

Exhibit 34

From: Kevin Okimoto
Sent: Friday, April 23, 2004 3:34:08 PM
To: 'KYNIKOS@aol.com'
CC: Ted Conrads; Ashok Chachra
Subject: Due Diligence draft - Confidential

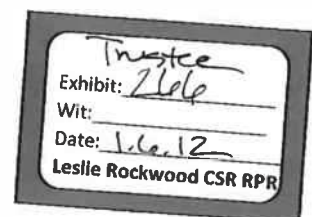
Attachments: Due Diligence Overview.pdf; Ueda Due Diligence DRAFT.doc

Roger:

It was nice speaking with you today. As promised, attached please find a draft of the due diligence guide we have created for our Security Fund. In addition, I have attached a draft of the Ueda outline addressing some of the issues raised in their due diligence document. Please note that the attached documents are very rough and have not been finalized.

Best regards,

Kevin



CONFIDENTIAL

SSMT02257869
SSMSAA2257869

STERLING STAMOS

Due Diligence Guide (Draft)

Security Fund
April 2004

SterlingStamos

CONFIDENTIAL

SSMT02257870
SSMSAA2257870

Contents

- Firm Background
- Asset Base Characteristics
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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 contains a preliminary summary of the purpose and principal business terms of the partnership; this summary 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.

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, 575 Fifth Avenue - 40th fl., New York, NY 10017, (212) 485-4370

I. Firm Background																																			
1.	Name of Firm	Sterling Stamos																																	
2.	What year was the firm founded?	The firm was founded in July 2002 and officially opened to the public in October 2002.																																	
3.	Who are the key principals, their year of affiliation, and responsibilities?	<table border="1"> <thead> <tr> <th><u>Name</u></th> <th><u>Year</u></th> <th><u>Responsibilities</u></th> </tr> </thead> <tbody> <tr> <td>Peter S. Stamos</td> <td>2002</td> <td>CEO & Managing Partner</td> </tr> <tr> <td>Saul B. Katz</td> <td>2002</td> <td>Partner</td> </tr> <tr> <td>David Katz</td> <td>2002</td> <td>Partner</td> </tr> <tr> <td>Spiro Stamos</td> <td>2002</td> <td>Partner</td> </tr> <tr> <td>Chris Stamos</td> <td>2004</td> <td>Partner, COO</td> </tr> <tr> <td>Kevin Barcelona</td> <td>2004</td> <td>Partner, CFO</td> </tr> <tr> <td>Ellen Horing</td> <td>2002</td> <td>Partner, Portfolio Advisor</td> </tr> <tr> <td>Ashok Chachra</td> <td>2002</td> <td>Partner, Portfolio Manager</td> </tr> <tr> <td>Kevin Okimoto</td> <td>2002</td> <td>Partner, Front Office Manager</td> </tr> <tr> <td>Scott Whitcher</td> <td>2004</td> <td>Partner, Investor Relations</td> </tr> </tbody> </table>	<u>Name</u>	<u>Year</u>	<u>Responsibilities</u>	Peter S. Stamos	2002	CEO & Managing Partner	Saul B. Katz	2002	Partner	David Katz	2002	Partner	Spiro Stamos	2002	Partner	Chris Stamos	2004	Partner, COO	Kevin Barcelona	2004	Partner, CFO	Ellen Horing	2002	Partner, Portfolio Advisor	Ashok Chachra	2002	Partner, Portfolio Manager	Kevin Okimoto	2002	Partner, Front Office Manager	Scott Whitcher	2004	Partner, Investor Relations
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5.	What percentage of the key principals' liquid net worth is invested in the fund?	Approximately 20% of the key principals' liquid net worth is invested in the Partnership.																																	
6.	Please provide the current number of employees in each of the following categories. Each employee should only be counted in their primary role for the purposes herein. Please indicate whether there are any employees that serve multiple roles and under what circumstances.	<table border="1"> <tbody> <tr> <td>Total # of Employees</td> <td>23</td> </tr> <tr> <td>Portfolio Managers</td> <td>3</td> </tr> <tr> <td>Research Analysts</td> <td>5</td> </tr> <tr> <td>Operations</td> <td>11</td> </tr> <tr> <td>Other</td> <td>4</td> </tr> </tbody> </table>	Total # of Employees	23	Portfolio Managers	3	Research Analysts	5	Operations	11	Other	4																							
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7.	Where are your principal offices? Are there branch offices? Please list the number of employees at each site.	<table border="1"> <thead> <tr> <th><u>Office Type</u></th> <th><u>Location</u></th> <th><u>Employees</u></th> </tr> </thead> <tbody> <tr> <td>Principal</td> <td>New York, NY</td> <td>21</td> </tr> <tr> <td>Branch</td> <td>Menlo Park, CA</td> <td>2</td> </tr> </tbody> </table>	<u>Office Type</u>	<u>Location</u>	<u>Employees</u>	Principal	New York, NY	21	Branch	Menlo Park, CA	2																								
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II. Asset Base Characteristics	
See attached sample	

