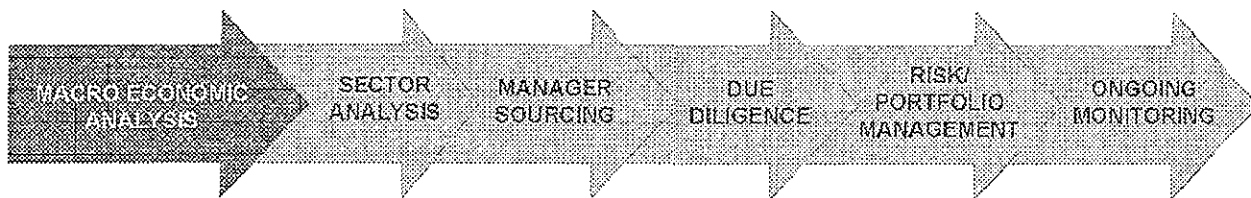
Source: Sterling Stamos analysis.



Sterling Stamos Security Fund, L.P.
Investment Process



Investment Process
Macro Economic Analysis



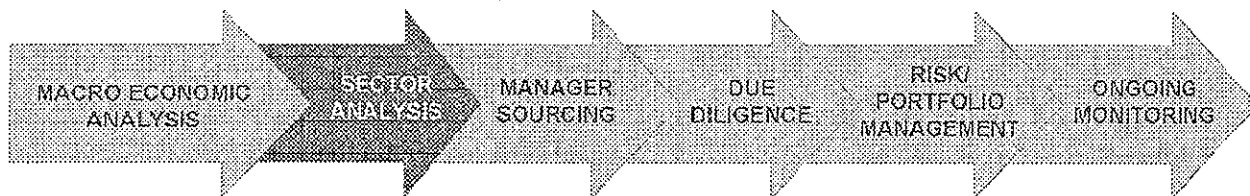
- **Identify key macro economic trends based upon:**
 - Fundamentals
 - Technicals
 - Liquidity

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



Investment Process

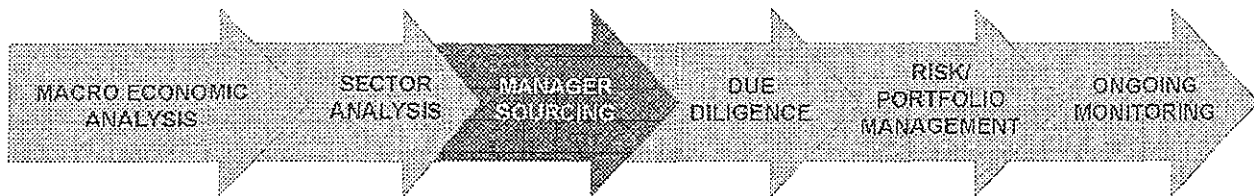
Sector Analysis



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

Investment Process

Manager Sourcing

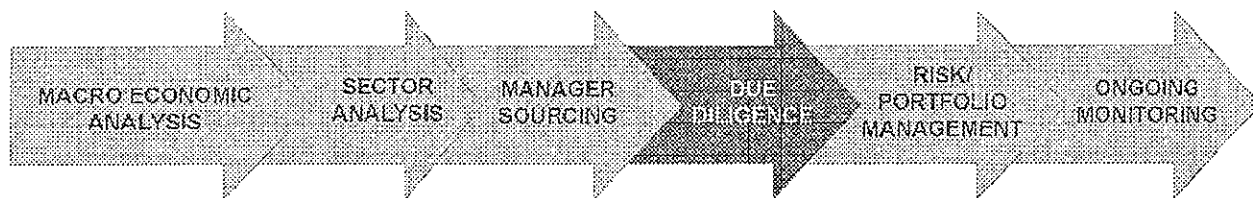


- Leverage network and relationships of Sterling Stamos to:
 - Identify emerging managers
 - Obtain capacity with "closed managers"
- Leverage relationships with investment banks, third-party marketers, consultants, and research firms to identify Portfolio Managers
- Utilize industry-specific internal network, databases, newspapers, and magazines to identify prospective Portfolio Managers



Investment Process

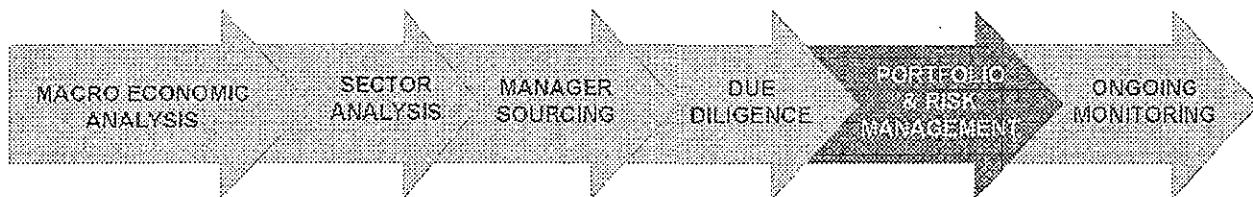
Due Diligence



- ❖ 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



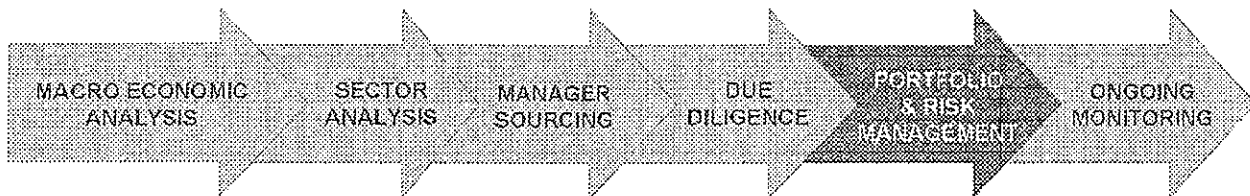
- **Maintain portfolio exposure limits by:**
 - Sector
 - Strategy
 - Portfolio Manager
 - Factors (credit, asset class, style, etc.)

