

# **Exhibit 7**

## **Part 1 of 2**

**From:** Novick, Steven (IBK EMEA) [Steven\_Novick@ml.com]  
**Sent:** Thursday, December 08, 2005 2:33:24 PM  
**To:**  
**Subject:** Sterling Stamos Due Diligence

CONFIDENTIAL

**Attachments:** 1.2 Due Diligence Questionnaire.doc; Sterling Stamos Due Diligence Package.zip;  
Investment Universe Page 10-10-05 - Sterling Stamos.pdf; Sterling Stamos  
Performance Estimates - November 2005.pdf; Investment Team Firm Bios 12 08.doc

Adam,

Thanks again for making the time to talk with Peter this morning.

As promised on this mornings call, attached is the following due diligence information on Sterling Stamos:

1. Due Diligence Questionnaire

<<1.2 Due Diligence Questionnaire.doc>>

2. Due Diligence Pack

<<Sterling Stamos Due Diligence Package.zip>>

3. List of Sterling Stamos Funds

<<Investment Universe Page 10-10-05 - Sterling Stamos.pdf>>

4. Capacity on each open Sterling Stamos Fund

- Security Offshore (\$300-500 million over the coming year)
- Security Select Offshore (\$100-\$200 million over the coming year)
- Growth and Acceleration (less than \$50 million)
- Private Equity will close on April 1st (about \$10-\$20 million in capacity left)
- Real Assets (Real Estate, Natural Resources, and Operating Assets) has about \$150 million in capacity remaining (to close on September 1, 2006).

5. Most Recent Performance Estimates (for November)

<<Sterling Stamos Performance Estimates - November 2005.pdf>>

6. Bios of each of the investment professionals

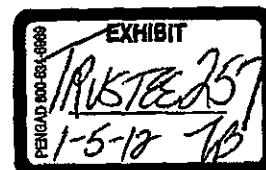
<<Investment Team Firm Bios 12 08.doc>>

If you or Gavin have any questions, please feel free to call me (including on Saturday and Sunday when I will also be in the office).

Regards,

Steve

Steven Novick  
Merrill Lynch Private Equity Group  
2 King Edward Street  
London EC1A 1HQ  
Phone +44 20 7996 2391  
Mobile +44 7740 840 651  
Fax +44 20 7995 2768  
steven\_novick@ml.com



CONFIDENTIAL

SSMT01855447  
SSMSAA1855447

---

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/](http://www.ml.com/email_terms/)

---

CONFIDENTIAL

SSMT01855448  
SSMSAA1855448

**DUE DILIGENCE QUESTIONNAIRE**

- I. Firm Background**
- II. Investment Strategy**
- III. Legal & Regulatory**
- IV. Operations & Client Service**

I Firm Background																			
1. Name and address of the Firm.	Sterling Stamos 575 Fifth Avenue, 40 <sup>th</sup> Floor New York, NY 10017 Tel: (212) 485-4370 Fax: (212) 485-4371 Contact: Scott Whitcher, Investor Relations																		
2. What year was the firm founded?	The firm was founded in July 2002 and officially opened to outside investors in October 2002.																		
3. Who are the key principals, their year of affiliation, and responsibilities?	<table border="1"> <thead> <tr> <th>Name</th> <th>Year</th> <th>Responsibilities</th> </tr> </thead> <tbody> <tr> <td>Peter S. Stamos</td> <td>2002</td> <td>General Partner, Chairman &amp; CEO</td> </tr> <tr> <td>Ashok Chachra</td> <td>2002</td> <td>Partner, Senior Portfolio Manager</td> </tr> <tr> <td>Ellen Horing</td> <td>2002</td> <td>Partner, Portfolio Manager</td> </tr> <tr> <td>Saul B. Katz</td> <td>2002</td> <td>General Partner, Portfolio &amp; Business Advisor</td> </tr> <tr> <td>David Katz</td> <td>2002</td> <td>General Partner, Portfolio &amp; Business Advisor</td> </tr> </tbody> </table>	Name	Year	Responsibilities	Peter S. Stamos	2002	General Partner, Chairman & CEO	Ashok Chachra	2002	Partner, Senior Portfolio Manager	Ellen Horing	2002	Partner, Portfolio Manager	Saul B. Katz	2002	General Partner, Portfolio & Business Advisor	David Katz	2002	General Partner, Portfolio & Business Advisor
Name	Year	Responsibilities																	
Peter S. Stamos	2002	General Partner, Chairman & CEO																	
Ashok Chachra	2002	Partner, Senior Portfolio Manager																	
Ellen Horing	2002	Partner, Portfolio Manager																	
Saul B. Katz	2002	General Partner, Portfolio & Business Advisor																	
David Katz	2002	General Partner, Portfolio & Business Advisor																	
4. Describe the ownership structure of the firm.	<table border="1"> <thead> <tr> <th>Ownership Structure</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Sterling Partners</td> <td>50%</td> </tr> <tr> <td>Stamos Partners</td> <td>50%</td> </tr> </tbody> </table>	Ownership Structure	Ownership %	Sterling Partners	50%	Stamos Partners	50%												
Ownership Structure	Ownership %																		
Sterling Partners	50%																		
Stamos Partners	50%																		
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 Fund.																		
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.	<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								
Total # of Employees	23																		
Portfolio Managers	3																		
Research Analysts	5																		
Operations	11																		
Other	4																		
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>Office Type</th> <th>Location</th> <th>Employees</th> </tr> </thead> <tbody> <tr> <td>Principal</td> <td>New York, NY</td> <td>19</td> </tr> <tr> <td>Branch</td> <td>Menlo Park, CA</td> <td>4</td> </tr> </tbody> </table>	Office Type	Location	Employees	Principal	New York, NY	19	Branch	Menlo Park, CA	4									
Office Type	Location	Employees																	
Principal	New York, NY	19																	
Branch	Menlo Park, CA	4																	
8. What are the other areas of business that Sterling Equities is involved with?	<table border="1"> <tbody> <tr> <td>Sterling Equities</td> <td>Real Estate Development</td> </tr> <tr> <td>Sterling American Properties</td> <td>Real Estate Funds</td> </tr> <tr> <td>American Securities Capital Partners</td> <td>Private Equity Funds</td> </tr> <tr> <td>New York Mets and Brooklyn Cyclones</td> <td>Sports and Entertainment</td> </tr> </tbody> </table>	Sterling Equities	Real Estate Development	Sterling American Properties	Real Estate Funds	American Securities Capital Partners	Private Equity Funds	New York Mets and Brooklyn Cyclones	Sports and Entertainment										
Sterling Equities	Real Estate Development																		
Sterling American Properties	Real Estate Funds																		
American Securities Capital Partners	Private Equity Funds																		
New York Mets and Brooklyn Cyclones	Sports and Entertainment																		

I. Investment Strategy	
1.	<p><b>What benchmark is appropriate for the Fund and why?</b></p> <p>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 maybe true that no ideal "benchmark" exists. However, one possible benchmark may be the Fund 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.</p> <p>For those investors that view the Fund as an alternative, or complement, to fixed income, the Lehman Brothers Aggregate Bond Index may also be an appropriate benchmark.</p>
2.	<p><b>Please describe your risk and reward objectives?</b></p> <p>Target Return                      8% - 10%</p> <p>Target Standard Deviation      2% - 4%</p>
3.	<p><b>How does the Fund differentiate itself from others in the strategy?</b></p> <p>The Fund seeks to differentiate itself from other fund of funds via the following:</p> <p><b><u>Meaningful Access</u></b></p> <p>The Wilpon and Katz families have been active hedge fund investors for 20 years. Sterling Stamos leverages these existing relationships to selectively access and secure capacity with hedge funds that are often otherwise closed to new capital. In terms of direct value added, Dr. Peter Stamos, the CEO of Sterling Stamos, offers macroeconomic insights to underlying hedge fund managers, the sharing of which further enhances the ability of Sterling Stamos to access exclusive hedge funds.</p> <p><b><u>Internal Due Diligence Network</u></b></p> <p>Sterling Stamos leverages the business expertise of its fifty percent partner, Steding Equities. Founded over 30 years ago by the Wilpon and Katz families, Sterling Equities has developed deep expertise in hedge funds, private equity, and real estate. In addition to providing a perspective that only experience can generate, the Wilpon and Katz networks also provide unique proprietary sourcing and due diligence capabilities.</p> <p><b><u>Unique Macro Perspective</u></b></p> <p>The CEO Dr. Peter Stamos, an Oxford-trained economist, serves in various board and advisory roles to elite academic, political, and philanthropic institutions. These forums and the access they provide enable Dr. Stamos to engage in conversations with many of the most progressive and influential thinkers of our time on macro- and micro-economic issues that effect the investments industry. Dr. Stamos' informed macro view is integrated into the construction and active management of the Fund.</p> <p><b><u>Alignment of Interests</u></b></p>

		<p>The General Partners intend to maintain fund investments of approximately 25% of the total firm assets under management.</p> <p><b>Opportunistic</b> The deep, liquid resources of the GP, combined with the commitment of the GP, creates the unique ability to both take advantage of unforeseen opportunities that arise as well as to provide greater portfolio flexibility through rebalancing.</p> <p><b>Equal Treatment</b> All LPs are treated the same. No LP benefits from any preferential terms (i.e. fees and liquidity).</p> <p><b>Stability of Assets</b> The large commitment of the GP, coupled with the GP's strong relationships with its LPs creates a stable asset environment.</p> <p><b>Higher Level of Transparency</b> Sterling Stamos has trust-based relationships with its LPs, and as such, openly shares all appropriate underlying hedge fund manager information with its LPs.</p>															
4.	How are asset allocation decisions made?	<table border="0"> <tr> <td>1</td> <td>Macro Economic Analysis</td> <td>Identify key macroeconomic trends based upon fundamental analysis, technical analysis, and liquidity trends.</td> </tr> <tr> <td>2</td> <td>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</td> <td>Sourcing</td> <td>Identify "best-in-class" fund managers and gain access and capacity with "closed" fund managers.</td> </tr> <tr> <td>4</td> <td>Risk/Portfolio Management</td> <td>Assess portfolio exposure limits by sector, strategy, and fund manager.</td> </tr> <tr> <td>5</td> <td>Investment Allocation</td> <td>Finalize allocation to each strategy, allocate by sub-strategy, and then by 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, allocate by sub-strategy, and then by manager. All allocation decisions are made by consensus, with Peter Stamos as the final decision maker.
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, allocate by sub-strategy, and then by 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 3 portfolio managers and 5 research analysts 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?	<table border="0"> <tr> <td>1</td> <td>Sourcing</td> <td>The following resources are used to gather information in the due diligence process: personal and firm networks, current investors, existing</td> </tr> </table>	1	Sourcing	The following resources are used to gather information in the due diligence process: personal and firm networks, current investors, existing												
1	Sourcing	The following resources are used to gather information in the due diligence process: personal and firm networks, current investors, existing															

	<p>managers, industry publications and events, investment bank prime brokerage contacts, private databases, and public databases.</p> <p>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.</p> <p>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, and risk management procedures.</p> <p>4 Operational/ Business Due Diligence Significant emphasis is placed on operational due diligence, which includes infrastructure quality, risk management protocol, compensation structure, appropriate amount of assets under management, portfolio liquidity, reference checks, prime brokerage relationships, credit lines, etc.</p> <p>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 performance from fund managers is 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.</p>
<p>9. What are your minimum transparency requirements necessary for a manager to</p>	<p>In order for managers to be considered, they must provide the following information: identification on a monthly basis of top five largest risk positions, monthly core investment themes,</p>



	receive an investment from the Fund?	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 the Fund?	There is no specific minimum track record for a manager to be considered. 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 the Fund's strategy, including a market description of conditions that would be considered advantageous/disadvantageous for this strategy.	The Fund's strategy performs well in markets that are trending <i>within a range, either up or down</i> , with historical movements in volatility. Markets that are flat or excessively volatile are not advantageous for the Fund. 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 sub-advisors does the Fund invest in?	On average, the Fund invests in approximately 30 different managers.
15.	Does the Fund avoid any sectors and/or strategies?	The Fund generally avoids Commodity Trading Advisors (CTAs) and pure short sellers. In addition, the Fund limits its exposure to mortgage backed arbitrage funds, and sector-based long/short equity funds in binary outcome industries (e.g. biotech and technology). The view of the firm is that generally, the volatility of these strategies is too high, and thus <i>not appropriate for investment in the Fund</i> .
16.	What has the turnover been of managers in the Fund over the previous 5 years?	The approximate turnover in managers in the portfolio has been 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 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 Fund 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 Fund 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 rated 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	One of the weaker investment decisions was made in a long/short equity manager that had an extensive 10-year track

	Investment decisions and how the investment was exited.	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 remaining 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 using a broad set of risk management tools as part of the ongoing monitoring process. A sample of the quantitative elements of risk management utilized by the investment team are described below:</p> <p><b>Portfolio Optimization:</b> A modified mean-variance optimization framework by strategy and Portfolio Manager utilizing historical monthly performance data.</p> <p><b>Time Series Analysis:</b> 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.</p> <p><b>Portfolio Value-at-Risk:</b> 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.</p> <p><b>Stress / Scenario Testing:</b> 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.</p> <p><b>Style Analysis:</b> 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.</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 the Fund's use of leverage?	Not applicable.										
25.	What are the Fund's concentration limitations?	<table border="1"> <thead> <tr> <th>Concentration</th> <th>Limitations</th> </tr> </thead> <tbody> <tr> <td>Single Manager Allocation</td> <td>10%</td> </tr> <tr> <td>Strategy Allocation</td> <td>20%</td> </tr> <tr> <td>Sector Allocation</td> <td>Not applicable</td> </tr> <tr> <td>Net Market Exposure</td> <td>Range: (10%) - 40%</td> </tr> </tbody> </table>	Concentration	Limitations	Single Manager Allocation	10%	Strategy Allocation	20%	Sector Allocation	Not applicable	Net Market Exposure	Range: (10%) - 40%
Concentration	Limitations											
Single Manager Allocation	10%											
Strategy Allocation	20%											
Sector Allocation	Not applicable											
Net Market Exposure	Range: (10%) - 40%											
26.	Discuss diversification of sub-advisors?	Diversification is a key component in the portfolio construction process. The Fund 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.										