III. Investment Strategy											
1. What benchmark is appropriate for your fund and why?	The most appropriate benchmark to monitor the performance of the Partnership is the HFRI Fund-of-Funds Conservative Index (“HFRI FOF: Conservative Index”). This index is used due to its emphasis on conservative hedge fund strategies that seek to generate consistent returns regardless of equity or fixed income market conditions. Primary sub-strategies include market neutral, fixed income arbitrage, convertible arbitrage, and other conservative absolute return strategies.										
2. Please describe your risk and reward objectives?	<table border="0"> <tr> <td>Target Return</td> <td>8-12%</td> </tr> <tr> <td>Target Standard Deviation</td> <td>2-4%</td> </tr> </table>	Target Return	8-12%	Target Standard Deviation	2-4%						
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3. How does the fund differentiate itself from others in the strategy?	The Partnership seeks to differentiate itself from other fund of funds by combining top-down macroeconomic analysis with the ability to select and gain access to “best-in-class” managers within each target market segment. In addition, the Partnership has the unique ability to reserve capacity in closed fund managers and will not invest unless the underlying fund managers provide a reasonable level of transparency.										
4. How are asset allocation decisions made?	<table border="0"> <tr> <td>1 Macro Economic Analysis</td> <td>Identify key macroeconomic trends based upon fundamental analysis, technical analysis, and liquidity trends.</td> </tr> <tr> <td>2 Sector Analysis</td> <td>Determine portfolio concentrations to specific hedge fund strategies based on macroeconomic opportunity set and risk analysis.</td> </tr> <tr> <td>3 Sourcing</td> <td>Identify “best-in-class” fund managers and gain access and capacity with “closed” fund managers.</td> </tr> <tr> <td>4 Risk / Portfolio Management</td> <td>Assess portfolio exposure limits by sector, strategy, and fund manager.</td> </tr> <tr> <td>5 Investment Allocation</td> <td>Finalize allocation to each strategy, sub-strategy, and manager. All allocation decisions are made by consensus, with Peter Stamos as the final decision maker.</td> </tr> </table>	1 Macro Economic Analysis	Identify key macroeconomic trends based upon fundamental analysis, technical analysis, and liquidity trends.	2 Sector Analysis	Determine portfolio concentrations to specific hedge fund strategies based on macroeconomic opportunity set and risk analysis.	3 Sourcing	Identify “best-in-class” fund managers and gain access and capacity with “closed” fund managers.	4 Risk / Portfolio Management	Assess portfolio exposure limits by sector, strategy, and fund manager.	5 Investment Allocation	Finalize allocation to each strategy, sub-strategy, and manager. All allocation decisions are made by consensus, with Peter Stamos as the final decision maker.
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5 Investment Allocation	Finalize allocation to each strategy, sub-strategy, and manager. All allocation decisions are made by consensus, with Peter Stamos as the final decision maker.										
5. How many analysts do you employ?	There are currently a total of 5 research analysts and 3 portfolio managers responsible for sourcing, due diligence, and monitoring managers.										
6. What is the ratio of sub advisors to analysts?	5-to-1										

7.	How often do you rebalance?	The portfolio is rebalanced on a monthly basis.	
8.	Describe your due diligence resources and process?	1 Sourcing	The following resources are used to gather information in the due diligence process: personal and firm networks, industry newspapers and events, investment bank prime brokerage contacts, public databases, private databases, existing managers, and current investors.
		2 Analytics	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 proposed fund managers and existing fund managers in the portfolio are analyzed to identify whether or not follow-up interviews should be scheduled.
		3 Interviews	Phone interviews and on-site visits are used to gain an understanding of strategy information such as 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, risk management procedures, etc.
		4 Operational/ Business Due Diligence	Significant emphasis is placed on operational due diligence, which includes infrastructure quality, risk management protocol, compensation structure, manageable AUM size, portfolio liquidity, reference checks, prime brokerage relationships, credit lines, etc.
		5 Monitoring	The asset class and strategy associated with the underlying fund manager is monitored on an on-going basis to determine market opportunities and key events. Weekly NAV's from fund managers are compared with the performance of associated market/asset class to monitor their performance against the opportunity set. Regression analysis estimates style drift and