- **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**



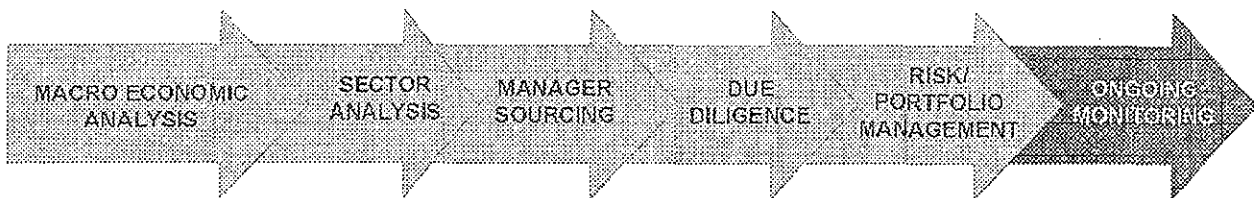
Investment Process
Portfolio & Risk Management



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 straining 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 risk 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 Hunt, Allen & Hamilton Dublin Group Harvard University, Dept. of Economics	Stanford University, BA Oxford University, D.Phil. Harvard University, JD Rhodes Scholar Truman Scholar
Ashok Chachra	Portfolio Manager Partner	McKinsey & Company Morgan Stanley Chase Securities	Carnegie Mellon University, BS
Ellen T. Morning	Portfolio Manager Partner	Highgate Partners Galelli & Co. Weiss, Peck & Green Merrill Lynch	Columbia University, MBA 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	Hofstra University, BA



Professionals

Investment Professionals

INVESTMENT PROFESSIONAL	TITLE	EXPERIENCE	EDUCATION
Cathy Tee	Associate	Magna Securities Merrill Lynch & Co. Goldman Sachs & Co.	NYU, Leonard Stern School of Business, BS The Wharton School, MBA
Rohit Kumar	Associate	Bulliant Software Solutions, Inc. Alphasoft Services, Co. Icici 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	Visa USA Guru.com Charles Schwab & Co.	Stanford University, BA
Ted Conrads	Analyst	Boston Consulting Group, ValueScience	Stanford University, BA
Catherine Liu	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 Bear Stearns & Co. Board Linewe Corporation Board	University of Michigan, BS
Spiro Stamos	Chief Administrative Officer General Partner	Stamos Associates, Inc. (SAI) Whitaker Corporation Atlantic Richfield Hughes Aircraft	McGill University, BA
Chris Stamos	Chief Operating Officer Partner	Search & Search Stamos Creative U.S. Environmental Protection Agency	Stanford University, BA Oxford University, MA International University of Japan, MA Newton Tatum Scholar Moriyoshi Scholar
Kevin Barcelona	Chief Financial Officer Partner	RK Consulting Dreyfus Corporation	Seton Hall University, MS Hofstra University, BBA CPA
Kevin Okamoto	Front Office Manager Partner	Robertson Stephens MDwin	Santa Clara University, BS
Scott Whitcher	Investor Relations Partner	Citigroup Robertson Stephens Collins Associates	San Francisco State University, MBA California State University Fullerton, 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 09/30/04)¹

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	AUM	INVESTMENT CAPACITY	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO ²
Market Neutral	Options Arb	A	Closed	1993	1,000 MM	50 MM	13.7%	3.1%	2.8
	Convert Arb	A	Open	1968	1,350 MM	Open	10.6%	5.8%	1.0
Asset Backed		B	Closed	1972	1,800 MM	25 MM	20.4%	4.1%	3.8
		A	Closed	1996	300 MM	10 MM	11.8%	2.4%	2.8
		B	Limited	1997	350 MM	25 MM	13.2%	1.9%	4.3
		C	Open	2001	100 MM	25 MM	15.8%	1.4%	2.5
		D	Open	2004	200 MM	Open	N/A	N/A	N/A
FLArb		E	Closed	2002	1,200 MM	10 MM	13.7%	0.9%	9.7
		A	Closed	1999	100 MM	0 MM	16.2%	3.8%	3.2
		B	Open	2007	500 MM	Open	8.4%	2.0%	1.7
MBS Arb		C	Open	1999	58 MM	Open	12.2%	2.2%	3.0
		A	Open	1998	1,000 MM	Open	10.4%	9.5%	0.6
		A	Closed	2001	4,600 MM	30 MM	17.3%	6.9%	1.8
Multi-Strategy		A	Open	1993	1,500 MM	Open	9.7%	2.8%	1.7
		B	Open	1994	3,200 MM	Open	17.5%	6.7%	1.9
		C	Closed	2003	350 MM	25 MM	4.0%	3.4%	-0.3
		D	Closed	1998	9,856 MM	Closed	15.9%	3.9%	2.8
Equity M/N		A	Open	1997	300 MM	Open	17.7%	11.1%	1.1
Cap Struct Arb		A	Limited	2002	500 MM	50 MM	22.6%	8.1%	2.2