III. 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 year 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, arbitration, 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 a small fund-of-funds 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 commenced involving the General Partner, individual General Partners, or any affiliates.	No.
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 as 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.

#### IV. Operations and Client Services

1.	Who acts as the custodian for the Fund's 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 the actual securities.
----	--	---

2.	Does the Fund have an administrator? If so, who?	RK Consulting, LLC, a Delaware limited liability company, serves as the Fund's administrator under the overall direction of the General Partner. As Administrator, RK Consulting, LLC performs certain administrative tasks on behalf of the Fund, including (i) accounting, (ii) maintenance of the Fund'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 Fund and each limited partner on a monthly basis.												
4.	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?	The Fund 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.												
5.	Please describe your disaster recovery plan.	The disaster recovery plan is designed to sustain and recover highly critical books and records of the Fund. All books and records of the Fund are held at the principal place of business in New York, as well as with the Fund'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.												
6.	Do you provide clients with:	<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>Will be available by 2005</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	Will be available by 2005
Monthly performance statements	Yes													
Monthly commentaries	No													
Quarterly letters	Yes													
Quarterly conference calls	No													
Annual partners meeting	Yes													
Access to information by website	Will be available by 2005													

# Sterling Stamos Investment Universe

Merrill Lynch  
Distributed: October 11, 2005

	Capital Preservation			Capital Appreciation				Capital Opportunity			
	RESERVE CASH MANAGEMENT <sup>1</sup>	LIQUIDITY FUND	SECURITY FUND	SECURITY SELECT FUND	LEVERED FUND	GROWTH FUND	ACCELERATION FUND	LEGACY FUND	REAL ASSETS FUND	PRIVATE EQUITY FUND	VENTURE CAPITAL FUND <sup>2</sup>
Target Annual Net Returns											
Estimated Annual Volatility											
Management Fee											
Hurdle Return											
Performance Fee											
<b>CONFIDENTIAL</b>											
<b>Domestic Funds</b>											
Launch Date		Jul-04		Jul-05		Oct-03		Apr-05		Jan-05	
Status		Open		Open		Closing Jan-05		Open		Closing Jan-05	
<b>Offshore Funds</b>											
Launch Date		Jan-05		Jul-05		Jan-04		N/A		N/A	
Status		Open		Open		Closing Jan-05		N/A		N/A	

- The Reserve Cash Management product is available to investors through managed accounts.
- Proposed Venture Capital Fund terms.
- Investors in the Security Select Funds must indicate in their subscription materials whether they intend to subscribe to Class A, B, or C limited partnership interests or shares (collectively, the "Interests"). Class B Interests will only be available to investors who have contributed at least \$50 million to the Select Fund and Class C Interests will only be available to investors who have contributed at least \$100 million to the Select Fund. The Interests are identical in terms except with respect to the management fees, incentive allocations/fees, the length of the applicable lock-up period, the frequency of permitted withdrawals and the prior notice required for withdrawals. Specifically: Class A - Management Fee 1%, Incentive Allocation/Fee 5%, Lock-Up Period of 2 years, Annual Withdrawals/Redemptions, and 185 days prior notice for Withdrawals/Redemptions; Class B - Management Fee 1%, Incentive Allocation/Fee 5%, Lock-Up Period of 1 year, Semi-Annual Withdrawals/Redemptions, and 90 days prior notice for Withdrawals/Redemptions; and Class C - The lesser of (x) Management Fee 1% and Incentive Fee/Allocation 5% and (y) Management Fee 0.5% and Incentive Allocation 10% (provided that the total Management Fees and Incentive Allocation/Fee payable by an investor for a fiscal year will be capped at 1.75% of the Net Asset Value of such investor's Capital Account/Interests), Lock-Up Period of 1 year, Semi-Annual Withdrawals/Redemptions, and 90 days prior notice for Withdrawals/Redemptions.
- Investors in the Legacy Fund must indicate in their subscription materials whether they intend to subscribe to Class A, B, or C limited partnership interests (collectively, the "Interests"). The Interests are identical in terms except with respect to the Management Fee and the length of Lock-Up Period applicable to each such class, as follows: Class A - Lock-Up Period of 1 year, Management Fee 1%; Class B - Lock-Up Period of 3 years, Management Fee 0.9%; and Class C - Lock-Up Period of 5 years, Management Fee 0.75%.
- Projected launch data.
- The Levered Fund is closed to new investors. A waiting list for open capacity is available.



10/11/05

Merrill Lynch  
Distributed: October 11, 2005

**IMPORTANT DISCLOSURE INFORMATION**

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

10:10:25



450 Park Avenue  
New York, NY 10022  
Phone: (212) 257-2856  
Fax: (212) 257-2900  
www.sterlingstamos.com

2000 Sand Hill Road, Suite 100  
Menlo Park, CA 94025  
Phone: (650) 233-0263  
Fax: (650) 233-0262  
info@sterlingstamos.com

## Sterling Stamos Performance Estimates – November 2005

Below is a preliminary estimate of our month-to-date, quarter-to-date, and year-to-date performance (net of all fees and expenses) through November 30, 2005:

### Capital Preservation Funds\*

Fund	Month-to-Date	Q1-05	Q2-05	Q3-05	Quarter-to-Date	Year-to-Date	Status
Reserve Cash Management†							Open
Liquidity (Domestic)							Open
Liquidity (Offshore)							Open
Friends & Family (Domestic)							Open
Security (Domestic)							Closing: Jan-06
Security (Offshore)							Closing: Apr-06
Security Select (Domestic)							Open
Security Select (Offshore)							Open
Levered (Offshore)§							Closed

**CONFIDENTIAL**

### Capital Appreciation Funds

Fund	Status
Growth (Domestic)	Closing: Jul-06
Growth (Offshore)	Open
Acceleration (Domestic)	Closing: Jul-06
Acceleration (Offshore)	Open
Legacy (Domestic)	Open

### Capital Opportunity Funds†

Fund
Real Assets
Private Equity

### 2005 Market Review

HFRX Relative Value Arbitrage
HFRX Absolute Return
HFRX Equity Hedge
1-Month LIBOR
Lehman Aggregate Bond Index
Dow Jones Industrial Average
S&P 500-stock Index†
Nasdaq Composite
Russell 2000

If you have any questions, please contact Kevin O'Connell at (212) 257-2856, 233-0263, kokimoto@sterlingstamos.com or Rick Stockton at (212) 287-2800, rstockton@sterlingstamos.com.

\* Capital Preservation Funds: Sterling Stamos Liquidity Fund, L.P. ("Liquidity (Domestic)"), Sterling Stamos Liquidity (Offshore) Fund, Ltd. ("Liquidity (Offshore)"), Sterling Stamos Security Fund – Friends & Family, L.P. ("Friends & Family (Domestic)"), Sterling Stamos Security Fund, L.P. ("Security (Domestic)"), Sterling Stamos Security (Offshore) Fund, Ltd. ("Security (Offshore)"), Sterling Stamos Security Fund – Select, L.P. ("Security Select (Domestic)"), Sterling Stamos Security (Offshore) Fund – Select, Ltd. ("Security Select (Offshore)"), Sterling Stamos Levered (Offshore) Fund, Ltd. ("Levered (Offshore)")

† Reserve Cash Management is a compilation of managed accounts which trade under a single investment program. The performance estimates provided above reflect an annual management fee of 0.35%. Reserve Cash Management was launched in August 2005, therefore third quarter figures represent returns only for August and September 2005 and year-to-date figures represent returns only for August through November 2005.

§ The Levered (Offshore) Fund includes investments from US taxable investors.

|| Capital Appreciation Funds: Sterling Stamos Growth Fund, L.P. ("Growth (Domestic)"), Sterling Stamos Growth (Offshore) Fund, Ltd. ("Growth (Offshore)"), Sterling Stamos Acceleration Fund, L.P. ("Acceleration (Domestic)"), Sterling Stamos Acceleration (Offshore) Fund, Ltd. ("Acceleration (Offshore)"), Sterling Stamos Legacy Fund, L.P. ("Legacy (Domestic)")

¶ Capital Opportunity Funds: Sterling Stamos Real Assets Fund, L.P. ("Real Assets"), Sterling Stamos Private Equity Fund I, L.P. ("Private Equity")

# Returns for the S&P 500-stock Index do not include dividend payouts.





450 Park Avenue  
New York, NY 10022  
Phone: (212) 237-2600  
Fax: (212) 237-2900  
www.sterlingstamos.com

2400 Sand Hill Road, Suite 100  
Menlo Park, CA 94025  
Phone: (650) 233-0200  
Fax: (650) 233-0202  
info@sterlingstamos.com

#### PERFORMANCE ESTIMATE NOTES

The above numbers are based on unaudited preliminary estimates provided by our underlying fund managers and are subject to change. Individual investor performance percentages will vary depending on the date of investment. All estimated performance figures are net of all underlying manager and Sterling Stamos fees and expenses. Quarter-to-date and year-to-date performance figures are based on actual performance through October 31, 2005 and estimated performance from November 1 to 30, 2005. Monthly estimates may not include all underlying managers in each fund. Underlying fund managers who have not reported as of the sending of this email are allocated a zero percent return and their actual returns may materially change our performance estimates. Investors will receive an unaudited final capital account statement generally by month end. The Monthly Market Review is listed for informational purposes only and is not intended as investment advice.

#### IMPORTANT DISCLOSURE INFORMATION

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

Sterling Stamos Employee Biographies  
(As of December 8, 2005)

**Peter S. Stamos** is the Chairman and CEO of Sterling Stamos Capital Management, L.P. Mr. Stamos is ultimately responsible for all investment decisions for the firm. Before founding Sterling Stamos, Mr. Stamos was the CEO of SAI (a Perot Systems company), a Principal with Booz Allen & Hamilton, and as Senior Management Consultant with McKinsey & Company. He also served as Chief of Staff and Chief Economist for U.S. Senator Bill Bradley and continues to be an economic advisor to several leaders in Washington, D.C.

In addition to his private and public sector work, Mr. Stamos taught Economics at *Harvard University*, where he received the Allyn Young Award for Teaching Excellence. Mr. Stamos serves on several boards and is currently Chairman of the Investment Committee and a member of the Finance Committee for the Board of Stanford University Hospital and Clinics.

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 holds a JD from *Harvard Law School* with Honors and a doctorate from *Oxford University*, where he was a Rhodes Scholar.

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

Mr. Chachra earned a BS in Business Administration with University Honors from *Carnegie Mellon University*.

**Michael Kastner**, Managing Director, Fixed Income, has 18 years of investment management experience and is responsible for management and oversight of the firm's fixed income platform. Previously, Mr. Kastner spent seven years with *Deutsche Bank*, New York as Head of Taxable Fixed Income Portfolio Management and an Investment Policy Committee Member. While in those roles, he actively managed approximately \$12 billion in assets and chaired the Fixed Income Strategy Group. He was also Director of Fixed Income and Foreign Exchange, Americas Region at *NatWest-Coutts & Co.* Mr. Kastner's previous experience also includes positions with *Société Générale* and *Chicago Research and Trading*. He has been recognized for his work by leading industry publications and is a published author of several articles on fixed income management technique. Mr. Kastner is frequently quoted in leading financial publications, including the *Wall Street Journal* and the *Financial Times* and has appeared on *CNBC* and *Bloomberg Television* and Radio.

Sterling Stamos Employee Biographies  
(As of December 8, 2005)

Mr. Kastner earned an MBA in Finance from George Washington University and a BA in Business and English from Towson University. He is a Chartered Financial Analyst, President of the Treasury Securities Luncheon Club, member of the Socially Responsible Investing committee of the New York Society of Security Analysts, and a member of the Educational Advisory Board of the International Securities Market Association, London.

David G. Hood is Managing Director, Real Assets, for Sterling Stamos, and is jointly responsible for all fundraising, operating and investment activities of the Fund. Prior to joining Sterling Stamos, Mr. Hood was an investment partner with Seagate Properties, a Bay Area real estate investor. In 2002, Mr. Hood joined Carmel Partners as a Principal, primarily responsible for capital formation and investor relations, where he successfully helped launch and raise a \$215 million institutional real estate fund. Prior to his tenure at Carmel, Mr. Hood co-founded Rosenberg Hood Ventures ("RHV"), a San Francisco-based commercial real estate investment entity that acquired and developed over 750,000 square feet of San Francisco office/parking complexes.

From 1994 to 1997, Mr. Hood was a partner at Lone Star Opportunity Fund, where he helped in the company's fundraising, acquisition, financing, and asset management, of over \$1 billion in real estate assets. Mr. Hood was also a member of Lone Star's predecessor company, Brazos Fund; a Robert M. Bass sponsored investment entity that, together with its related entities, acquired over \$3 billion in real estate assets. From 1985 to 1992, Mr. Hood worked as a Partner at several real estate development companies including Trammell Crow, Hillman Properties and Barker Interests. A Trustee of Sunny Hills Children's Garden and Marin Primary & Middle School, David also serves on the Advisory Committee of the City of Hope and Omega Boys Club. Mr. Hood holds a BA from Stanford University and an MBA from Harvard Business School.