		Value-at-Risk on both the portfolio and manager level.
9.	What are your minimum transparency requirements necessary for a manager to receive an investment from you?	In order for managers to receive an investment, they must provide the following information: identification on a monthly basis of top 5 largest risk positions, monthly core investment themes, monthly written and/or oral dialogue, monthly and/or weekly performance information.
10.	What is the minimum length of track record necessary for a manager to receive an investment from you?	There is no specific minimum track record for a manager to receive an investment from the Partnership. However, a manager must have a multi-year personal track record at a reputable institution (buy side, hedge fund, investment bank) if they are starting their own investment vehicle.
11.	Please describe the strengths and risks of your strategy, including a market description of conditions that you would consider to be advantageous/disadvantageous for this strategy.	The strategy and Partnership performs well in markets that are trending markets within a range, either up or down, with historical movements in volatility. Markets that are flat or excessively volatile are not advantageous for the Partnership. The major risks to the portfolio and strategy include a liquidity crisis, a major geopolitical event, a rapid decline in interest rates, and a rapid widening of credit spreads.
12.	Does the fund have a high water mark?	Yes
13.	Does the fund have a hurdle rate?	Yes, 5%
14.	On average, how many separate funds do you invest in?	On average, the Partnership invests in approximately 30 different managers.
15.	Do you avoid any sectors and/or strategies?	The Partnership generally avoids CTAs and pure short sellers. In addition, the Partnership limits its exposure to mortgage backed arbitrage funds, and sector-based long/short equity funds in binary outcome industries (e.g. biotech and technology).
16.	What has the turnover been of managers in the fund over the previous 5 years?	The approximate turnover in managers in the portfolio is 10%
17.	How are investment decision made?	The Portfolio Team, led by Ashok Chachra, develops strategy, sub-strategy, and manager allocation recommendations. The team is responsible for portfolio construction, risk management, and the due diligence process. Investment decisions are made by team consensus, with Peter S. Stamos holding final decision-making authority. An informal investment committee meets quarterly to discuss the market environment and portfolio allocations.
18.	Please provide an example of what you consider to be one of your better investment decisions and how the investment was realized.	One of the better investment decisions in the portfolio was the allocation to credit related strategies. In late 2002, post the WorldCom, Enron, and Adelphia scandals, credit spreads had reached historically wide levels. The macro perspective of the Firm was that there were opportunities to capitalize on the excessive selling in the high yield and distressed market. The decision was made to invest in credit strategies that were well positioned to capitalize on the tightening of credit spreads, while having the ability to short credit when appropriate. During the same time period of October 2002 to December 2003, credit spreads between Single B cated industrial bonds and the 10-year

		Treasury tightened from a high of 878 to 405 basis points. As a result, the two managers that were included in the portfolio were two of the best performing managers in the portfolio for the year.				
19.	Please provide an example of what you consider to be one of your weaker investment decisions and how the investment was exited.	One of the weaker investment decisions was made in a long/short equity manager that had an extensive 10-year track record of strong performance. The investment fund, which came highly recommended by close advisors, made off balance sheet loans to a private, self-affiliated, entity that was not disclosed in any of its position-level data, quarterly letters, or SEC filings. The company eventually went bankrupt and was unable to pay back the loan. As a result, the fund was forced to liquidate its portfolio and return the limited partners' capital.				
20.	How do you identify and quantify risk?	<p>Risk is monitored through qualitative and quantitative analysis. The major qualitative risk (business and operational risk) is identified through numerous face-to-face due diligence interviews with fund managers and through reference checks with the broker-dealer community and other industry specialists.</p> <p>Quantitative risk is analyzed through several internal risk management procedures. Style analysis is used as a preliminary indicator to determine a single manager's investment strategy. Extensive Value-at-Risk (VaR) analysis is performed to estimate material losses to the portfolio during times of extreme market dislocation. VaR is currently calculated using bootstrapping, parametric distributions, extreme value modeling, style-based return analysis, and Monte Carlo simulation. Sterling Stamos is in the process of developing asset based return analysis that will also generate a VaR estimate for the portfolio. Modeling artificially high correlations between the managers, as well as assuming unusually high variance in the returns of the portfolio managers also serve to stress the portfolio. Finally, Sterling Stamos is developing models that identify autocorrelation in the historical returns of managers to better understand liquidity risks that may go undetected by traditional risk measurement methods.</p>				
21.	How do you manage and control risk?	Risk is managed through diversification across strategy, sub-strategy, and fund manager. In addition, risk is managed through close monitoring of managers and peer group analysis.				
22.	How quickly and by what methods do you deploy capital additions?	Initial investment allocations are typically a fraction of our expected long-term position size. Average initial investments are made around 1% of the portfolio and can grow up to 10%. Position sizes are increased or decreased depending on market opportunities, comfort level with managers, and overall strategy allocation limits.				
23.	Does the fund employ leverage?	No				
24.	What are the limitations on your use of leverage?	Not Applicable				
25.	What are your concentration limitations?	<table border="1"> <thead> <tr> <th><u>Concentration</u></th> <th><u>Limitations</u></th> </tr> </thead> <tbody> <tr> <td>Single Manager Allocation</td> <td>10%</td> </tr> </tbody> </table>	<u>Concentration</u>	<u>Limitations</u>	Single Manager Allocation	10%
<u>Concentration</u>	<u>Limitations</u>					
Single Manager Allocation	10%					

		Strategy Allocation	15%
		Sector Allocation	NA
		Net Market Exposure	Range: (10%) - 40%
26.	Discuss diversification of sub advisors?	Diversification is a key component in the portfolio construction process. The portfolio is diversified across strategy, sub-strategy, and managers. The average position size is 3.1% and the largest position is 8.5%	
27.	Discuss correlation of sub advisors to each other and to market indices?	Correlation of managers within the portfolio and against each benchmark asset class is monitored on a monthly basis.	