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 09/30/04)¹

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	AUM	INVESTMENT CAPACITY	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO ²
Event Driven	Distressed	A	Limited	1993	500 MM	50 MM	9.9%	5.4%	0.9
		B	Closed	1999	4,000 MM	10 MM	12.5%	4.5%	1.7
		C	Open	1999	142 MM	Open	15.6%	6.7%	1.6
		D	Open	2004	220 MM	Open	10.4%	N/A	N/A
L/S Credit	A	Closed	2002	600 MM	50 MM	19.0%	7.2%	1.9	
Merger Arb	A	Open	1996	325 MM	Open	8.3%	3.5%	0.9	
Event		A	Open	2000	120 MM	Open	19.9%	9.8%	1.5
		B	Open	2001	650 MM	Open	19.7%	6.8%	2.2
		C	Closed	1998	6,200 MM	20 MM	16.2%	5.9%	1.9
Equity Hedged	L/S Generalist	A	Closed	1993	200 MM	5 MM	12.9%	18.5%	0.4
	L/S Value	A	Closed	1992	2,500 MM	0.8 MM	15.6%	9.3%	1.1
	L/S Multi	A	Limited	2002	200 MM	20 MM	13.7%	3.9%	2.2
		B	Limited	2003	137 MM	Limited	8.9%	2.6%	2.0
	C	Open	2004	15 MM	Open	24.8%	7.8%	2.1	
Global	Emerging Mkts	A	Closed	1993	900 MM	20 MM	12.6%	14.1%	0.5
Cash	Cash	A	Limited	2004	33 MM	Limited	3.4%	0.3%	N/A
		B	N/A	N/A	N/A	N/A	4.5%	0.7%	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

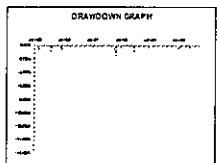
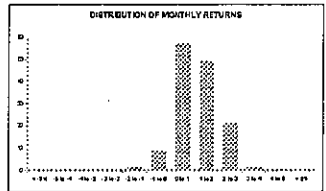
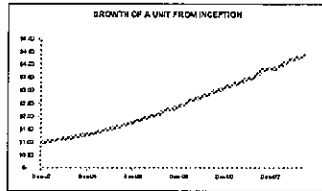
Sample Options Arbitrage Manager

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 A-14 Capital from 1988 through 1995. Prior to that, he served as Managing Partner of Gotham Capital, an investment partnership from 1985 to 1988. The Managing Director was associated with Princeton Investments from 1982 to 1995, and with the law firm of Kohnert, Tweed, Krosby & McCree 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
2004	1.02%	0.17%	0.98%	0.99%	0.78%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	4.53%
2003	0.33%	0.31%	2.51%	0.72%	0.98%	0.28%	1.02%	0.87%	1.11%	0.98%	0.22%	0.41%	9.00%
2002	0.10%	0.61%	0.87%	1.09%	2.80%	0.99%	2.81%	0.91%	0.32%	0.81%	0.03%	0.57%	11.07%
2001	7.00%	0.80%	1.30%	0.99%	0.23%	0.94%	0.30%	1.00%	1.00%	0.60%	1.00%	0.90%	12.09%
2000	7.00%	0.90%	2.30%	0.30%	1.40%	0.90%	0.60%	0.20%	0.20%	0.90%	0.60%	0.90%	10.32%
1999	1.70%	0.90%	2.70%	0.60%	2.70%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	0.90%	14.98%
1998	1.70%	0.90%	2.70%	0.60%	1.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	0.90%	15.65%
1997	2.00%	1.30%	0.90%	0.30%	1.90%	0.90%	1.90%	0.90%	2.00%	0.90%	1.00%	0.90%	17.42%
1996	1.80%	2.00%	1.70%	0.30%	1.90%	0.90%	1.90%	0.90%	1.60%	0.90%	1.00%	0.90%	16.40%
1995	1.00%	2.00%	1.20%	0.40%	1.90%	0.90%	1.00%	0.20%	2.20%	0.90%	0.70%	0.90%	15.33%
1994	1.90%	0.90%	1.00%	1.40%	0.90%	0.90%	2.20%	0.90%	1.00%	0.90%	-0.60%	0.90%	14.17%
1993	1.20%	2.00%	2.00%	0.40%	1.90%	0.90%	0.40%	1.70%	0.20%	2.00%	0.20%	0.90%	14.10%



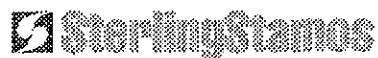
Annualized Average Geometric	13.74%
Rolling 12m Average	13.87%
Monthly Average Geometric	1.09%
Standard Deviation	3.05%
Average Positive Return Monthly	1.21%
Average Negative Return Monthly	-0.50%
Largest Drawdown	-1.40%
# Positive Months	128
Longest Recovery Period	1 # Negative Month
Average of 5 Largest Drawdowns	-0.84% % Positive Months 92.75%



**STERLING STAMOS
SECURITY FUND, L.P.**

Marketing Supplement

October 2004



Confidential

CONFIDENTIAL

SSMT01238252
SSMSAA1238252

Disclosure Statement

This document does not constitute an offer to sell, or a solicitation of an offer to buy the limited partnership interests described herein. No such offer or solicitation will be made prior to the delivery of a definitive offering memorandum and other materials relating to the matters herein. Before making an investment decision with respect to the partnership, potential investors are advised to read carefully the offering memorandum, the limited partnership agreement and the related subscription documents, and to consult with their tax, legal and financial advisors.

This document does not purport to be complete and is qualified in its entirety by reference to the more detailed discussion contained in the confidential 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.