Verna Kuo is Managing Director, Real Assets. Ms. Kuo is jointly responsible for operations, staffing, and acquisitions, as well as directing and arranging investment capital for all investment activities in the Sterling Stamos Real Asset Fund. Prior to joining Sterling Stamos, Ms. Kuo co-managed the \$2-3 billion global real estate and natural resources portfolio for Stanford University's endowment at the Stanford Management Company. At Stanford, Ms. Kuo developed and executed an asset class strategic plan and sourced, underwrote, and managed Stanford's investments in all sectors of real estate and natural resources, including public REITS, direct real estate assets, commingled funds, and direct oil and gas assets.

Ms. Kuo has served on multiple fund advisory boards and is an active member of the Pension Real Estate Association ("PREA") and the Urban Land Institute ("ULI"). She was the 2002 Annual PREA Conference Co-Chair and the 2004 and 2005 NMS Real Assets Roundtable Co-Chair. Prior to working for Stanford, Ms. Kuo was actively involved in international and domestic politics and nonprofit management. In particular, she worked for the National Democratic Institute in Nepal, the Clinton-Gore

*Sterling Stamos Employee Biographies*  
(As of December 8, 2005)

campaign, and as a founding program officer at the United States Corporation for National Service. Ms. Kuo holds a BA and an MBA from Stanford University.

*Catherine Lee is the Director, Private Equity at Sterling Stamos. Ms. Lee has seven years of private equity experience, during which she was a Principal at Stadium Capital Management, private equity and small-cap investment fund. She has also held positions at Bain & Company, Delta Air Lines, and Booz Allen & Hamilton.*

Ms. Lee earned her MBA at Harvard Graduate School of Business and her BS and MS in Civil Engineering at the University of Kansas and MIT, respectively. She serves on the board of Big Brothers Big Sisters San Francisco.

*Joanna Strober is a Director of Private Equity Fund at Sterling Stamos. Before joining Sterling Stamos, Ms. Strober was Managing Director at Pacific Community Ventures, a \$30 million small-market buyout and growth capital fund. Prior to Pacific Community Ventures, she was Managing Director at Symphony Technology Group, \$100 million growth capital fund that had an emphasis on software and software services. She was also previously a Partner at Bessemer Venture Partners, where she led Bessemer's Software and Internet Group on the West Coast.*

Ms. Strober earned her BA in Political Science from University of Pennsylvania, where she graduated *Phi Beta Kappa*, and her JD from the University of California at Los Angeles.

*Rohit Kumar is the Manager, Risk Management. He is responsible for portfolio risk management and due diligence efforts for all the Sterling Stamos funds. His previous experience includes the Analytical Fixed Income Division of Citigroup, distressed debt research with Professor Edward I. Altman at the Salomon Center at New York University, distressed debt restructuring in India, and business development and operations management in the IT consulting industry in California.*

Mr. Kumar received his MBA from New York University Stern School of Business. He also received a degree in Management from Xavier Institute of Management and his undergraduate degree from the Institute of Technology, Banaras Hindu University.

*John Lee is the Manager, Capital Preservation Funds at Sterling Stamos. Before joining Sterling Stamos, Mr. Lee was a Department Head at Visa USA, leading strategy and operations for their Authentication and Authorizations Technology Services group. He also spent six years at Charles Schwab, managing a team in the company's Electronic Brokerage Technology Enterprise. His experience also includes stints at several Silicon Valley startup ventures, including Guru.com. Mr. Lee received his BA from Stanford University.*

Sterling Stamos Employee Biographies  
(As of December 8, 2005)

**Cathy Tse** is the Manager, Capital Appreciation Funds, at Sterling Stamos. She is responsible for the day-to-day management of the team, as well as having portfolio management responsibilities. Prior to working with Sterling Stamos, she spent nearly five years as a trader in the International Equities Division for Merrill Lynch in New York. Her previous experience includes positions with the Equity Derivatives Controllers Group at Goldman Sachs and the Financial Institutions Group at Arthur Andersen.

Ms. Tse received her MBA from The Wharton School. She received her undergraduate degree in Business from New York University.

**Deanna Ho** is the Manager, Real Assets and Private Equity, with the Investment Team responsible for research and analysis for the Real Assets, Private Equity, and Capital Preservation funds. Her previous positions include Senior Manager at Deloitte & Touche LLP, as part of the restructuring group, and Vice President at J.P. Morgan Securities Inc., where she worked in various areas, including early stage private equity investing, private equity capital raising, and equity capital markets. Before J.P. Morgan, Ms. Ho worked in the Telecom, Media & Technology Investment Banking Group at Merrill Lynch where she focused primarily on equity transactions. She began her career with Chemical Bank, where she completed the credit training program. She holds a BS degree from Cornell University.

**Angella Rainford** is a Senior Associate with the Investment Team, responsible for conducting manager due diligence interviews and portfolio monitoring. Before joining Sterling Stamos, Ms. Rainford worked in the Financial Institutions and Media/Entertainment practices at McKinsey & Company in its New York and Atlanta offices. She also worked in the Public Finance Department at Salomon Smith Barney.

Ms. Rainford graduated from Harvard University, *magna cum laude*, with degrees in Politics and Biochemical Sciences. She received her MPhil from the University of Cambridge in England in Economics for Developing Countries.

**Courtney Kramer** is a Senior Associate in the Investments Group at Sterling Stamos. Prior to working with Sterling Stamos, she worked at Ortelius Capital Partners, a long/short equity and event driven New York based hedge fund of funds. Previous work experience includes two years in the investment banking division at Rothschild & Co. in London covering financial institutions. She was also an investment banking analyst in the global industries group at Merrill Lynch in New York. Ms. Kramer received her MBA from The Wharton School and her BA in Psychology from Yale University.

**Saleemah H. Ahmed** is a Senior Associate in the Investments Group at Sterling Stamos. She has more than six years of corporate transactional experience, including public and

Sterling Stamos Employee Biographies  
(As of December 8, 2005)

private mergers and acquisitions, joint ventures, secured lending, as well as Leveraged Buyouts and turnarounds. Ms. Ahmed's prior work experience includes positions at American Express Bank Ltd., Morrison Cohen LLP, Shearman & Sterling, in addition to time spent as a business manager with the Columbia University Translating and Tutoring Agency (CUTTA). Ms. Ahmed received a joint J.D./M.B.A. with concentration in Finance from Columbia University School of Law and Business. She graduated with honors and Phi Beta Kappa from the University of California, San Diego with a B.A. in Economics.

Ashok Raju is an Associate with the Investment Team, focusing primarily on the Opportunity Fund along with related research and analysis. Prior to joining Sterling Stamos, Mr. Raju worked in equity capital markets, specifically in convertible and equity derivative origination, as well as equity research, at Deutsche Bank Securities in New York. Mr. Raju graduated from the University of Notre Dame with a BA in Pre-Professional Studies and History

Michelle Ruvolo is an Analyst with the Investment Team, focused on risk management, specifically researching the risk parameters of the firm's investments and designing, executing, and tracking hedge overlay strategies. She was previously in the Assistant Trader Program working in equity options at Susquehanna International Group.

Ms. Ruvolo earned a BA from Stanford University with Honors in Comparative Literature with a minor in Mathematics. She earned her MA in Humanities with focus in Philosophy from the University of Chicago.

# 1. DUE DILIGENCE QUESTIONNAIRE



CONFIDENTIAL

SSMT01855468  
SSMSAA1855468

## DUE DILIGENCE QUESTIONNAIRE

- I. Firm Background
- II. Investment Strategy
- III. Legal & Regulatory
- IV. Operations & Client Service



I. Firm Background																			
1. Name and address of the Firm.	<p>Sterling Stamos            575 Fifth Avenue, 40<sup>th</sup> Floor            New York, NY 10017            Tel: (212) 485-4370            Fax: (212) 485-4371            Contact: Scott Whitcher, Investor Relations</p>																		
2. What year was the firm founded?	The firm was founded in July 2002 and officially opened to outside investors in October 2002.																		
3. Who are the key principals, their year of affiliation, and responsibilities?	<table border="1"> <thead> <tr> <th>Name</th> <th>Year</th> <th>Responsibilities</th> </tr> </thead> <tbody> <tr> <td>Peter S. Stamos</td> <td>2002</td> <td>General Partner, Chairman &amp; CEO</td> </tr> <tr> <td>Ashok Chachra</td> <td>2002</td> <td>Partner, Senior Portfolio Manager</td> </tr> <tr> <td>Ellen Horing</td> <td>2002</td> <td>Partner, Portfolio Manager</td> </tr> <tr> <td>Saul B. Katz</td> <td>2002</td> <td>General Partner, Portfolio &amp; Business Advisor</td> </tr> <tr> <td>David Katz</td> <td>2002</td> <td>General Partner, Portfolio &amp; Business Advisor</td> </tr> </tbody> </table>	Name	Year	Responsibilities	Peter S. Stamos	2002	General Partner, Chairman & CEO	Ashok Chachra	2002	Partner, Senior Portfolio Manager	Ellen Horing	2002	Partner, Portfolio Manager	Saul B. Katz	2002	General Partner, Portfolio & Business Advisor	David Katz	2002	General Partner, Portfolio & Business Advisor
Name	Year	Responsibilities																	
Peter S. Stamos	2002	General Partner, Chairman & CEO																	
Ashok Chachra	2002	Partner, Senior Portfolio Manager																	
Ellen Horing	2002	Partner, Portfolio Manager																	
Saul B. Katz	2002	General Partner, Portfolio & Business Advisor																	
David Katz	2002	General Partner, Portfolio & Business Advisor																	
4. Describe the ownership structure of the firm.	<table border="1"> <thead> <tr> <th>Ownership Structure</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Sterling Partners</td> <td>50%</td> </tr> <tr> <td>Stamos Partners</td> <td>50%</td> </tr> </tbody> </table>	Ownership Structure	Ownership %	Sterling Partners	50%	Stamos Partners	50%												
Ownership Structure	Ownership %																		
Sterling Partners	50%																		
Stamos Partners	50%																		
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 Fund.																		
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.	<table border="1"> <thead> <tr> <th>Total # of Employees</th> <th></th> </tr> </thead> <tbody> <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		Portfolio Managers	3	Research Analysts	5	Operations	11	Other	4								
Total # of Employees																			
Portfolio Managers	3																		
Research Analysts	5																		
Operations	11																		
Other	4																		
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>Office Type</th> <th>Location</th> <th>Employees</th> </tr> </thead> <tbody> <tr> <td>Principal</td> <td>New York, NY</td> <td>19</td> </tr> <tr> <td>Branch</td> <td>Menlo Park, CA</td> <td>4</td> </tr> </tbody> </table>	Office Type	Location	Employees	Principal	New York, NY	19	Branch	Menlo Park, CA	4									
Office Type	Location	Employees																	
Principal	New York, NY	19																	
Branch	Menlo Park, CA	4																	
8. What are the other areas of business that Sterling Equities is involved with?	<table border="1"> <tbody> <tr> <td>Sterling Equities</td> <td>Real Estate Development</td> </tr> <tr> <td>Sterling American Properties</td> <td>Real Estate Funds</td> </tr> <tr> <td>American Securities Capital Partners</td> <td>Private Equity Funds</td> </tr> <tr> <td>New York Mets and Brooklyn Cyclones</td> <td>Sports and Entertainment</td> </tr> </tbody> </table>	Sterling Equities	Real Estate Development	Sterling American Properties	Real Estate Funds	American Securities Capital Partners	Private Equity Funds	New York Mets and Brooklyn Cyclones	Sports and Entertainment										
Sterling Equities	Real Estate Development																		
Sterling American Properties	Real Estate Funds																		
American Securities Capital Partners	Private Equity Funds																		
New York Mets and Brooklyn Cyclones	Sports and Entertainment																		

II. Investment Strategy						
1.	<p><b>What benchmark is appropriate for the Fund and why?</b></p>	<p>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 maybe true that no ideal "benchmark" exists. However, one possible benchmark may be the Fund 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.</p> <p>For those investors that view the Fund as an alternative, or complement, to fixed income, the Lehman Brothers Aggregate Bond Index may also be an appropriate benchmark.</p>				
2.	<p><b>Please describe your risk and reward objectives?</b></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Target Return</td> <td style="padding: 2px; text-align: right;">8% - 10%</td> </tr> <tr> <td style="padding: 2px;">Target Standard Deviation</td> <td style="padding: 2px; text-align: right;">2% - 4%</td> </tr> </table>	Target Return	8% - 10%	Target Standard Deviation	2% - 4%
Target Return	8% - 10%					
Target Standard Deviation	2% - 4%					
3.	<p><b>How does the Fund differentiate itself from others in the strategy?</b></p>	<p>The Fund seeks to differentiate itself from other fund of funds via the following:</p> <p><u>Meaningful Access</u></p> <p>The Wilpon and Katz families have been active hedge fund investors for 20 years. Sterling Stamos leverages these existing relationships to selectively access and secure capacity with hedge funds that are often otherwise closed to new capital. In terms of direct value added, Dr. Peter Stamos, the CEO of Sterling Stamos, offers macroeconomic insights to underlying hedge fund managers, the sharing of which further enhances the ability of Sterling Stamos to access exclusive hedge funds.</p> <p><u>Internal Due Diligence Network</u></p> <p>Sterling Stamos leverages the business expertise of its fifty percent partner, Sterling Equities. Founded over 30 years ago by the Wilpon and Katz families, Sterling Equities has developed deep expertise in hedge funds, private equity, and real estate. In addition to providing a perspective that only experience can generate, the Wilpon and Katz networks also provide unique proprietary sourcing and due diligence capabilities.</p> <p><u>Unique Macro Perspective</u></p> <p>The CEO Dr. Peter Stamos, an Oxford-trained economist, serves in various board and advisory roles to elite academic, political, and philanthropic institutions. These forums and the access they provide enable Dr. Stamos to engage in conversations with many of the most progressive and influential thinkers of our time on macro- and micro-economic issues that effect the investments industry. Dr. Stamos' informed macro view is integrated into the</p>				