IV. Legal/Regulatory		
1.	Is your firm or any affiliate involved with its hedge fund business a Registered Investment Advisor? If an affiliate is a Registered Investment Advisor, please give the name of the affiliate.	Sterling Stamos is currently in the process of becoming a Registered Investment Advisor. The Firm intends to complete the registration process by the end of the Second Quarter of 2004.
2.	Is your firm affiliated with a broker/dealer? If so what is the name of the broker/dealer and is it a member of the NASD? Describe the nature of your firm's relationship with the broker/dealer.	Sterling Stamos is not affiliated with a broker/dealer.
3.	Is your firm or any affiliate involved with your hedge fund business registered with any other regulatory agencies or a member of any other self-regulatory organization?	Sterling Stamos is not registered with any regulatory agencies. The General Partner and Management Company are exempt from registration as a Commodity Pool Operator with the Commodity Futures Trading Commission under Rule 4.13(a) 3 and 4.13(a) 4.
4.	Please describe any litigation, complaints, arbitration, regulatory action, or dispute involving your firm or its employees in the past 5 years, irrespective of whether involved parties are still employed by your firm or not. Include the nature of the action and its outcome if resolved.	Neither Sterling Stamos nor its employees have been involved with litigation, complaints, arbitrage, regulatory action, or disputes in the past 5 years.
5.	Describe any significant outside activities, including associated time commitments of each of the principals to any outside funds.	Ellen Horing, Senior Portfolio Advisor and Partner, separately manages her own fund-of-funds product on behalf of her family.
6.	Briefly describe any past, current, pending or threatened litigation (including, but not limited to, any SEC or other regulatory investigations, audits, or consent decrees), which involves any of the key individuals of the General Partner, the General Partner itself, or any affiliated entities.	There is no current, pending, or threatened litigation involving key members of the General Partner, the General Partner itself, or any affiliated entities.
7.	Have any of the key individuals, the General Partner, or any affiliated entities ever (i) filed for bankruptcy or (ii) had any judgments entered against them? If yes, please describe the circumstances. Also describe settlements or expiration of legal actions	No

	commenced involving the General Partner, individual General Partners, or any affiliates.	
8.	Identify and discuss potential conflicts of interest that may arise among the various individuals and organizations comprising the General Partner or any affiliated entities.	Certain inherent conflicts of interest may arise from the fact that the General Partner and the Management Company provide investment management and other services to other investment Partnerships operated by the Firm. In addition, Ellen Horing provides investment management services to her own fund of funds. Such other accounts may have investments with certain Portfolio Managers utilized by the Partnership. To the extent that such Portfolio Managers limit the amount of assets and accounts that they will manage, Sterling Stamos may be required to choose between the Partnership and such other clients in allocating assets to such Portfolio Managers. In addition, one or more of the Portfolio Managers may be affiliated with the General Partner.
9.	List any additions and departures to professional staff during the past five years. Please provide contact information for all departures: name, position, start date, termination date, and reason for departures	Derek S. Daley (January 2003 – October 2003) Position: General Counsel, Partner. Reason for departure: Pursue personal interests outside of the Firm. Tom Olds (June 2002 – August 2002) Position: Manager. Reason for departure: Pursue personal interests outside of the Firm. Noreen Harrington (October 2002 – July 2003). Position: Chief Investment Officer. Reason for departure: Pursue personal interests outside of the Firm. Contact information available upon request.
10.	Does the firm carry Errors & Omissions (E&O) insurance and in what amounts and with whom?	No

V. Operations and Client Services		
1.	Who acts as the custodian for the assets?	Citibank maintains the assets held by the partnership prior to an investment with an underlying fund manager. The custodian for each underlying fund manager holds actual securities.
2.	Do you have an administrator? If so, who?	RK Consulting, LLC, a Delaware limited liability company, serves as the Partnership's administrator under the overall direction of the General Partner. As Administrator, RK Consulting, LLC performs certain administrative tasks on behalf of the Partnership, including (i) accounting, (ii) maintenance of the Partnership's books and records, (iii) processing subscription applications, (iv) ensuring appropriate documentation has been provided by investors in compliance with anti-money laundering regulations, (v) preparation of reports and accounts, (vi) calculation of estimated net asset value and fees, and (vii) issuance of communications with limited partners.
3.	Does the administrator calculate the NAV?	Yes, the independent administrator calculates the final capital account balances for the Partnership and each limited partner on a monthly basis

4.	<p>Does an outside firm audit the financial statements of the Fund? If so, what is the name of the auditing firm, and when did this relationship begin? Is the auditor's opinion unqualified?</p>	<p>The Partnership retained Ernst & Young LLP as its independent auditors since inception of the firm. Limited Partners will receive annual audited financial reports audited by the Partnership's independent public accountants, typically within 120 days after the end of the fiscal year. The auditor's opinion for 2002 was qualified; it has not yet been determined, however, whether or not the opinion for 2003 will be qualified or unqualified.</p>												
5.	<p>Please describe your disaster recovery plan.</p>	<p>The disaster recovery plan is designed to sustain and recover highly critical books and records of the Partnership. All books and records of the Partnership are held at the principal place of business in New York, as well as with the Partnership's outside administrator. The computer network has been structured with redundant architecture for all servers and power supplies, all of which is held at an IBM facility in the Tri-State Area. In addition, all data are backed up on a nightly basis on magnetic tapes, which are then stored with Iron Mountain, outside the Tri-state area.</p>												
6.	<p>Do you provide clients with:</p>	<table border="0"> <tr> <td>Monthly performance statements</td> <td>Yes</td> </tr> <tr> <td>Monthly commentaries</td> <td>No</td> </tr> <tr> <td>Quarterly letters</td> <td>Yes</td> </tr> <tr> <td>Quarterly conference calls</td> <td>No</td> </tr> <tr> <td>Annual partners meeting</td> <td>Yes</td> </tr> <tr> <td>Access to information by website</td> <td>Target - 2004</td> </tr> </table>	Monthly performance statements	Yes	Monthly commentaries	No	Quarterly letters	Yes	Quarterly conference calls	No	Annual partners meeting	Yes	Access to information by website	Target - 2004
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7.	<p>Please provide most recent example of above</p>	<p>See attachments</p>												