All performance information in this document is based on information provided by underlying Portfolio Managers, and all 2004 information is based on estimates provided by the underlying Portfolio Managers. No representation or warranty is given as to the accuracy or completeness of the performance information contained in this document.

This document is being provided to you on a confidential basis solely to assist you in deciding whether or not to proceed with a further investigation of an investment in Sterling Stamos. Accordingly, this document may not be reproduced in whole or in part, and may not be delivered to any person without prior written consent of Sterling Stamos.

Table of Contents

1. Executive Summary
2. Fund Performance
3. Fund Composition
4. Portfolio Enhancement Opportunity
5. Senior Investment Team
6. Investment Process

Executive Summary

Sterling Stamos Security Fund L.P. (the "Fund") has been formed by SP Associates, LLC ("Sterling Stamos") to preserve capital and enhance wealth by achieving long-term absolute returns. The Fund seeks to accomplish its objective by allocating its assets among a select group of hedge fund portfolio managers ("Portfolio Managers"), to create a portfolio of hedge funds, or more commonly referred to as a hedge fund of funds. The underlying Portfolio Managers in the Fund employ a broad range of primarily non-directional investment strategies, including relative value, event driven, and equity long/short.

The Fund is supported by a strong investment team and an established infrastructure. The Fund also benefits from the resources and unique perspectives provided by its association with Sterling Equities, one of the most experienced alternative investment groups in the industry. Sterling Stamos is 50% owned by the partners of Sterling Equities and 50% owned by the partners of Sterling Stamos. Fund investors enjoy access to the experience of the partners of both Sterling Equities and Sterling Stamos. None of the partners of Sterling Equities will be compensated by the Fund (outside of sharing in the ownership of the general partnership interest).

The Fund offers investors a unique combination of differentiating attributes:

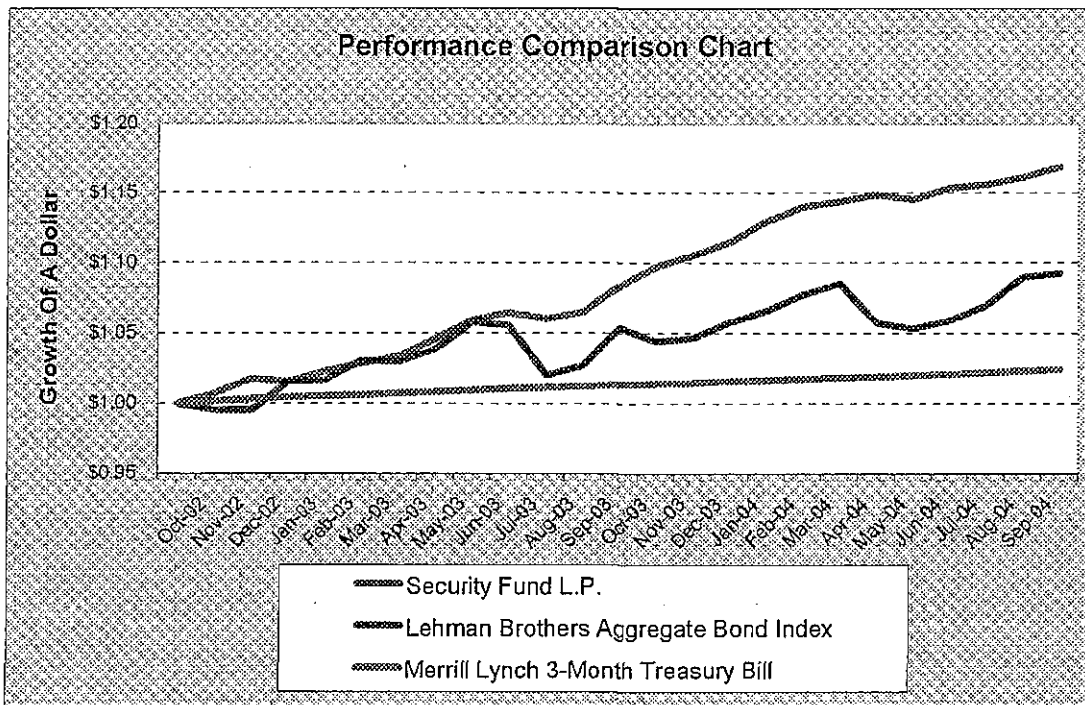
- **Depth of the Investment Team:** In addition to having a deep investment team with considerable experience in selecting Portfolio Managers, Fund investors will also benefit from the unique perspective of its CEO, Peter S. Stamos. Mr. Stamos has experience in the private sector, the public sector, and academia. He has served as the Chief of Staff and Chief Economist for a U.S. Senator and has earned awards for teaching excellence at Harvard University.
- **Track Record of Investment Performance:** Since opening to investors in October 2002, the Fund has generated strong risk-adjusted returns, and more importantly, has demonstrated an ability to preserve capital during tumultuous market conditions. Through the period ending September 2004, the Fund has generated an annualized net return of 8.2%, an annualized standard deviation of 1.8%, and an annualized Sharpe ratio of 3.7. The Fund targets investment returns, net of all fees and expenses, of between 8% and 10%, with low annual volatility of between 2% and 4%.
- **Access to the Investment Expertise and Experience of Sterling Equities:** The Fund has access to the business expertise of Sterling Equities. Sterling Equities was founded by the Wilpon and Katz families, who are sophisticated investors with respect to hedge funds, private equity, and real estate. In addition to providing a perspective that only experience can generate, the networks of both the Wilpon and Katz families also provide the Fund with proprietary sourcing and due diligence capabilities.
- **Access to Top Performing, Closed Hedge Funds:** The Wilpon and Katz families have been active hedge fund investors for 20 years and Sterling Stamos is able to leverage their deep relationships to access select investment opportunities that may otherwise be closed to the investment community.