		<p>construction and active management of the Fund.</p> <p><b>Alignment of Interests</b> The General Partners intend to maintain fund investments of approximately 25% of the total firm assets under management.</p> <p><b>Opportunistic</b> The deep, liquid resources of the GP, combined with the commitment of the GP, creates the unique ability to both take advantage of unforeseen opportunities that arise as well as to provide greater portfolio flexibility through rebalancing.</p> <p><b>Equal Treatment</b> All LPs are treated the same. No LP benefits from any preferential terms (i.e. fees and liquidity).</p> <p><b>Stability of Assets</b> The large commitment of the GP, coupled with the GP's strong relationships with its LPs creates a stable asset environment.</p> <p><b>Higher Level of Transparency</b> Sterling Stamos has trust-based relationships with its LPs, and as such, openly shares all appropriate underlying hedge fund manager information with its LPs.</p>										
4.	How are asset allocation decisions made?	<table border="0"> <tr> <td data-bbox="784 972 950 1052">1 Macro Economic Analysis</td> <td data-bbox="966 972 1292 1073">Identify key macroeconomic trends based upon fundamental analysis, technical analysis, and liquidity trends.</td> </tr> <tr> <td data-bbox="784 1087 950 1142">2 Sector Analysis</td> <td data-bbox="966 1087 1292 1188">Determine portfolio concentrations to specific hedge fund strategies based on macroeconomic opportunity set and risk analysis.</td> </tr> <tr> <td data-bbox="784 1203 950 1234">3 Sourcing</td> <td data-bbox="966 1203 1292 1304">Identify "best-in-class" fund managers and gain access and capacity with "closed" fund managers.</td> </tr> <tr> <td data-bbox="784 1318 950 1373">4 Risk/Portfolio Management</td> <td data-bbox="966 1318 1292 1373">Assess portfolio exposure limits by sector, strategy, and fund manager.</td> </tr> <tr> <td data-bbox="784 1388 950 1442">5 Investment Allocation</td> <td data-bbox="966 1388 1292 1514">Finalize allocation to each strategy, allocate by sub-strategy, and then by 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, allocate by sub-strategy, and then by manager. All allocation decisions are made by consensus, with Peter Stamos as the final decision maker.
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, allocate by sub-strategy, and then by 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 3 portfolio managers and 5 research analysts 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?	<table border="0"> <tr> <td data-bbox="784 1747 950 1778">1 Sourcing</td> <td data-bbox="966 1747 1292 1778">The following resources are used to</td> </tr> </table>	1 Sourcing	The following resources are used to								
1 Sourcing	The following resources are used to											

		gather information in the due diligence process: personal and firm networks, current investors, existing managers, industry publications and events, investment bank prime brokerage contacts, private databases, and public databases.
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, and risk management procedures.
4	Operational/ Business Due Diligence	Significant emphasis is placed on operational due diligence, which includes infrastructure quality, risk management protocol, compensation structure, appropriate amount of assets under management, 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 performance from fund managers is 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 the Fund?	In order for managers to be considered, they must provide the following information: identification on a monthly basis of top five 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 the Fund?	There is no specific minimum track record for a manager to be considered. 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 the Fund's strategy, including a market description of conditions that would be considered advantageous/disadvantageous for this strategy.	The Fund's strategy performs well in markets that are trending within a range, either up or down, with historical movements in volatility. Markets that are flat or excessively volatile are not advantageous for the Fund. 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 sub-advisors does the Fund invest in?	On average, the Fund invests in approximately 30 different managers.
15.	Does the Fund avoid any sectors and/or strategies?	The Fund generally avoids Commodity Trading Advisors (CTAs) and pure short sellers. In addition, the Fund limits its exposure to mortgage backed arbitrage funds, and sector-based long/short equity funds in binary outcome industries (e.g. biotech and technology). The view of the firm is that generally, the volatility of these strategies is too high, and thus not appropriate for investment in the Fund.
16.	What has the turnover been of managers in the Fund over the previous 5 years?	The approximate turnover in managers in the portfolio has been 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 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 Fund 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 Fund 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 rated 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

		<p>portfolio were two of the best performing managers in the portfolio for the year.</p>
19.	<p>Please provide an example of what you consider to be one of your weaker investment decisions and how the investment was exited.</p>	<p>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 remaining capital.</p>
20.	<p>How do you identify and quantify risk?</p>	<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 using a broad set of risk management tools as part of the ongoing monitoring process. A sample of the quantitative elements of risk management utilized by the investment team are described below:</p> <p><b>Portfolio Optimization:</b> A modified mean-variance optimization framework by strategy and Portfolio Manager utilizing historical monthly performance data.</p> <p><b>Time Series Analysis:</b> 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.</p> <p><b>Portfolio Value-at-Risk:</b> 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.</p> <p><b>Stress / Scenario Testing:</b> 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.</p> <p><b>Style Analysis:</b> 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</p>

		performance at different points in time.										
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 the Fund's use of leverage?	Not applicable.										
25.	What are the Fund's concentration limitations?	<table border="1"> <thead> <tr> <th>Concentration</th> <th>Limitations</th> </tr> </thead> <tbody> <tr> <td>Single Manager Allocation</td> <td>10%</td> </tr> <tr> <td>Strategy Allocation</td> <td>20%</td> </tr> <tr> <td>Sector Allocation</td> <td>Not applicable</td> </tr> <tr> <td>Net Market Exposure</td> <td>Range: (10%) - 40%</td> </tr> </tbody> </table>	Concentration	Limitations	Single Manager Allocation	10%	Strategy Allocation	20%	Sector Allocation	Not applicable	Net Market Exposure	Range: (10%) - 40%
Concentration	Limitations											
Single Manager Allocation	10%											
Strategy Allocation	20%											
Sector Allocation	Not applicable											
Net Market Exposure	Range: (10%) - 40%											
26.	Discuss diversification of sub-advisors?	Diversification is a key component in the portfolio construction process. The Fund 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.										

III 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 year 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	Neither Sterling Stamos nor its employees have been involved with litigation, complaints, arbitrage, regulatory action, or disputes in the past 5 years.

	parties are still employed by your firm or not. Include the nature of the action and its outcome if resolved.	
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 a small fund-of-funds 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 commenced involving the General Partner, individual General Partners, or any affiliates.	No.
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 as 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.



IV. Operations and Client Services													
1. Who acts as the custodian for the Fund's 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 the actual securities.												
2. Does the Fund have an administrator? If so, who?	RK Consulting, LLC, a Delaware limited liability company, serves as the Fund's administrator under the overall direction of the General Partner. As Administrator, RK Consulting, LLC performs certain administrative tasks on behalf of the Fund, including (i) accounting, (ii) maintenance of the Fund'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 Fund and each limited partner on a monthly basis.												
4. 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?	The Fund 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.												
5. Please describe your disaster recovery plan.	The disaster recovery plan is designed to sustain and recover highly critical books and records of the Fund. All books and records of the Fund are held at the principal place of business in New York, as well as with the Fund'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.												
6. Do you provide clients with:	<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>Will be available by 2005</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	Will be available by 2005
Monthly performance statements	Yes												
Monthly commentaries	No												
Quarterly letters	Yes												
Quarterly conference calls	No												
Annual partners meeting	Yes												
Access to information by website	Will be available by 2005												



Manager List Assets

1	A	B	C	D	E	F	G	H
2		Sterling Stamos						
3		Security Fund, L.P.						
4								
5								
6								
7						SP Security Fund	Assets	
8		Strategy/ Sub-Strategy	Portfolio Manager	Portfolio Manager Status	Inception Date	Allocation (\$ in Millions)	Under Mgmt (\$ in Millions)	Annualized Return <sup>1</sup>
9								
10								
11								
12		Market Neutral						
13		Options Arb	Manager A	Closed	1993		1,000	
14		Convertible Arb	Manager A	Open	1988		1,350	
15		Convertible Arb	Manager B	Closed	1992		1,800	
16		Asset Backed	Manager A	Closed	1996		300	
17		Asset Backed	Manager B	Limited	1997		350	
18		Asset Backed	Manager C	Open	2001		100	
19		Asset Backed	Manager D	Closed	2002		1,200	
20		Fixed Income Arb	Manager A	Closed	1999		100	
21		Fixed Income Arb	Manager B	Open	2001		500	
22		Fixed Income Arb	Manager C	Open	1999		58	
23		MBS Arb	Manager A	Open	1998		1,000	
24		Stal Arb	Manager A	Closed	2001		4,500	
25		Multi-Strategy	Manager A	Open	1993		1,500	
26		Multi-Strategy	Manager B	Limited	2002		350	
27		Multi-Strategy	Manager C	Open	1994		3,200	
28		Multi-Strategy	Manager D	Closed	2003		350	
29		Multi-Strategy	Manager E	Open	1997		300	
30		Cap Struct Arb	Manager A	Limited	2002		50	
31		Event Driven						
32		Distressed	Manager A	Limited	1993		500	
33		Distressed	Manager B	Closed	1999		4,000	
34		Distressed	Manager C	Open	1999		142	
35		L/S Credit	Manager A	Closed	2002		600	
36		Merger Arb	Manager A	Open	1995		325	
37		Event	Manager A	Open	2000		120	
38		Event	Manager B	Open	2001		650	
39		Event	Manager C	Closed	1988		6,200	
40		Equity Hedged						
41		L/S Generalist	Manager A	Closed	1993		200	
42		L/S Value	Manager A	Closed	1999		2,500	
43		L/S Mult	Manager A	Limited	2002		200	
44		L/S Mult	Manager B	Limited	2003		675	
45		Global						
46		Emerging Markets	Manager A	Closed	1993		900	
47		Macro	Manager A	Limited	2001		260	
48		Cash						
49		Liquidity	Manager A	Open	2004		675	
50		Total						
51		Total Fund Assets						
52		Notes						
53		1. Since each individual Portfolio Manager's inception date through June 2004						
54								
55								

Manager List Assets

	I	J
1		
2		(AutoDate)
3		
4		
5		
6		
7		
8	Standard	Sharpe
9	Deviation	Ratio
10		
11		
12		
13	3.1%	2.8
14	5.5%	1.0
15	4.1%	3.8
16	2.4%	2.6
17	1.9%	4.3
18	4.4%	2.5
19	0.9%	9.7
20	3.5%	3.2
21	2.0%	1.7
22	2.2%	3.3
23	9.5%	0.8
24	6.8%	1.8
25	2.8%	1.7
26	5.4%	1.9
27	6.7%	1.9
28	3.4%	-0.3
29	11.4%	1.1
30	8.1%	2.2
31		
32	5.4%	0.9
33	4.6%	1.7
34	6.7%	1.6
35	7.2%	1.9
36	3.5%	0.9
37	9.8%	1.5
38	6.8%	2.2
39	6.8%	1.9
40		
41	13.5%	0.4
42	9.3%	1.1
43	3.9%	2.2
44	2.1%	1.9
45		
46	14.1%	0.5
47	8.8%	0.5
48		
49	0.6%	2.0
50		
51		
52		
53		
54		
55		

## 2. INVESTMENT PERFORMANCE



CONFIDENTIAL

SSMT01855481  
SSMSAA1855481

# Security Fund – Historical and Pro Forma Performance

**SECURITY FUND MONTHLY PERFORMANCE <sup>1</sup>**  
**(Net of All Fees & Expenses)**  
*Unaudited net returns*

	1998	1999	2000	2001	2002	2003	2004
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
YTD							

**CONFIDENTIAL**

Source: Sterling Stamos analysis.

1. Monthly performance prior to October 2002 is generated using pro forma data based on the October 2004 portfolio allocation. Pro forma monthly performance is net of all underlying manager fees and estimated Sterling Stamos fees. Allocations to managers with inception dates subsequent to 1998 are distributed proportionally to existing fund managers.
2. October 2002 marks the official offering to the public.