SP Capital Security Fund

Performance Statistics	
Year to Date	2.25%
Highest 12 Month Return	10.82%
Lowest 12 Month Return	8.37%
Average Annual Return	9.60%
Highest Monthly Return	1.77%
Lowest Monthly Return	-0.44%
Average Monthly Gain	0.92%
Average Monthly Loss	-0.31%
Profitable Percentage	88.24%
Compounded Monthly Return	0.77%
Losing Streak	0.00%
Maximum Drawdown	-0.44%

Monthly Returns Over the Life of the Fund			
	2004	2003	2002
January	1.28%	0.70%	
February	0.96%	0.59%	
March		0.46%	
April		1.19%	
May		1.28%	
June		0.52%	
July		-0.44%	
August		0.46%	
September		1.77%	
October		1.23%	0.71%
November		0.75%	1.04%
December		0.88%	-0.19%

Risk Analysis	
Sharpe Ratio (Monthly)	0.68
Sharpe Ratio (Rolling 12)	4.48
Sharpe Ratio (Annualized)	2.35
Std. Dev. (Monthly)	0.54%
Std. Dev. (Rolling 12)	1.00%
Std. Dev. (Annualized)	1.88%
Benchmark	Lehman Aggregate Bond Index
Beta	0.19
Alpha	0.68%
R	0.52
R Squared	0.27

Structure Information	
Currency Class	USD
Minimum Investment	\$5,000,000
Prime Broker/Custodian	N/A
Administrator	RK Consulting LLC
Legal Counsel	Schulte Roth & Zabel LLP
Auditor	Ernst & Young
Last Audit	Fiscal year end December 31, Audit date September
Additions	\$1,000,000
Redemption Frequency	Quarterly
Redemption Notice Period	90 Days
Management Fee and Incentive Fee	1% + 5%
Other Fee	Expense Cap of 0.10% per month
High Water Mark	Yes
Hurdle Rate	5%
Lockup	1 Year
Early Redemption Fee	None
Benchmark for Graphing	Lehman Aggregate Bond Index
Benchmark for Correlation Values	Lehman Aggregate Bond Index
Geographic Location of Money Invested	Invests in a diversified portfolio of hedge fund managers
Instruments Traded	Invests in a diversified portfolio of hedge fund managers
Options	N/A
Currencies	N/A
Futures	N/A
Average Number of Positions	31 Managers
Average Portfolio Turnover	Low-10% per year
Current Net Exposure	N/A
Typical Net Exposure	N/A
Percent Long	N/A
Percent Short	N/A
Typical Leverage	N/A
Current Leverage	N/A

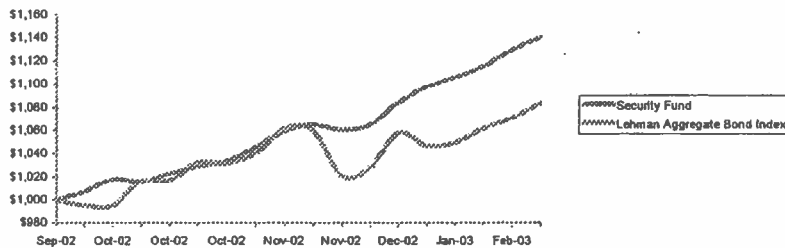
Current Asset Allocation

Please describe the current asset allocation to each subadvisor. (Based on March 2004 allocation)

Ascot	5.4%	Gabriel Capital	0.8%
MichaelAngelo	2.1%	ARX	2.9%
Long Horizons	3.7%	Satellite	2.8%
JMG Capital	5.2%	Allen Arb	0.8%
Footbridge	4.9%	LiteSpeed	1.1%
III Fund	6.0%	Dallon	1.1%
Ellington	2.0%	HighBridge	1.1%
Clipper Fund	2.4%	Perry	3.0%
D.E. Shaw	9.4%	DC Capital	1.0%
MKP	1.5%	Sirios	2.7%
Mariner	4.9%	Greenlight Masters	1.8%
Bayou	3.0%	SP Growth	11.8%
Vega	3.2%	Moore	1.6%
Harbert	3.7%	Trigon	1.5%
Fortress	5.0%	Wood Allen	0.7%
Stark	1.3%		

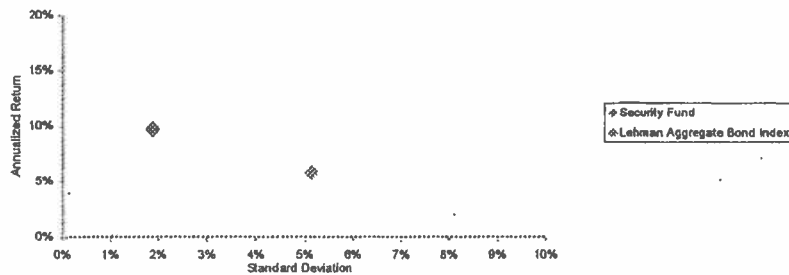
Fund of Funds Performance vs. Benchmark

Please provide chart of fund of funds performance vs. benchmark.