- **Alignment of GP and LP Interests:** As of September 2004, approximately 20% of the key principals' liquid net worth is invested in the Fund. In addition, Sterling Stamos is committed to maintaining an interest in the Fund such that its investment is approximately 25% of total Fund assets.
- **Diversification Across Sub-Strategies:** As of September 2004, no more than 30% of the Fund's capital is allocated to any single sub-strategy. The risk-mitigating benefits of diversification are evident in the Fund, as the underlying sub-strategies have low correlations to each other. Sterling Stamos continually reviews its Fund asset allocation to determine the optimal portfolio mix for the current investment environment.
- **Higher Level Of Transparency:** Many hedge fund of funds are resistant to disclosing the names of the underlying Portfolio Managers in their fund. Sterling Stamos is committed to providing as much information to its investment partners as practicable, including the names and the strategies of its underlying Portfolio Managers.
- **No Preferential Terms:** All limited partners are subject to exactly the same Fund terms (i.e. fees and liquidity).

Fund Performance

The Fund has generated consistent investment returns in tumultuous market conditions. Since opening to outside investors in October 2002, the Fund has generated strong risk-adjusted returns, and more importantly, has demonstrated the ability to preserve capital. Through September 2004, the Fund has generated an annualized net return of 8.2%, an annualized standard deviation of 1.8%, and an annualized Sharpe ratio of 3.7. The Fund targets investment returns, net of all fees and expenses, of between 8% and 10% with low annual volatility of between 2% and 4%.

The Fund has been structured primarily to generate moderate absolute returns, regardless of equity and fixed income market conditions. Many investors view the Fund as an alternative, or complement, to fixed income exposure. Given that the Fund has been constructed to be absolute return oriented, it may be true that no ideal "benchmark" exists. However, for comparison purposes, it is useful to show relevant comparative indices or proxies when evaluating performance. The chart below shows how the Fund has performed versus the Lehman Brothers Aggregate Bond Index and the Merrill Lynch 3-Month Treasury Bill since it opened to outside investors in October 2002. The chart on the following page illustrates the current composition of the Fund by Portfolio Manager and the relevant performance metrics of each underlying Portfolio Manager.



Notes:

- Chart constructed using actual net performance figures for the period October 2002 - September 2004
- Sterling Stamos Security Fund performance is net of all fees and expenses

Fund Composition - Portfolio Manager Description & Investment Performance

Strategy/ Sub-Strategy	Portfolio Manager	Portfolio Manager Status	Inception Date	Assets Under Mgmt. (\$ in Millions)	Annualized Return ¹	Standard Deviation	Sharpe Ratio
Market Neutral							
Options Arb	Manager A	Closed	1993	1,000	13.7%	3.1%	2.8
Convertible Arb	Manager A	Open	1988	1,350	10.6%	5.5%	1.0
Convertible Arb	Manager B	Closed	1992	1,800	20.4%	4.1%	3.8
Asset Backed	Manager A	Closed	1996	300	11.8%	2.4%	2.8
Asset Backed	Manager B	Limited	1997	350	13.2%	1.9%	4.3
Asset Backed	Manager C	Open	2001	100	15.8%	4.4%	2.5
Asset Backed	Manager D	Open	2004	200	n/a	n/a	n/a
Asset Backed	Manager E	Closed	2002	1,200	13.7%	0.9%	9.7
Fixed Income Arb	Manager A	Closed	1999	100	16.2%	3.5%	3.2
Fixed Income Arb	Manager B	Open	2001	500	8.4%	2.0%	1.7
Fixed Income Arb	Manager C	Open	1999	58	12.2%	2.2%	3.3
MBS Arb	Manager A	Open	1998	1,000	10.4%	9.5%	0.6
Statistical Arb	Manager A	Closed	2001	4,600	17.3%	6.9%	1.8
Multi-Strategy	Manager A	Open	1993	1,500	9.7%	2.8%	1.7
Multi-Strategy	Manager B	Open	1994	3,200	17.5%	6.7%	1.9
Multi-Strategy	Manager C	Closed	2003	350	4.0%	3.4%	-0.3
Multi-Strategy	Manager D	Closed	1990	9,800	15.9%	3.9%	2.8
Equity M/N	Manager A	Open	1997	300	17.7%	11.4%	1.1
Cap Struct Arb	Manager A	Limited	2002	500	22.6%	8.1%	2.2
Event Driven							
Distressed	Manager A	Limited	1993	500	9.9%	5.4%	0.9
Distressed	Manager B	Closed	1999	4,000	12.5%	4.5%	1.7
Distressed	Manager C	Open	1999	142	15.6%	6.7%	1.6
Distressed	Manager D	Open	2004	220	10.4%	n/a	n/a
L/S Credit	Manager A	Closed	2002	600	19.0%	7.2%	1.9
Merger Arb	Manager A	Open	1995	325	8.3%	3.5%	0.9
Event	Manager A	Open	2000	120	19.9%	9.8%	1.5
Event	Manager B	Open	2001	650	19.7%	6.8%	2.2
Event	Manager C	Closed	1988	6,200	16.2%	5.9%	1.9
Equity Hedges							
US Generalist	Manager A	Closed	1993	200	12.9%	18.9%	0.4
L/S Value	Manager A	Closed	1999	2,500	15.6%	9.3%	1.1
L/S Multi	Manager A	Limited	2002	200	13.7%	3.9%	2.2
L/S Multi	Manager B	Limited	2003	137	8.9%	2.0%	2.0
L/S Multi	Manager C	Open	2004	15	24.8%	9.6%	2.1
Global							
Emerging Markets	Manager A	Closed	1993	900	12.5%	14.1%	0.5