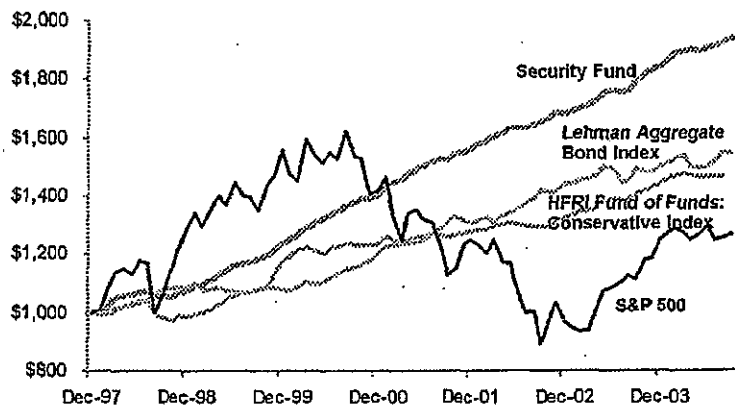


SECURITY FUND | 0

CONFIDENTIAL

SSMT01855482  
 SSMSAA1855482

# Security Fund – Historical and Pro Forma Performance



## Pro Forma Statistics

Average Monthly Return

Average Annualized Return

Monthly Standard Deviation

Annualized Standard Deviation

Sharp Ratio

0  
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100



SECURITY FUND | 1

CONFIDENTIAL

SSMT01855483  
SSMSAA1855483

	A	B	C	D	E	F	G	H	I
1	Sterling Sarnos								
2	Security Fund, LP								
3									
4	Strategy / Sub-Strategy Allocations Since Inception								
5									
6									
7									
8	Strategy / Sub-Strategy	Oct-02	Jan-03	Apr-03	Jul-03	Oct-03	Jan-04	April-04	Jul-04
9									
10									
11	Market Neutral Total								
12	Options Arbitrage								
13	Convertible Arbitrage								
14	Asset Backed								
15	Equity Market Neutral								
16	Mortgage Backed								
17	Fixed Income Arbitrage								
18	Stat Arbitrage								
19	Multi-Strategy								
20	Currency								
21	Capital Structure Arbitrage								
22									
23	Event Driven								
24									
25	Equity Hedged								
26									
27	Global Macro								
28									
29	Cash								
30									
31	Total								
32									

CONFIDENTIAL

Security Fund

1	A	B	C
2	<b>SP CAPITAL SECURITY FUND ATTRIBUTION ANALYSIS BY MANAGER - JULY 2004 GROSS PERFORMANCE</b>		
3			
4			<b>FUND MANAGER</b>
5			
6	<b>MARKET NEUTRAL</b>		Manager # 1
7			Manager # 2
8			Manager # 3
9			Manager # 4
10			Manager # 5
11			Manager # 6
12			Manager # 7
13			Manager # 8
14			Manager # 9
15			Manager # 10
16			Manager # 11
17			Manager # 12
18			Manager # 13
19			Manager # 14
20			Manager # 15
21			Manager # 16
22			Manager # 17
23			Manager # 18
24			
25			
26	<b>EVENT DRIVEN</b>		Manager # 19
27			Manager # 20
28			Manager # 21
29			Manager # 22
30			Manager # 23
31			Manager # 24
32			Manager # 25
33			Manager # 26
34			
35			
36	<b>EQUITY HEDGED</b>		Manager # 27
37			Manager # 28
38			
39			Manager # 30
40			Manager # 31
41			Manager # 32



Security Fund

	D	E	F	G	H	I	J	K	L	M
1										
2										
3										
4	SHARE OF FUND	SHARE OF RETURN	STRATEGY	MONTHLY RETURN	MONTHLY ATTRIBUTION					
5										
6			Options Arb							
7			Convert Arb							
8			Asset Backed							
9			Convert Arb							
10			Asset Backed							
11			FI Arb							
12			MBS Arb							
13			FI Arb							
14			Equity Stat Arb							
15			FI Arb							
16			Multi-strategy							
17			Equity MN							
18			Multi-strategy							
19			Cap Structure Arb							
20			Asset Backed							
21			Multi-strategy							
22			FI Arb							
23			Multi-strategy							
24										
25										
26			Distressed							
27			High Grade Spreads							
28			Distressed/Merger							
29			Merger Arb							
30			Event							
31			US Distressed							
32			Event							
33			Event							
34										
35										
36			US Equity							
37			L Equity							
38			US Equity							
39			US Equity							
40			US Equity							
41			Multi-strategy							

CONFIDENTIAL

Security Fund

	A	B	C
42			
43			
44	GLOBAL		Manager # 33
45			Manager # 34
46			
47			
48			
49			Cash
50			Manager # 35
51			
52			
53			
54			
55	SP CAPITAL SECURITY FUND ATTRIBUTION ANALYSIS BY STRATEGY - JULY 2004 GROSS PERFORMANCE		
56			
57			FUND MANAGER
58			
59			Options Arb
60			Convert Arb
61			Asset Backed
62			Equity MN
63			MBS Arb
64			FI Arb
65			Equity Stat Arb
66			Multi-strategy
67			Cap Structure Arb
68			
69			Distressed
70			L/S Credit
71			Merger Arb
72			Event
73			
74			L/S Equity
75			
76			Macro
77			Cash
78			
79			
80			
81			
82			
83			
84			



### 3. PORTFOLIO MANAGER DESCRIPTIONS



# SECURITY FUND OVERVIEW

December 2004  
*Confidential Presentation*



CONFIDENTIAL

SSMT01855490  
SSMSAA1855490

## Contents

- » Investment Objective
- » Portfolio Review
- » Allocation
- » Performance
- » Summary Statistics
- » Terms and Partners
- » Market Neutral Managers
- » Event Driven Managers
- » Equity Hedged Managers
- » Global Managers
- » Cash Managers

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 - 40<sup>th</sup> fl., New York, NY 10017, (212) 485-4370.



## **Investment Objective**

- » **As an alternative to fixed income, the Security Fund is a multi-manager portfolio of hedge funds that seeks to achieve the following objectives:**

Moderate absolute returns      8 - 10%

Low volatility                      2 - 4 %



# Security Fund – Portfolio Review

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	AUM	INVESTMENT CAPACITY	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO <sup>2</sup>
Market Neutral	Options Arb	A	Closed	1993	1,000 MM	50 MM			2.9
	Convert Arb	A	Open	1963	1,350 MM	Open			1.0
		B	Closed	1992	1,800 MM	25 MM			3.7
Asset Backed		A	Closed	1976	300 MM	10 MM			2.9
		B	Limited	1997	350 MM	25 MM			4.3
		C	Open	2001	100 MM	25 MM			2.6
		D	Open	2004	200 MM	Open			N/A
FI Arb		E	Closed	2002	1,200 MM	10 MM			10.6
		A	Closed	1999	100 MM	0 MM			2.8
		B	Open	2001	500 MM	Open			1.6
MBS Arb		C	Open	1999	58 MM	Open			3.1
		A	Open	1996	1,000 MM	Open			0.6
		A	Closed	2001	4,600 MM	50 MM			1.8
Multi-Strategy		A	Open	1993	1,500 MM	Open			1.6
		B	Open	1994	3,200 MM	Open			1.8
		C	Closed	1997	350 MM	25 MM			N/A
Equity M/N		D	Closed	1990	9,856 MM	Closed			2.8
		A	Open	1977	300 MM	Open			1.1
		A	Limited	2002	500 MM	50 MM			2.3

Source: Sterling Stamos analysis.





# Security Fund – Portfolio Review

STRATEGY	SUB-STRATEGY	FUND MANAGER	FUND STATUS	INCEPTION DATE	AUM	INVESTMENT CAPACITY	ANNUALIZED RETURN	STANDARD DEVIATION	SHARPE RATIO <sup>2</sup>
Event Driven	Distressed	A	Limited	1993	500 MM	50 MM			0.9
		B	Closed	1993	4,000 MM	10 MM			1.6
		C	Open	1999	142 MM	Open			1.6
		D	Open	2004	220 MM	Open			N/A
	L/S Credit	A	Closed	2012	600 MM	50 MM			2.1
		B	Closed	2004	3,700 MM	Closed			4.9
	Merger Arb	A	Open	1995	325 MM	Open			0.9
	Event	A	Open	2003	120 MM	Open			1.4
		B	Open	2001	650 MM	Open			2.0
		C	Closed	1998	6,200 MM	20 MM			1.9
Equity Hedged	L/S Generalist	A	Closed	1993	200 MM	5 MM			0.4
		B	Closed	1999	2,500 MM	0 MM			1.0
	L/S Multi	A	Limited	2002	200 MM	20 MM			2.2
		B	Limited	2005	146 MM	Limited			1.8
		C	Open	2004	16 MM	Open			N/A
Global	Emerging Mkts	A	Closed	1993	900 MM	20 MM			0.5
Cash	Cash	A	Limited	2004	38 MM	Limited			N/A
		B	N/A	N/A	N/A	N/A			N/A

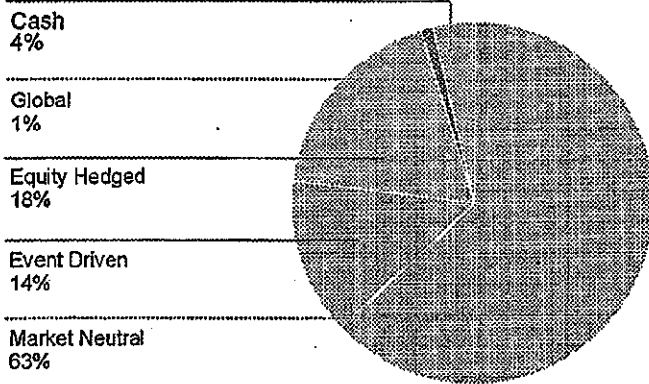
Source: Sterling Stamos analysis.

1. Performance to reflect change in investment team and strategy.
2. Sharpe ratio is based on 5% risk free rate.

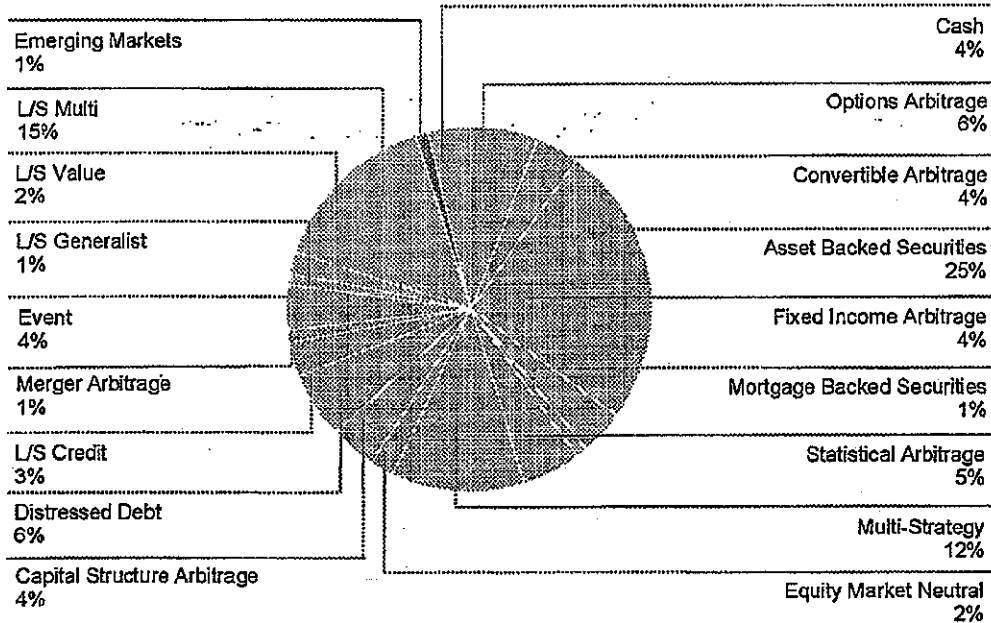


# Security Fund – Allocation

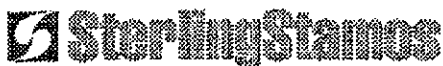
## STRATEGY ALLOCATION



## SUB STRATEGY ALLOCATION

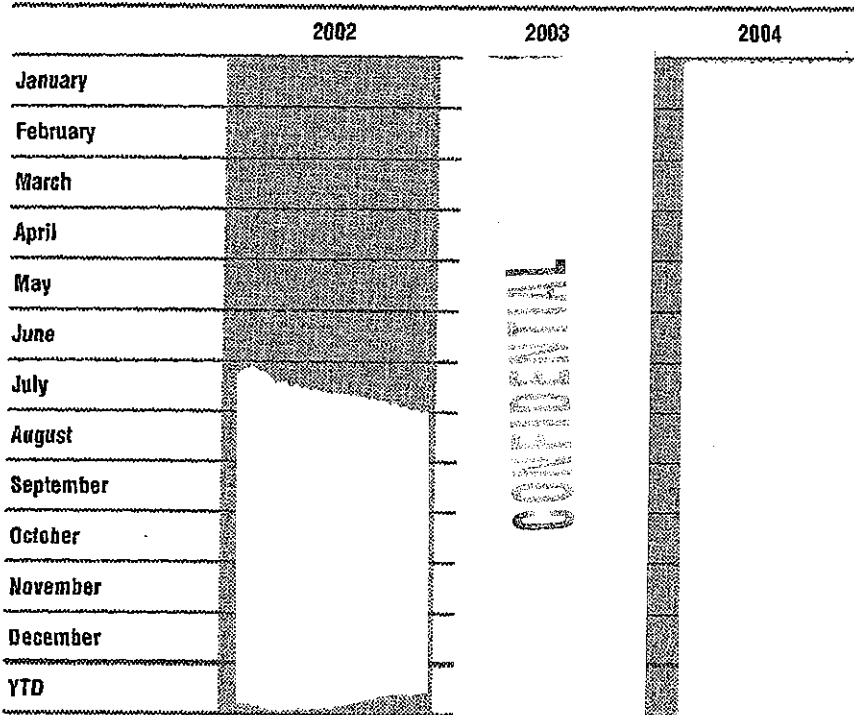


Source: Sterling Stamos analysis.



# Security Fund – Performance

## MONTHLY PERFORMANCE SINCE INCEPTION (Net of All Fees & Expenses) *Unaudited net returns*



Source: Sterling Stamos analysis.