Fund of Funds Annual Returns vs. Standard Deviation

Please provide chart of annual returns vs. standard deviation



Onshore AUM vs. Offshore AUM

What percentage of your assets under management are onshore vs. offshore? 95%

Investor Composition

What is the percentage of firm assets and number of accounts in hedge fund strategies for each of the following?

Investor Type	% of Firm Assets	Number of Accounts
Corporations/Pension Funds	7.12%	2
Public Retirement Systems	0.00%	0
Foundations/Endowments	0.00%	0
High Net Worth Individuals	89.01%	91
Fund of Funds	3.87%	1
Other Institutions	0.00%	0

Maximum Capacity for the Fund

Please estimate the current maximum capacity of your fund, taking into account the number of managers in which you are currently invested.

The maximum capacity of SP Capital Security Fund is \$1.5 billion.

Maximum Capacity for the Firm

At what asset level (in terms of total firm assets under management and fund assets under management) are you likely to close the fund?

The maximum capacity for the firm is \$2.5 billion.

Manager Inclusion

Will you add a manager(s) to the fund to increase capacity?

We anticipate adding new managers to the fund, which will increase the capacity. However, new managers will not be added for the explicit purpose of increasing capacity.

Sterling Stamos

Due Diligence Guide

Fund: Security

1.0 Related Companies

1-01 Investment Advisor

Legal Name of Management Company	SP Capital Management, LP
Place of Incorporation	State of Delaware
Mailing Address	575 Fifth Avenue, 40 th Floor, NY, NY 10017
Primary Telephone Number	(212) 485-4370
Primary Fax Number	(212) 485-4371
Primary Email Address	peter.stamos@spcapitalgroup.com
Contact Person	Peter S. Stamos

Legal Name of General Partner	SSP Associates GP, LLC
Place of Incorporation	State of Delaware
Mailing Address	575 Fifth Avenue, 40 th Floor, NY, NY 10017
Primary Telephone Number	(212) 485-4370
Primary Fax Number	(212) 485-4371
Primary Email Address	peter.stamos@spcapitalgroup.com
Contact Person	Peter S. Stamos

1-02 Investment Company/Vehicle

Legal Name of Fund	SP Capital Security Fund, LP
Place of Incorporation	State of Delaware
Mailing Address	575 Fifth Avenue, 40 th Floor, NY, NY 10017
Primary Telephone Number	(212) 485-4370
Primary Fax Number	(212) 485-4371
Primary Email Address	peter.stamos@spcapitalgroup.com
Contact Person	Peter S. Stamos

1-03 Administrator

Company Name	RK Consulting, LLC
Mailing Address	3 Becker Farm Road, Roseland, NJ, 07068
Primary Telephone Number	(973) 758-1981
Primary Fax Number	(973) 758-1958
Primary Email Address	haltman@rkco.com
Contact Person	Howard Altman

1-04 Auditor

Company Name	Ernst & Young
Mailing Address	5 Times Square, NY, NY 10036-6530
Primary Telephone Number	(212) 773-2575
Primary Fax Number	(212) 773-8796
Primary Email Address	jonathan.ansbacher@ey.com
Contact Person	Jonathan E. Ansbacher

1-05 Legal Adviser Domestic

Company Name	Schulte Roth & Zabel LLP
Mailing Address	919 Third Avenue, NY, NY 10022
Primary Telephone Number	(212) 756-2000
Primary Fax Number	(212) 593-5955

	Primary Email Address	stephanie.breslow@srz.com
	Contact Person	Stephanie R. Breslow
1-06	Legal Adviser Offshore	
	Company Name	Walkers
	Mailing Address	PO Box 265 GT, Grand Cayman, Cayman Island
	Primary Telephone Number	(345) 814-4609
	Primary Fax Number	(345) 814-8209
	Primary Email Address	tbridges@walkers.com.ky
	Contact Person	Timothy Bridges
1-07	Legal Adviser UK	NA

Sterling Stamos

Due Diligence Guide (Cont.)

Fund: Security

2.0 Investment Manager

2-01 Company History

Sterling Stamos was founded in July 2002 as the investment office of Saul B. Katz, Fred Wilpon, and Peter S. Stamos. In addition to managing the assets of the founding partners, Sterling Stamos officially opened to outside investors in October 2002 and now manages investments on behalf of over 125 families and institutions. The Management Company and General Partner are SP Capital Management, LP and SSP Associates GP, LLC, respectively.

2-02 Company Structure

SP Capital Management, LP is structured as a Delaware Limited Partnership

2-03 Assets Under Management

Approximately \$405 MM (as of March 1, 2004) across five investment funds

2-04 Goal for AUM in 5 Years

\$ 2 Billion across multiple investment funds

2-05 Description of Products

1.) Security Fund – a multi-manager portfolio of hedge funds that serves as an alternative to fixed income and seeks to achieve moderate absolute returns (8-10%), with low quarterly volatility (2-4%).
2.) Levered Fund – a multi-manager portfolio of hedge funds that is structured through a total rate of return swap that seeks to achieve moderate absolute returns (10-12%), with low quarterly volatility (3-5%).
3.) Growth Fund- a multi-manager portfolio of hedge funds that serves as an alternative to equity investments and seeks to achieve moderate absolute returns (12-15%), with low quarterly volatility (3-5%).