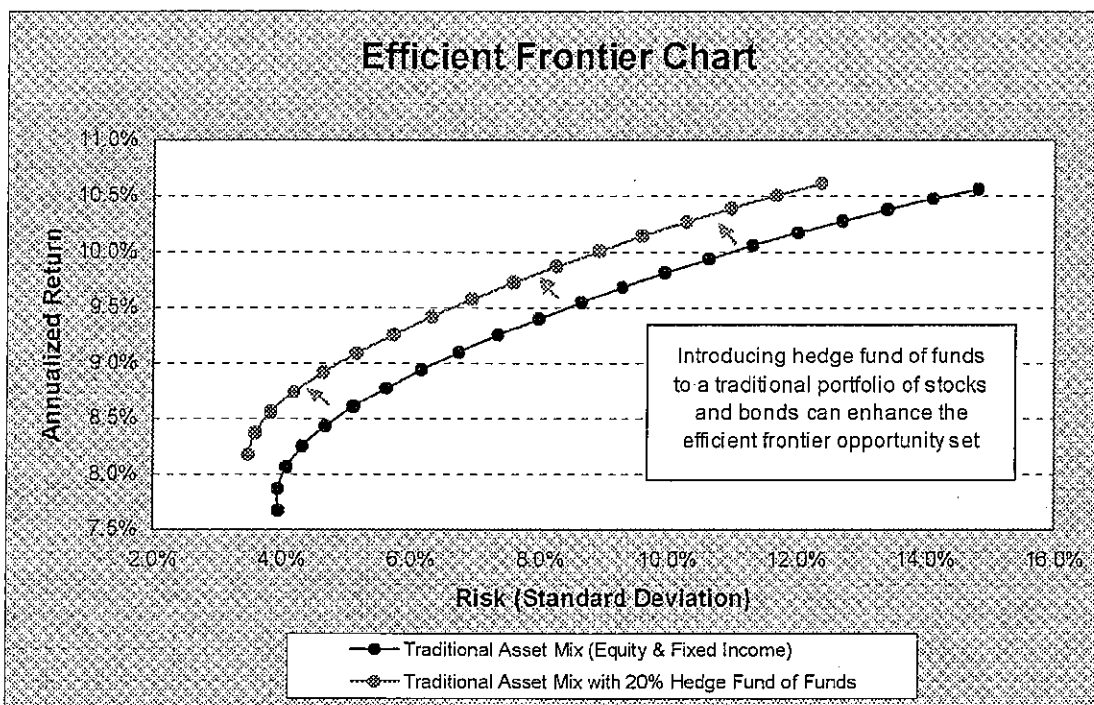
Note:

1. Since each individual Portfolio Manager's inception date through September 2004; Sharpe Ratio is based on 5.0% risk free rate.

Portfolio Enhancement Opportunity

Integrating an absolute return oriented hedge fund of funds into an existing portfolio of fixed income and equity can greatly reduce risk without sacrificing return. The goal of absolute return investing is to consistently generate positive returns regardless of which direction the fixed income and equity markets move. The impact of stable returns and low correlation is a powerful result, particularly when considered in the context of an overall investment portfolio. Stable investment returns are appealing to investors in any market environment, but are especially appealing now, considering the volatile markets of late.

The chart below illustrates how the return/risk profile of a traditional fixed income and equity portfolio can be enhanced when hedge fund of funds are introduced into the portfolio mix:



Notes:

- Traditional asset mix is a blend of U.S. equities (S&P 500 Index) and U.S. fixed income (Lehman Brothers Aggregate Bond Index)
- Hedge fund of funds asset mix is represented by the HFRI Fund of Funds Composite Index
- Chart constructed using actual historical performance for the period January 1990 - September 2004

The Fund's structure, a hedge fund of funds, is an attractive approach for accessing hedge funds:

- **Lower Risk:** A portfolio, or basket, of hedge funds mitigates the risk of a single hedge fund manager. A thoughtfully constructed portfolio of hedge funds allocated across low correlated sub-strategies may lower risk even further.
- **Efficient Access:** Investment via a fund of funds structure is a more efficient means to accessing the hedge fund space. Replicating a properly structured portfolio of hedge funds would require large pools of capital and significant resources.
- **Professional Oversight:** Through a hedge fund of funds structure, investors are able to leverage an additional level of professional sourcing, due diligence, selection, portfolio construction, and ongoing monitoring.
- **Access To Closed Hedge Funds:** A fund of funds structure is a means to obtaining exposure to selected hedge funds that may otherwise not be available to investors.
- **Consolidated Reporting:** A hedge fund of funds structure provides consolidated performance and reporting.

Sterling Stamos Senior Investment Team

The investment team is lead by the firm's CEO, Peter Stamos, and is supported by an experienced team of professionals. The investment team includes three portfolio managers, five research analysts, and two portfolio advisors, all sharing the responsibility of sourcing, due diligence, selection, and monitoring of the Portfolio Managers. Shown below are the names and backgrounds of the primary portfolio decision makers for Sterling Stamos:

Peter S. Stamos: Mr. Stamos is the Chief Executive Officer of Sterling Stamos and is ultimately responsible for all investment decisions.