1. October 2002 marks the official launch to the public.
2. Based on estimate as of 12/1/2004.



## Summary Statistics

### SUMMARY STATISTICS

Fund Inception	October 2002 <sup>1</sup>
Firm Assets Under Management	855 MM
Fund Assets Under Management	248 MM
Average Annualized Return	
Standard Deviation	1.8%
Sharpe Ratio	1.8 <sup>2</sup>
Number of Managers	35
Number of Positive Months	23
Number of Negative Months	3

CONFIDENTIAL

Source: Sterling Stamos analysis.

1. October 2002 marks the official launch to the public.
2. Sharpe ratio is based on 5% risk free rate.



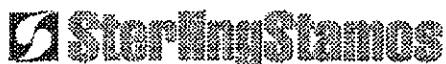
## Terms and Partners

### TERMS

<b>Legal Structure</b>	Domestic 3(c)(7) Limited Partnership
<b>Investor Eligibility</b>	Qualified Purchasers
<b>Minimum Investment</b>	US \$5,000,000
<b>Management Fee</b>	1% per annum
<b>Performance Fee</b>	5%
<b>Hurdle Rate</b>	5%
<b>High Water Mark</b>	Yes
<b>Lock-up</b>	1-Year
<b>Redemptions</b>	Quarterly
<b>Notice Period</b>	90 days prior written notice
<b>General Partner</b>	SSP Associates GP, LLC
<b>Management Company</b>	Sterling Stamos Capital Management, LP

### PARTNERS

<b>Legal Counsel</b>	Schulte Roth & Zabel LLP
<b>Fund Administrator</b>	RK Consulting, LLC
<b>Auditor</b>	Ernst & Young LLP



# Options Arbitrage Manager A

## INVESTMENT STRATEGY

## EXPERIENCE BACKGROUND

**CONFIDENTIAL**

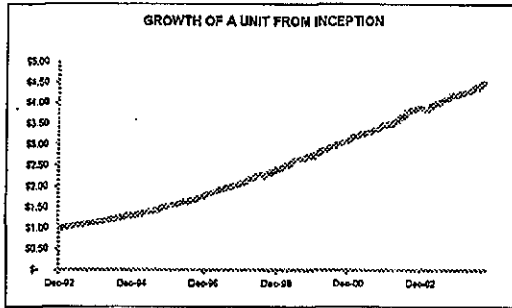
## FINANCIALS

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

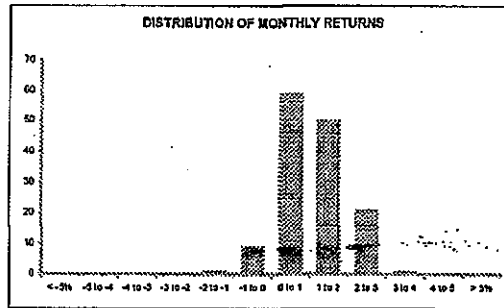
## MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.00%	2.54%	0.08%	4.40%	0.93%	1.37%	1.62%	0.37%	1.19%	0.03%	-0.22%	1.51%	6.96%
2003	-0.38%	2.24%	2.53%	0.51%	0.93%	1.17%	3.51%	2.51%	0.32%	0.83%	0.06%	0.07%	11.07%
2002	0.10%	1.90%	0.80%	1.00%	2.80%	1.10%	0.30%	0.30%	1.10%	0.00%	1.40%	0.00%	12.09%
2001	2.50%	0.10%	1.30%	1.50%	0.20%	0.40%	0.30%	1.10%	1.10%	0.00%	1.40%	0.00%	13.32%
2000	2.40%	0.30%	2.30%	0.30%	1.40%	1.10%	0.60%	1.70%	0.20%	0.10%	0.40%	0.80%	14.08%
1999	1.70%	0.20%	2.70%	0.10%	2.20%	2.30%	0.60%	0.50%	0.60%	1.10%	1.60%	0.60%	15.65%
1998	1.20%	1.90%	2.70%	0.40%	1.90%	1.50%	0.00%	1.40%	2.00%	2.40%	1.60%	0.00%	17.42%
1997	2.90%	1.30%	0.80%	1.70%	1.50%	1.60%	1.00%	0.50%	2.50%	0.40%	1.50%	0.20%	18.40%
1996	1.60%	0.70%	1.70%	0.70%	1.70%	0.10%	2.10%	0.90%	1.60%	1.60%	1.60%	0.10%	16.39%
1995	1.60%	0.60%	1.20%	1.30%	1.90%	0.60%	1.20%	0.00%	2.20%	1.90%	0.70%	1.10%	14.17%
1994	2.20%	0.80%	1.60%	1.50%	0.60%	0.50%	2.20%	0.60%	1.10%	2.10%	0.60%	0.10%	14.10%
1993	1.20%	2.00%	2.00%	0.40%	1.50%	1.90%	0.40%	1.70%	0.20%	2.60%	0.30%	0.90%	14.10%

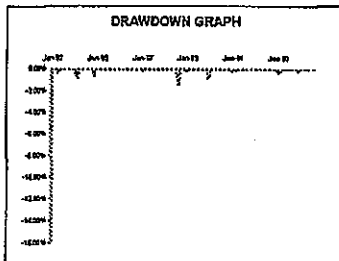
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



## PERFORMANCE

Annualized Average Geometric	13.65%
Rolling 12m Average	13.75%
Monthly Average Geometric	1.07%
Standard Deviation	3.04%
Average Positive Return Monthly	1.20%
Average Negative Return Monthly	-0.50%

## RISK METRICS

Largest Drawdown	-1.40%	# Positive Months	131
Longest Recovery Period		# Negative Months	10
Average of 5 Largest Drawdowns	-0.84%	% Positive Months	92.91%



MARKET NEUTRAL | 9

CONFIDENTIAL

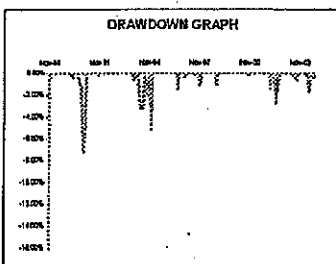
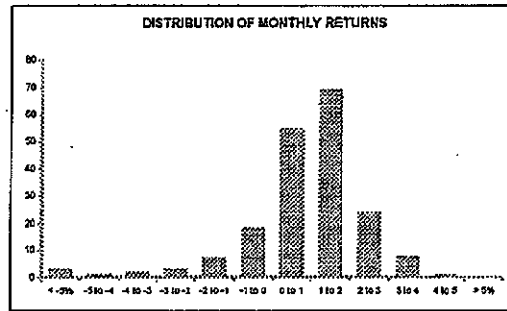
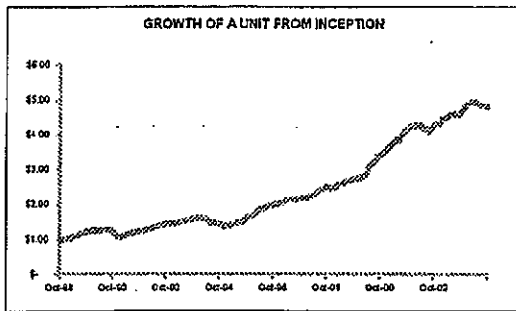
SSMT01855499  
SSMSAA1855499

# Convertible Arbitrage Manager A

CONFIDENTIAL

FUND TERMS			
Assets Under Management	\$1.35 Billion	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Annually
Fees	1% + 20%	Redemption Notice Period	60 Days

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.37%	0.1%	-0.30%	0.1%	-1.69%	-0.20%	-0.30%	2.16%	-0.32%	1.18%	1.05%	1.28%	-1.57%
2003	2.72%	0.34%	0.42%	0.1%	1.69%	-0.24%	0.70%	0.96%	2.16%	1.18%	1.05%	1.28%	12.73%
2002	1.53%	1.43%	0.12%	1.68%	-2.72%	1.50%	-1.75%	1.05%	2.46%	1.00%	0.53%	0.13%	2.43%
2001	3.45%	2.16%	2.13%	1.64%	1.15%	0.19%	2.63%	2.43%	1.21%	1.15%	1.72%	1.03%	20.47%
2000	1.47%	2.00%	1.20%	1.05%	3.90%	2.44%	2.75%	2.75%	2.33%	0.96%	1.46%	1.14%	27.53%
1999	1.03%	1.66%	1.80%	0.60%	1.25%	0.60%	1.50%	0.45%	0.96%	0.21%	0.39%	0.39%	11.04%
1998	0.96%	1.1%	2.57%	0.74%	1.35%	2.80%	1.52%	2.23%	1.17%	-0.03%	-0.95%	1.91%	13.50%
1997	1.36%	2.20%	1.48%	0.5%	0.30%	0.01%	-0.20%	0.66%	0.54%	1.56%	-1.17%	0.06%	8.13%
1996	0.96%	1.6%	3.81%	2.7%	0.89%	1.51%	-1.41%	3.07%	0.14%	1.36%	0.73%	0.31%	18.42%
1995	1.43%	0.85%	2.07%	1.64%	1.65%	2.03%	0.15%	1.14%	4.08%	3.47%	1.32%	1.7%	24.04%
1994	0.34%	0.98%	-1.07%	2.11%	-3.27%	1.14%	1.04%	0.6%	-2.03%	1.21%	-0.60%	1.27%	-14.77%
1993	0.24%	0.23%	1.12%	1.56%	1.51%	0.44%	1.09%	0.75%	1.19%	1.14%	1.07%	1.49%	9.91%
1992	1.68%	1.70%	1.94%	1.56%	1.45%	1.49%	0.95%	1.1%	1.00%	1.33%	0.68%	1.27%	16.09%
1991	0.07%	1.03%	3.56%	1.6%	1.93%	1.2%	0.61%	2.17%	1.03%	1.67%	1.37%	1.7%	19.14%
1990	0.27%	0.37%	-0.44%	1.1%	0.41%	0.7%	0.13%	0.1%	-1.21%	1.27%	-7.21%	0.23%	-15.22%
1989	0.30%	2.47%	2.94%	1.47%	3.65%	1.7%	1.65%	2.6%	1.64%	0.75%	1.47%	1.84%	24.05%
1988													0.87%



PERFORMANCE	
Annualized Average Geometric	10.36%
Rolling 12m Average	11.06%
Monthly Average Geometric	0.83%
Standard Deviation	5.48%
Average Positive Return Monthly	1.36%
Average Negative Return Monthly	-1.58%

RISK METRICS		
Largest Drawdown	-17.82% # Positive Months	157
Longest Recovery Period	14 # Negative Months	34
Average of 5 Largest Drawdowns	-8.44% % Positive Months	82.20%



MARKET NEUTRAL | 10

# Convertible Arbitrage Manager B

KEY STATISTICS

MANAGER BACKGROUND

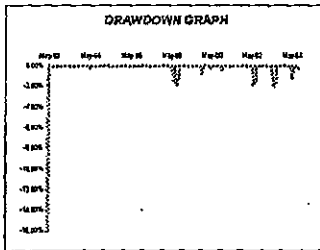
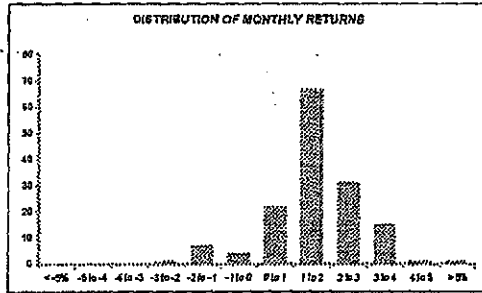
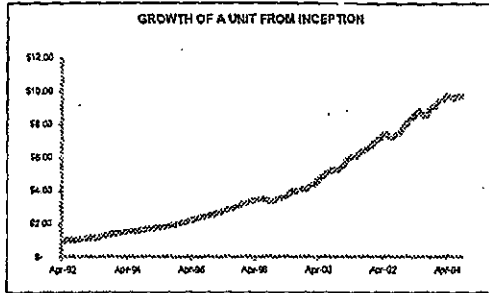
**CONFIDENTIAL**

**FUND TERMS**

Assets Under Management	\$1.8 Billion	Lockup	18 Months
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Quarterly
Fees	2% + 25%	Redemption Notice Period	60 Days

**MONTHLY PERFORMANCE**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.85%	2.2%	1.50%	0.47%	-1.20%	0.25%	0.97%	0.47%	-0.20%	0.25%	0.87%	0.25%	4.23%
2003	3.20%	1.95%	1.22%	2.41%	1.48%	-1.03%	-1.52%	0.25%	3.22%	1.04%	0.87%	0.25%	16.75%
2002	2.25%	1.71%	1.10%	2.03%	0.02%	1.84%	-1.63%	1.98%	2.18%	1.04%	3.24%	0.25%	15.55%
2001	5.50%	1.47%	1.81%	1.44%	0.78%	1.27%	1.97%	1.95%	2.08%	0.95%	1.60%	0.25%	29.17%
2000	3.02%	0.40%	3.52%	1.95%	2.61%	1.55%	2.14%	0.67%	2.03%	0.15%	0.50%	1.50%	27.08%
1999	2.00%	1.11%	1.38%	0.17%	3.05%	0.54%	1.21%	1.07%	1.50%	1.40%	-0.76%	2.00%	20.99%
1998	2.37%	1.04%	1.80%	1.14%	1.42%	0.74%	1.27%	1.31%	-1.72%	0.24%	1.70%	1.00%	7.68%
1997	2.02%	2.04%	1.33%	1.78%	2.24%	0.77%	3.08%	2.65%	1.52%	0.25%	0.53%	1.79%	25.47%
1996	2.54%	1.71%	2.31%	2.02%	3.18%	1.07%	1.50%	2.88%	1.20%	1.04%	1.36%	0.24%	24.42%
1995	1.01%	1.50%	1.70%	0.67%	1.12%	0.50%	2.07%	1.04%	1.68%	1.30%	1.44%	0.25%	22.24%
1994	0.93%	0.63%	1.41%	0.83%	1.17%	1.20%	1.32%	1.15%	2.09%	1.10%	2.08%	0.25%	16.43%
1993	2.78%	1.47%	0.97%	1.71%	2.18%	1.02%	3.23%	2.22%	2.00%	1.14%	1.67%	0.25%	29.32%
1992					0.83%	0.25%	1.34%	0.25%	1.96%	2.25%	2.46%	0.25%	12.38%