2-06 Management Company Ownership

TBD

2-07 Partner Capital Invested

Security Fund – Approx. \$38 MM
Friends & Family Fund – Approx. \$23 MM
Levered Fund – Approx. \$ 35 MM
Growth Fund – Approx. \$17 MM
Growth (Offshore) – Approx. \$3 MM
Total – Approx. \$116 MM

2-08 Registration with Regulatory Authorities

Neither the General Partner nor the Management Company is currently registered as an investment adviser under the Investment Advisers Act of 1940, but is currently in the process of registering. The General Partner and Management Company are exempt from the Commodity Futures Trading Commission ("CFTC") and operate the funds under rule 4.13(a)(4) and 4.13(a)(3). None of the funds are registered as an investment company under the Investment Company Act of 1940 and all funds rely on the exclusion from the definition of "investment company" provided in Section 3(c)(7) and Section 3(c)(1) of the Company Act.

2-09	Lawsuits, Regulatory, or Tax Issues	NA
2-10	Trading for Company Account	NA
2-11	Corporate Culture	Firm is built on a foundation of trust, service, and professionalism. The principle of treating our investors as partners and always putting their interests first, dictates all decisions of the firm.
2-12	Strengths	Forward looking approach to portfolio construction; Access to economic, geopolitical, and financial information; Access and capacity in emerging and closed fund managers; Long term relationships with leading investment managers; concept of collective intelligence between hedge fund managers, academic institutions, investment partners, and wall street firms.
2-13	Weaknesses	Limited operational history of the firm
2-14	Greatest Failure	Investment in a single hedge fund manager that was forced to liquidate its positions in 2002 due to fraud.
2-15	Fund Discontinuations	NA

Sterling Stamos
 Due Diligence Guide (Cont.)
 Fund: Security

3.0	Personnel Background	
3-01	Portfolio Management	Peter S. Stamos Ashok Chachra Ellen Horing
3-02	Trading	NA
3-03	Risk Management	Peter S. Stamos
3-04	Operations	Kevin Barcelona Kevin Okimoto
3-05	Research	Ashok Chachra Rohit Kumar Catherine Tse Ted Conrads Catherine Liu Angela Rainsford
3-06	Programming	NA
3-07	Administration	Spiro Stamos Kevin Barcelona
3-08	Marketing	Christopher Stamos Scott Whitcher Kevin Okimoto
3-09	Back Office	Kevin Barcelona Jennifer Webster
3-10	Current Number of Employees	20
3-11	Number of Employees 3 Years Ago	NA
3-12	Employee Turnover	Noreen Harrington Derek Daley
3-13	Hiring	Actively recruit analysts and associates from leading academic institutions. Attract and retain top employees by providing an intellectually challenging working environment where young employees have the opportunity to significantly contribute to the growth of the Firm.
3-14	Other Business Involvement	Several of the key employees of the Firm are actively involved on various corporate and non-profit boards.
3-15	Compensation	All employees are compensated on a salary and bonus schedule dependent on their individual, team, and overall firm performance for the year.
3-16	Personal Account Trading	NA

3-17	Number of Employees in Front Office	4
3-18	Number of Employees in Back Office	2
3-19	Back Office Organization	Chief Financial Officer is responsible for all financial and strategic decisions associated with the Back Office. The Back Office Manager is responsible for the day-to-day operations of the Back Office.
3-20	Investment in Research	The Firm pro-actively invests in technology, software, and staff to appropriately manage research activities. (Bloomberg, Altvest, PerTrack)
3-21	Marketing Channels	The firm does not actively market its interests in the funds. High Net Worth individuals typically invest directly through the Firm principals, while institutions are funneled through strategic partnership relationships with various placement agents.

Sterling Stamos

Due Diligence Guide (Cont.)

Fund: Security

4.0 Investment Product Details

4-01	Current Strategy Allocation	Market Neutral – 63% Event Driven –14% Equity Hedged –18% Global –4% Cash – 1%
4-02	Maximum strategy allocation	80% - Market Neutral 20% - Event 20% - Equity Hedged 10% - Global 15% Sub-strategy maximum allocations Single Manager 10%
4-03	Minimum strategy allocation	60% - Market Neutral 5% - Event 5% - Equity Hedged 0% - Global 1% minimum strategy allocation 0.5% minimum single manager
4-04	Allocation decision	Investment allocations are made as a result of our macro economic perspective on investment opportunities within the risk / return objective of the fund. General guidelines are set for strategy allocations, with minor tweaks to the portfolio made in an opportunistic manner.
4-05	Current Fund Size	\$135 MM
4-06	Fund Growth	2002 (Year End Balance) - \$15 MM 2003 (Year End Balance) - \$89 MM
4-07	Fund Structure	Domestic Limited Partnership
4-08	Share Classes	NA
4-09	Cross Liabilities	The Security Fund invests in the Growth Fund
4-10	Reference Currency	US Dollars
4-11	Fund Status	Open to new investors
4-12	Listings	NA
4-13	Subscription Frequency	Monthly
4-14	Notice Period for Subscriptions	Subject to GP discretion
4-15	Minimum Initial Investment	\$5,000,000 (Subject to GP discretion)
4-16	Minimum Additional Investment	\$1,000,000 (Subject to GP discretion)