- Mr. Stamos was the Chief Executive Officer of Stamos Associates, Inc. (SAI), a healthcare and technology company that was acquired by Perot Systems, Inc., where he headed the merger and acquisition practice.
- Prior to the founding of SAI, Mr. Stamos was the Chief of Staff and Chief Economist for a U.S. Senator.
- Prior to working in the public sector, Mr. Stamos was a Principal with Booz Allen & Hamilton, a Senior Management Consultant with McKinsey & Company, and the Managing Partner of the Doblin Group.
- Mr. Stamos taught economics at Harvard University—where he received the Allen Young Award for Teaching Excellence—and at Stanford University, where he been a 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 a member of the Finance and Audit Committees and is Chairman of the Investment Committee.
- Mr. Stamos earned a BA in economics and political science from Stanford University, where he was a Truman Scholar, received the Sterling Award, and graduated *Phi Beta Kappa* with Honors and Distinction. Mr. Stamos received a JD from Harvard Law School with Honors and a doctorate from Oxford University, where he was a Rhodes Scholar.

Ashok Chachra: Mr. Chachra is the Senior Portfolio Manager for Sterling Stamos and is responsible for portfolio manager sourcing, due diligence, selection, portfolio construction, risk management, and on-going 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 worked in the high yield loan origination group at Chase Securities as well as in an analyst role at Morgan Stanley.
- Mr. Chachra earned a BS in Business Administration with University Honors from Carnegie Mellon University.

Ellen Horing: Ms. Horing is a Portfolio Manager for Sterling Stamos. She is also a principal of ETH Corp/Highgate Partners, a small hedge fund of funds, which invests in Portfolio Managers that employ various investment strategies.

- Ms. Horing served as Vice President and as Director of Research for Gabelli & Co., a money management and brokerage firm. She also served as an Equity Research Analyst at Weiss, Peck & Greer and was an Equity Block Trader at Merrill Lynch.

- Ms. Horing earned a BA in Economics from the University of Colorado and earned an MBA in Finance and Accounting from Columbia Business School.

Saul B. Katz: Mr. Katz is a General Partner of Sterling Stamos and is actively involved in the investment decisions as well as the management of Sterling Stamos.

- Mr. Katz is a Co-Founder and President of Sterling Equities. Mr. Katz directs Sterling Equities' day-to-day real estate operations. Mr. Katz also presides over Sterling Equities' non-real estate affiliates and subsidiary companies, which range from financial institutions to manufacturing, consulting, marketing, entertainment and retailing enterprises.
- Mr. Katz is President of the New York Mets and the Brooklyn Cyclones.
- Mr. Katz serves on the Boards of many nonprofit organizations and institutions in addition to being Honorary Chairman of the Board of the North Shore Long Island Jewish Health System.
- Mr. Katz is a Certified Public Accountant with a BS in Accounting, which he earned from Brooklyn College.

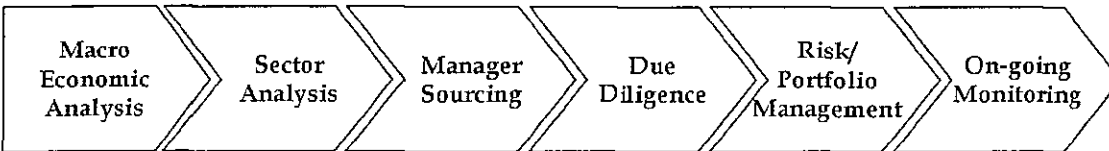
David M. Katz: Mr. Katz is a General Partner of Sterling Stamos and is actively involved in the investment decisions as well as the management of Sterling Stamos.

- Mr. Katz joined Sterling Equities in 1987, where he now serves as Executive Vice President. Mr. Katz's real estate experience includes the development of commercial and residential properties, condominium conversions, and the evaluation of acquisition opportunities.
- Mr. Katz also presides over Sterling Equities' non-real estate affiliate company Changing World Technologies (CWT), where he is a Board member. CWT is a bio/energy company using the thermo-depolymerization process. Mr. Katz also sits on the Board of Renewable Environmental Solutions, a partnership of CWT and ConAgra foods that is focused on deploying the TDP in the agricultural market.
- Mr. Katz is a Board member of the New York Mets.
- Mr. Katz also sits on the Board of various philanthropic organizations. He graduated from Hofstra University where he earned his BA.

Investment Process

Identification and Evaluation of Portfolio Managers

The Fund has combined strict guidelines, discipline, and a consistent approach in its evaluation of prospective Portfolio Managers. The process begins with a forward-looking approach to allocate assets across hedge fund strategies, as depicted below, beginning with an overall macroeconomic and sector analysis:



Macro Economic and Sector Analysis

Sterling Stamos CEO Peter Stamos, an economist by background, serves in various board and advisory roles to elite academic, political, and philanthropic institutions in connection with investment and economic policy. It is within these board and advisory forums that Mr. Stamos is able to engage in dialogue with many of the most progressive and influential thinkers of our time regarding global economic dynamics.

Integrating the insights of Mr. Stamos, the investment team seeks to identify key macro economic trends based upon fundamentals, technicals, and liquidity. These results are the foundation in determining the potential investment opportunities and risks among investment asset classes and geographies.

The macro policy is a key input to the sector analysis. The investment team determines the directional portfolio concentrations to specific hedge fund strategies based on the macro economic opportunity set and various risk analyses.

A macro economic/market sector view is established and integrated into the construction of the Sterling Stamos portfolios. The investment team's macro economic/sector view continuously evolves.