**PERFORMANCE**

Annualized Average Geometric	20.08%
Rolling 12m Average	20.98%
Monthly Average Geometric	1.54%
Standard Deviation	4.12%
Average Positive Return Monthly	1.79%
Average Negative Return Monthly	-1.27%

**RISK METRICS**

Largest Drawdown	-3.67%	# Positive Months	137
Longest Recovery Period		# Negative Months	12
Average of 5 Largest Drawdowns	-2.64%	% Positive Months	91.95%



MARKET NEUTRAL | 11

CONFIDENTIAL

SSMT01855501  
SSMSAA1855501



# Asset Backed Manager A

INVESTMENT STRATEGY

MANAGER BACKGROUND

CONFIDENTIAL

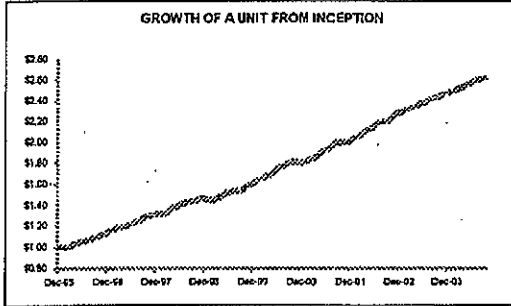
## FUND TERMS

Assets Under Management	\$300 Million	Lockup	3 Years
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	3 Years
Fees	1% + 20%	Redemption Notice Period	180 Days

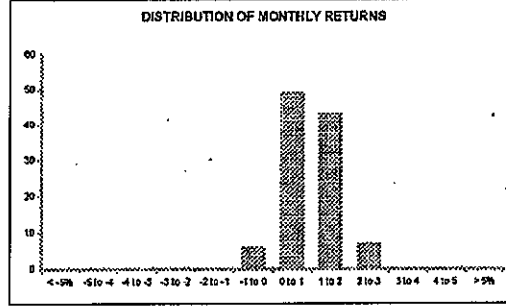
## MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.68%	0.60%	0.59%	0.32%	1.03%	0.83%	0.59%	0.02%	0.40%	0.02%	0.02%	0.57%	5.79%
2003	0.84%	1.25%	0.65%	0.40%	1.34%	0.19%	0.67%	1.11%	0.21%	0.82%	1.02%	0.57%	8.97%
2002	0.87%	0.98%	1.51%	0.24%	0.80%	1.00%	1.21%	0.24%	0.40%	1.81%	2.04%	0.31%	12.37%
2001	0.61%	1.08%	0.62%	1.10%	2.42%	1.22%	1.58%	1.47%	-0.04%	0.21%	0.06%	0.20%	12.36%
2000	1.34%	1.76%	1.35%	0.74%	2.25%	1.29%	1.12%	1.47%	0.73%	0.24%	0.12%	0.59%	11.79%
1999	-0.30%	0.31%	0.67%	2.04%	1.78%	0.33%	1.10%	0.00%	0.44%	0.89%	1.81%	1.21%	10.40%
1998	0.05%	0.63%	2.09%	0.99%	1.30%	1.11%	0.55%	0.35%	0.22%	1.24%	1.69%	1.10%	11.07%
1997	1.59%	1.67%	0.01%	1.40%	0.88%	1.42%	1.09%	0.85%	2.37%	0.31%	0.40%	0.59%	14.54%
1996	0.03%	0.40%	2.52%	0.50%	1.38%	0.41%	1.30%	0.32%	1.38%	0.81%	0.66%	0.55%	14.72%

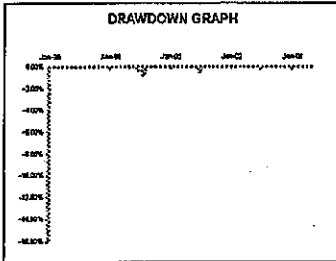
GROWTH OF A UNIT FROM INCEPTION



DISTRIBUTION OF MONTHLY RETURNS



DRAWDOWN GRAPH



## PERFORMANCE

Annualized Average Geometric	11.64%
Rolling 12m Average	11.86%
Monthly Average Geometric	0.92%
Standard Deviation	2.33%
Average Positive Return Monthly	1.01%
Average Negative Return Monthly	-0.42%

## RISK METRICS

Largest Drawdown	-1.55% # Positive Months	99
Longest Recovery Period	2 # Negative Months	6
Average of 5 Largest Drawdowns	-0.62% % Positive Months	94.29%



MARKET NEUTRAL | 12

CONFIDENTIAL

SSMT01855502  
SSMSAA1855502

# Asset Backed Manager B

INVESTMENT STRATEGY

MANAGER BACKGROUND

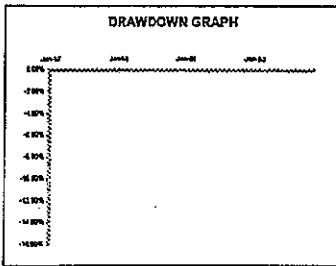
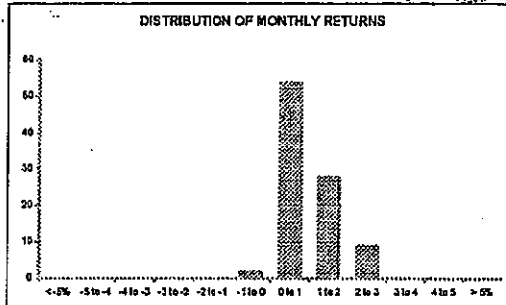
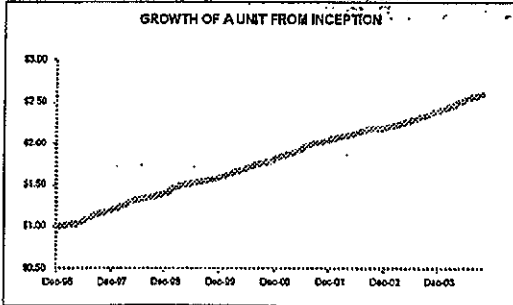
**CONFIDENTIAL**

**FUND TERMS**

Assets Under Management	\$350 Million	Lockup	1 Year
Fund Status	Limited	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Quarterly
Fees	1% + 20%	Redemption Notice Period	90 Days

**MONTHLY PERFORMANCE**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.06%	0.85%	0.53%	0.72%	0.85%	0.81%	0.85%	0.30%	0.60%				8.00%
2003	0.49%	0.67%	0.38%	0.55%	0.69%	0.56%	0.76%	1.06%	0.76%	0.97%	0.78%	0.69%	9.24%
2002	0.43%	1.41%	0.80%	0.51%	0.73%	0.97%	0.68%	0.67%	0.50%	0.06%	-0.08%	0.79%	6.69%
2001	1.04%	0.78%	0.89%	1.29%	1.35%	2.05%	1.21%	1.11%	-0.12%	0.71%	1.05%	0.27%	13.32%
2000	1.12%	1.36%	1.50%	0.77%	1.02%	1.24%	1.21%	0.94%	0.79%	0.50%	0.89%	0.0%	14.14%
1999	2.14%	2.45%	1.00%	1.89%	0.33%	0.67%	0.42%	0.96%	0.73%	0.88%	0.83%	0.0%	13.42%
1998	1.85%	2.11%	1.39%	2.21%	1.73%	1.01%	0.52%	0.67%	0.69%	0.6%	0.87%	0.4%	16.91%
1997	0.92%	0.55%	0.93%	0.92%	2.47%	0.2%	2.47%	2.41%	0.59%	0.2%	1.41%	0.2%	20.29%



**PERFORMANCE**

Annualized Average Geometric	13.10%
Rolling 12m Average	13.03%
Monthly Average Geometric	1.03%
Standard Deviation	1.91%
Average Positive Return Monthly	1.06%
Average Negative Return Monthly	-0.10%

**RISK METRICS**

Largest Drawdown	-0.12%	# Positive Months	91
Longest Recovery Period		# Negative Months	2
Average of 5 Largest Drawdowns	-0.10%	% Positive Months	97.85%



MARKET NEUTRAL | 13

CONFIDENTIAL

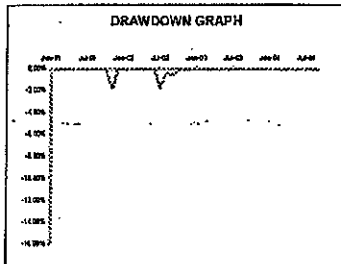
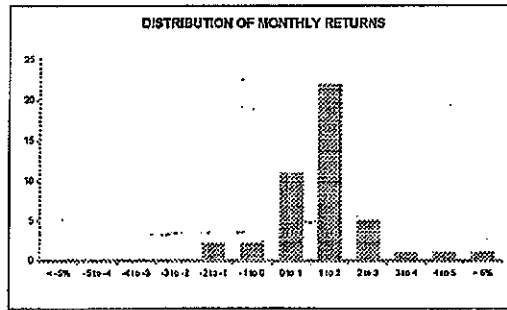
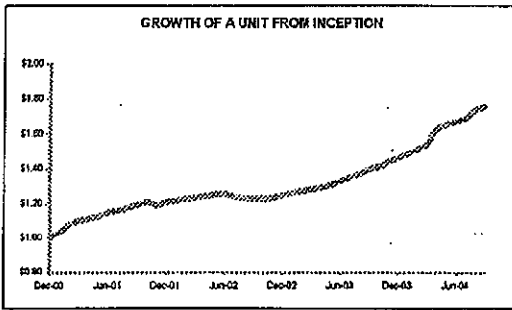
SSMT01855503  
SSMSAA1855503

# Asset Backed Manager C

**CONFIDENTIAL**

FUND TERMS			
Assets Under Management	\$100 Million	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Annually
Fees	1.5% + 20%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.63%	1.72%	1.50%	0.74%	1.50%	1.00%	1.15%	1.00%	1.00%				20.02%
2003	1.07%	1.00%	0.61%	0.75%	1.31%	2.83%	1.55%	1.41%	1.88%	0.77%	2.01%	1.53%	17.63%
2002	0.50%	1.11%	0.64%	0.10%	0.53%	0.43%	-1.69%	0.16%	-0.59%	0.03%	0.69%	-1.11%	3.12%
2001	3.13%	1.40%	2.19%	1.21%	0.87%	2.64%	0.97%	1.71%	1.61%	1.54%	-1.72%	1.07%	20.86%



PERFORMANCE	
Annualized Average Geometric	16.26%
Rolling 12m Average	13.07%
Monthly Average Geometric	1.26%
Standard Deviation	4.38%
Average Positive Return Monthly	1.50%
Average Negative Return Monthly	-1.09%

RISKMETRICS			
Largest Drawdown	-2.61%	# Positive Months	41
Longest Recovery Period		# Negative Months	4
Average of 5 Largest Drawdowns	-2.17%	% Positive Months	81.11%



MARKET NEUTRAL | 14

# Asset Backed Manager D

INVESTMENT STRATEGY

CAPACITIES/BACKGROUND

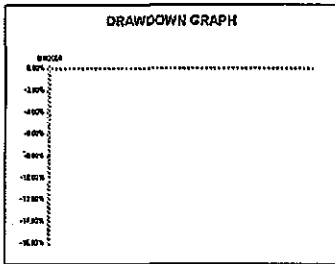
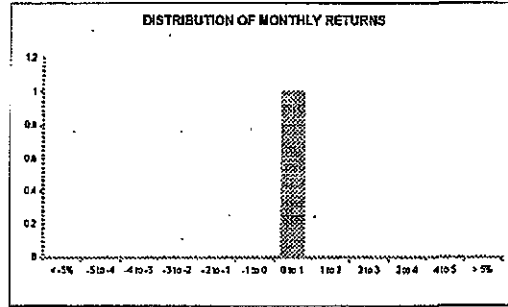
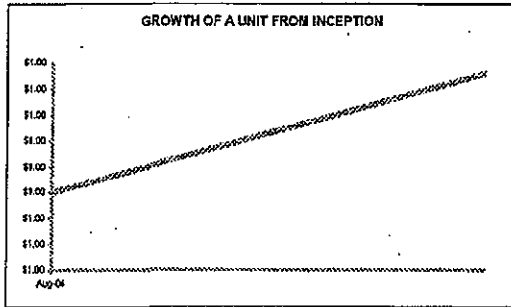
CONFIDENTIAL

## FUND TERMS

Assets Under Management	\$200 Million	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Quarterly
Fees	1.5% + 20%	Redemption Notice Period	180 Days

## MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004									0.23%				0.23%



## PERFORMANCE

Annualized Average Geometric	2.80%
Rolling 12m Average	N/A
Monthly Average Geometric	0.23%
Standard Deviation	N/A
Average Positive Return Monthly	0.23%
Average Negative Return Monthly	N/A