4-17	Front End Load	NA
4-18	Back End Load (Redemption Fee)	NA
4-19	Lock-Up Period	Initial one year lockup
4-20	Redemption Frequency	Quarterly
4-21	Redemption Day	Last business day of the relevant quarter
4-22	Notice Period for Redemptions	90 days prior written notice
4-23	Initial Payout Ratio	95% of ending capital account balance
4-24	Initial Payout Period	Within 30 days of redemption date
4-25	Remaining Payout Period	Within 30 days of the relevant years audit
4-26	Redemption Payment	Cash Redemptions
4-27	Redemption Stop	Subject to GP discretion
4-28	Annual Management Fee	1%
4-29	Annual Management Fee Payment	Pre-paid on a quarterly basis
4-30	Performance Fee	5%
4-31	Performance Fee Payment	End of the year
4-32	Equalization Factor	NA
4-33	High Water Mark	Yes
4-34	Hurdle Rate	5%
4-35	Other Fees	Expense Cap of 0.10% per month
4-36	Sponsor	NA
4-37	Number of Investors	88
4-38	Investor Concentration	50%
4-39	Client Mix	Institutions - 18% Family Entities - 9% Trusts - 28% HNW Individuals - 45%
4-40	Side Letters	Current side letter with Deutsche Bank to facilitate the investment through a total rate of return swap. The terms of the side letter are primarily related to bank regulatory restrictions.
4-41	Managed Accounts	NA
4-42	Difference in Fee Structure	NA
4-43	Clients Gained	61 Investors Gained Since 3/1/03 \$84 MM Raised Since 3/1/04

4-44	Clients Lost	No outside clients have left the firm
4-45	Redemptions by Key Personnel	Key personnel members have rebalanced as additional funds have been launched
4-46	Oldest Account	July 2002
4-47	3 Largest Withdrawals	\$3 MM, January 2004 – Reallocation within SP \$2 MM, January 2004 – Reallocation within SP \$2 MM, January 2004 – Reallocation within SP
4-48	Average Investment Period	10 Months

Sterling Stamos
 Due Diligence Guide (Cont.)
 Fund: Security

5.0 Investment Product Strategy

5-01	Strategy description	SP Capital Security Fund, LP is a multi-manager portfolio of hedge funds, created with the objective of generating consistent, moderate absolute returns with low volatility. As an alternative to fixed income, the Fund invests substantially all of its assets in Arbitrage strategies that generate returns by identifying pricing inefficiencies in various markets.																																																
5-02	Trade example	Not necessary																																																
5-03	Target return (net to investors)	8% - 12%																																																
5-04	Target standard deviation of returns	2% - 4%																																																
5-05	Asset classes	Stocks, government bonds, corporate bonds, options, convertible bonds, asset backed bonds, mortgage backed bonds, currencies, swaps																																																
5-06	Asset break-down	<table border="0"> <tr><td>OPTIONS ARB</td><td>5.4%</td></tr> <tr><td>CONVERT ARB</td><td>7.4%</td></tr> <tr><td>ASSET BACKED</td><td>13.7%</td></tr> <tr><td>EQUITY MN</td><td>3.0%</td></tr> <tr><td>MBS ARB</td><td>2.0%</td></tr> <tr><td>FI ARB</td><td>9.9%</td></tr> <tr><td>STAT ARB</td><td>9.4%</td></tr> <tr><td>MULTI STRATEGY</td><td>9.4%</td></tr> <tr><td>CAP STRUCTURE</td><td>3.7%</td></tr> <tr><td colspan="2"> </td></tr> <tr><td>DISTRESSED</td><td>4.7%</td></tr> <tr><td>L/S CREDIT</td><td>2.9%</td></tr> <tr><td>MERGER ARB</td><td>0.8%</td></tr> <tr><td>EVENT</td><td>5.2%</td></tr> <tr><td colspan="2"> </td></tr> <tr><td>L/S VALUE</td><td>2.7%</td></tr> <tr><td>L/S GENERALIST</td><td>1.1%</td></tr> <tr><td>L/S MULTI</td><td>13.6%</td></tr> <tr><td>L/S EQUITY</td><td>17.5%</td></tr> <tr><td colspan="2"> </td></tr> <tr><td>EMERGING MRKTS</td><td>1.6%</td></tr> <tr><td>MACRO</td><td>2.2%</td></tr> <tr><td colspan="2"> </td></tr> <tr><td>CASH</td><td>1.4%</td></tr> </table>	OPTIONS ARB	5.4%	CONVERT ARB	7.4%	ASSET BACKED	13.7%	EQUITY MN	3.0%	MBS ARB	2.0%	FI ARB	9.9%	STAT ARB	9.4%	MULTI STRATEGY	9.4%	CAP STRUCTURE	3.7%			DISTRESSED	4.7%	L/S CREDIT	2.9%	MERGER ARB	0.8%	EVENT	5.2%			L/S VALUE	2.7%	L/S GENERALIST	1.1%	L/S MULTI	13.6%	L/S EQUITY	17.5%			EMERGING MRKTS	1.6%	MACRO	2.2%			CASH	1.4%
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