Sourcing and Investment Criteria

Prospective Portfolio Managers are identified and sourced through multiple channels, including, but not limited to, internal contacts, industry contacts, strategic contacts, industry events, and commercial databases. The investment team leverages its unique network of hedge fund managers and contacts in order to gain capacity and achieve desired portfolio construction.

Transparency of the underlying Portfolio Managers is critical, particularly because Sterling Stamos generally provides a high degree of transparency to its investment partners. Position level details of Portfolio Managers, as well as performance and risk metrics, must be accessible to the investment team on a periodic basis (weekly or monthly).

Prospective Portfolio Managers are analyzed both on a quantitative and qualitative basis. A sample of the evaluation criteria are listed below:

- **Quantitative Analysis:** The investment team filters the broad universe of hedge fund managers to identify “best in class” Portfolio Managers by evaluating quantitative factors such as:
 - Historical performance statistics
 - Performance attribution
 - Portfolio exposure
 - Volatility analysis
 - Leverage impact
 - Diversification
 - Correlation with various market and portfolio factors

- **Qualitative Analysis:** The investment team also evaluates several qualitative factors. For each Portfolio Manager allocation, the investment team must first establish an understanding of the Portfolio Manager and his or her strategy, team, and approach. Through multiple face-to-face meetings, the investment team seeks to analyze various aspects of the Portfolio Manager’s business including:
 - Quality, reputation, and consistency of the management team
 - Demonstrated superior investment skills
 - Operational capabilities and stability
 - Decision-making processes
 - Transparency and openness
 - Clearly articulated and repeatable investment strategy
 - Consistency of past returns and assets under management
 - Amount of personal investment
 - Other intangible considerations

The investment team’s objective is to construct a “basket” of Portfolio Managers, a hedge fund of funds, which collectively implements a wide range of diverse strategies, markets, and asset classes in order to mitigate the exposure to any one strategy, market, or asset class. The investment team carefully considers the impact of an allocation to a new Portfolio Manager on the risk/return characteristics of the overall portfolio.

Due Diligence and Monitoring

The investment team actively employs rigorous up-front due diligence on prospective Portfolio Managers and applies the same rigor to the ongoing monitoring of Portfolio Managers already in the Fund. A sample of the due diligence process is described below:

- **Data Gathering / Analysis:** Prior to an initial meeting with a prospective fund manager, the due diligence process starts by gathering information on the fund-specific strategy, including monthly returns, performance attribution, legal documents, audited financials, proof of experience, and references for each manager. Performance, liquidity, and correlations between prospective Portfolio Managers and existing Portfolio Managers in the Fund are analyzed to identify whether or not to conduct follow-up interviews.
- **Interviews:** Phone interviews and on-site visits are used to gain an understanding of investment idea generation, philosophy of investing, investment strategy outlook, portfolio construction, differentiating factors from peer group, position-level data, decision-making rules, execution process of trades, quality of team members, portfolio pricing, and risk management procedures.
- **Operational / Business Considerations:** Significant emphasis is placed on operational due diligence, which includes infrastructure quality, risk management protocol, compensation structure, management size for assets under management, portfolio liquidity, reference checks, prime brokerage relationships, and access to credit.
- **Monitoring Considerations:** The asset class and strategy associated with the underlying Portfolio Manager is monitored on an on-going basis to determine market opportunities and key events. Monthly or bi-monthly performance is compared with the performance of the associated market/asset class to monitor Portfolio Manager performance against the opportunity set. Regression analysis, style drift analysis, and value-at-risk analysis are performed at both the Fund level and the Portfolio Manager level. The investment team will withdraw the Fund's capital from a Portfolio Manager that it believes has deviated from its stated investment strategy, or that consistently underperforms versus its peers.

Risk Management

Sterling Stamos uses a broad set of risk management tools as part of its on-going portfolio monitoring. A sample of the quantitative elements of risk management utilized by the investment team are described below:

- **Portfolio Optimization:** A modified mean-variance optimization framework by strategy and Portfolio Manager utilizing historical monthly performance data.
- **Time Series Analysis:** Covariance and correlation analysis is performed to compare the returns of a Portfolio Manager to its peer group, Portfolio Manager to strategy, and Portfolio Manager to the overall market. A distribution curve is created to measure skewness and kurtosis of the performance return stream (a non-normal distribution). Finally, drawdown attribution and downside deviation/recovery analysis is performed to determine the Portfolio Manager's ability to recover from losses.
- **Portfolio Value-at-Risk:** Allocation range limits are set by sub-strategy and Portfolio Manager. These limits are designed to provide a two to three standard deviation adverse move cushion, assuming normal market conditions. Loss probabilities are determined

through historical simulation as well as parametric methods such as Monte Carlo simulation.

- **Stress / Scenario Testing:** Worst case scenario analysis is developed through straining the covariance matrix, as well as through analysis of historical returns and factor observation outliers. Qualitative case studies of high volatility periods and adverse moves in key asset classes (e.g., Russian default, WorldCom) are reviewed to build “what if” scenario testing capabilities.
- **Style Analysis:** Style drift and asset allocation analyses help quantify the Portfolio Manager’s performance attribution to the stated strategy and asset class. Factor sensitivities and factor tilt analysis is performed to determine underlying drivers of a specific fund manager’s performance at different points in time.

Investment Decision

The investment team develops the strategy, sub-strategy, Portfolio Manager, and portfolio construction recommendations. Investment decisions are made via entire investment team consensus, with Peter Stamos having final decision-making authority. An investment committee meets quarterly to discuss the market environment and Fund allocations.