## RISK METRICS

Largest Drawdown	N/A	# Positive Months	1
Longest Recovery Period	N/A	# Negative Months	0
Average of 5 Largest Drawdowns	N/A	% Positive Months	100.00%



MARKET NEUTRAL | 18

CONFIDENTIAL

SSMT01855505  
SSMSAA1855505

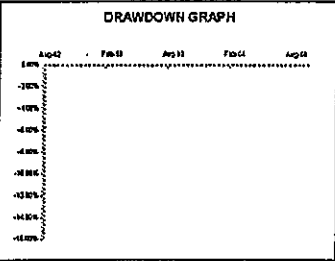
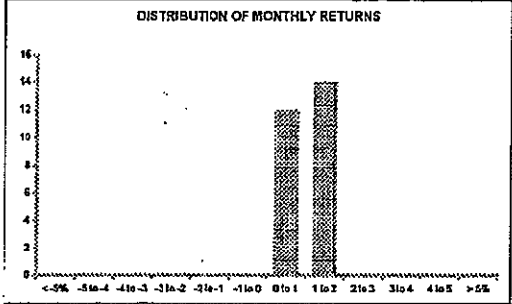
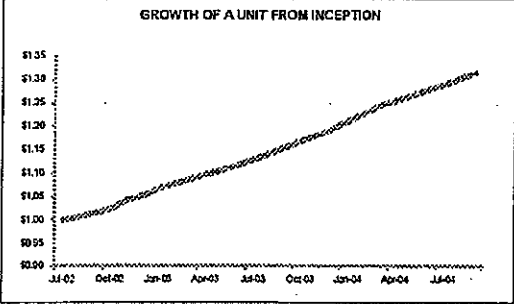
# Asset Backed Manager E

CONFIDENTIAL

INVESTMENT STRATEGY      GOVERNANCE AND COMPLIANCE

FUND DETAILS			
Assets Under Management	\$1.2 Billion	Lockup	None
Fund Status	Closed	High Water Mark	No
Minimum Investment	\$2,000,000	Redemption Frequency	Annually
Fees	1.5% + 20%	Redemption Notice Period	90 Days

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.45%	1.25%	1.40%	0.87%	0.90%	1.17%	0.90%	1.07%	0.95%				9.96%
2003	1.57%	0.92%	0.89%	0.96%	0.81%	1.06%	1.02%	1.17%	1.19%	1.15%	1.03%	1.20%	13.52%
2002							0.19%	0.67%	0.85%		1.74%	0.6%	5.32%



PERFORMANCE	
Annualized Average Geometric	13.46%
Rolling 12m Average	13.90%
Monthly Average Geometric	1.06%
Standard Deviation	0.82%
Average Positive Return Monthly	1.06%
Average Negative Return Monthly	0.00%

RISK METRICS		
Largest Drawdown	0.00% # Positive Months	26
Longest Recovery Period	0 # Negative Months	0
Average of 5 Largest Drawdowns	0.00% # Positive Months	100.00%



MARKET NEUTRAL | 16

# Fixed Income Arbitrage Manager A

INVESTMENT STRATEGY

MANAGER BACKGROUND

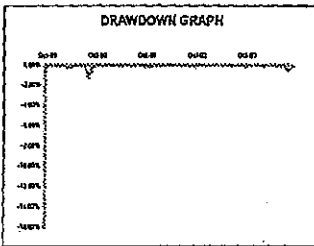
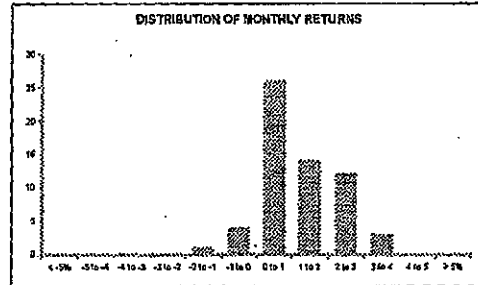
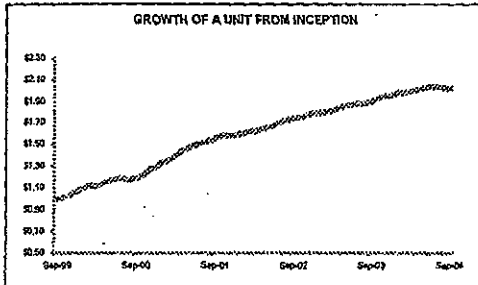
**CONFIDENTIAL**

HYBRID TERMS

Assets Under Management	\$100 Million	Lockup	None
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$250,000	Redemption Frequency	Quarterly
Fees	0% + 30%	Redemption Notice Period	30 Days

MONTHLY PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.74%	0.64%	0.47%	0.34%	0.70%	0.50%	-0.07%	0.54%	0.07%	0.00%	0.68%	0.41%	3.18%
2003	0.31%	0.44%	0.83%	0.41%	0.97%	0.18%	0.64%	1.27%	1.12%	0.34%	0.68%	0.41%	9.38%
2002	0.55%	0.00%	0.43%	0.81%	1.09%	0.79%	1.72%	0.94%	0.50%	0.67%	1.09%	0.64%	13.45%
2001	2.59%	1.81%	3.65%	2.88%	1.90%	2.04%	1.03%	0.91%	2.08%	0.47%	-0.16%	0.41%	21.93%
2000	2.68%	1.71%	-0.22%	0.57%	2.46%	0.42%	0.45%	2.17%	2.01%	0.00%	3.94%	1.17%	20.95%
1999											2.18%	0.28%	7.34%



PERFORMANCE

Annualized Average Geometric	15.17%
Rolling 12m Average	15.70%
Monthly Average Geometric	1.18%
Standard Deviation	3.57%
Average Positive Return Monthly	1.34%
Average Negative Return Monthly	-0.45%

RISK METRICS

Largest Drawdown	-1.27%	# Positive Months	55
Longest Recovery Period		# Negative Months	5
Average of 5 Largest Drawdowns	-0.57%	% Positive Months	81.87%



MARKET NEUTRAL | 17

CONFIDENTIAL

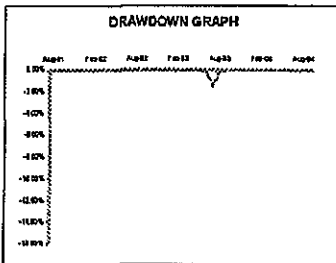
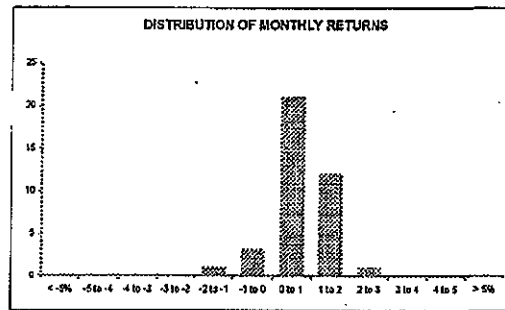
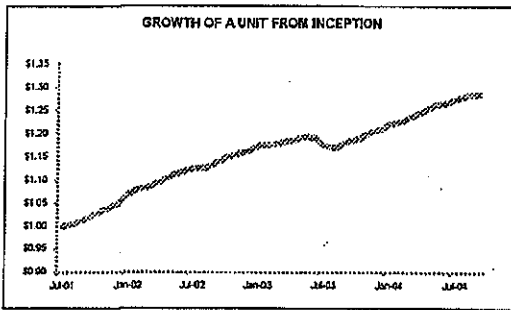
SSMT01855507  
SSMSAA1855507

# Fixed Income Arbitrage Manager B

CONFIDENTIAL

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

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.15%	0.25%	1.05%	0.97%	0.93%	0.32%	0.65%	0.14%	0.15%				6.33%
2003	0.94%	0.11%	0.48%	0.86%	0.62%	0.17%	-1.44%	0.21%	1.09%	1.47%	1.20%	0.49%	3.91%
2002	2.02%	0.42%	0.47%	1.06%	1.26%	0.45%	0.71%	0.32%	1.04%	0.51%	0.62%	0.89%	10.83%
2001								0.62%	1.04%	1.07%	1.14%	0.44%	4.93%



PERFORMANCE	
Annualized Average Geometric	8.24%
Rolling 12m Average	7.45%
Monthly Average Geometric	0.66%
Standard Deviation	1.98%
Average Positive Return Monthly	0.80%
Average Negative Return Monthly	-0.47%

RISK METRICS		
Largest Drawdown	-1.81% # Positive Months	34
Longest Recovery Period	3 # Negative Months	4
Average of 5 Largest Drawdowns	-0.93% # Positive Months	89.47%



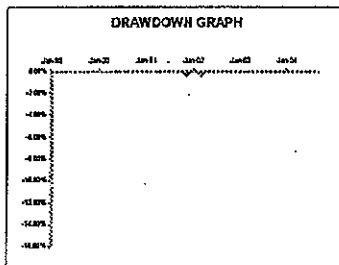
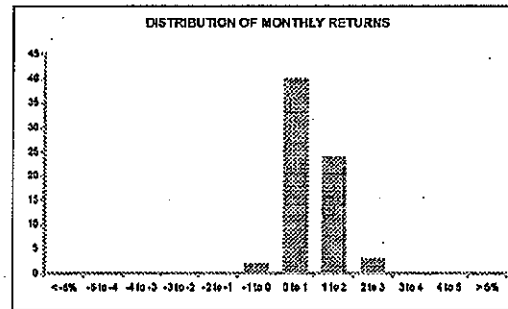
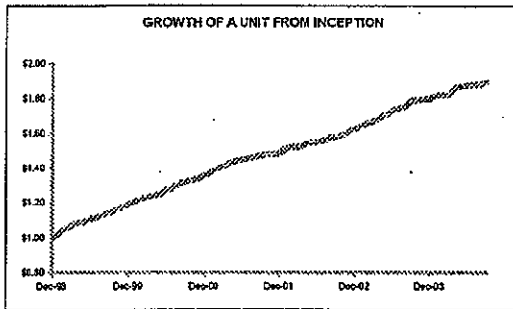
MARKET NEUTRAL | 18

# Fixed Income Arbitrage Manager C

CONFIDENTIAL

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

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.91%	0.28%	0.31%	0.83%	0.51%	0.22%	0.27%	0.70%	0.90%	0.25%	0.22%	0.24%	5.48%
2005	1.09%	0.34%	0.85%	0.54%	0.75%	1.18%	0.39%	0.80%	1.83%	0.25%	0.22%	0.24%	10.68%
2002	1.80%	0.70%	-0.37%	1.29%	0.72%	0.30%	0.54%	0.80%	0.24%	0.82%	1.38%	0.22%	9.39%
2001	1.80%	1.10%	0.90%	0.52%	0.82%	0.87%	0.42%	0.22%	0.44%	0.14%	-0.38%	0.54%	9.75%
2000	1.08%	1.27%	0.58%	0.74%	0.53%	0.74%	0.75%	1.01%	0.65%	0.80%	0.83%	0.17%	13.51%
1999	2.52%	2.77%	1.55%	1.70%	0.45%	0.76%	0.86%	1.14%	1.02%	0.54%	1.09%	0.70%	19.51%



PERFORMANCE	
Annualized Average Geometric	11.82%
Rolling 12m Average	11.41%
Monthly Average Geometric	0.94%
Standard Deviation	2.17%
Average Positive Return Monthly	0.98%
Average Negative Return Monthly	-0.37%

RISK METRICS		
Largest Drawdown	-0.38% # Positive Months	67
Longest Recovery Period	1 # Negative Months	2
Average of 5 Largest Drawdowns	-0.38% # Positive Months	97.10%



MARKET NEUTRAL | 19

CONFIDENTIAL

SSMT01855509  
SSMSAA1855509

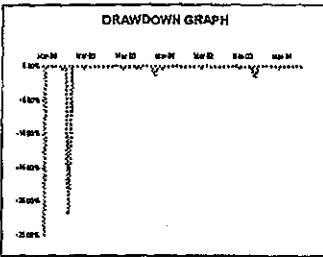
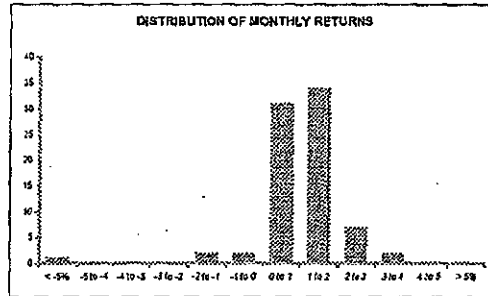
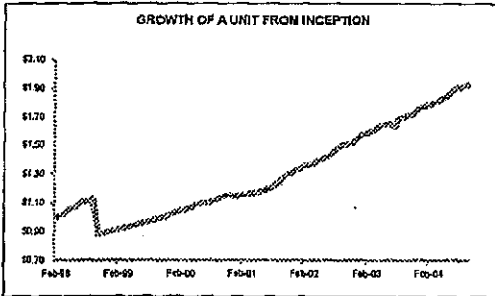


# Mortgage Backed Securities Arbitrage Manager A

CONFIDENTIAL

Assets Under Management	\$1 Billion	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Quarterly
Fees	1.5% + 20%	Redemption Notice Period	60 Days

Year	MONTHLY PERFORMANCE												YTD	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2004	0.94%	0.73%	0.78%	0.93%	0.93%	1.57%	1.25%	0.38%	1.00%					9.22%
2003	1.85%	0.54%	1.37%	0.70%	0.40%	0.45%	-1.53%	2.67%	0.77%	0.89%	1.28%	0.41%		13.56%
2002	1.05%	1.14%	0.59%	1.40%	0.92%	1.05%	1.81%	2.64%	1.20%	0.34%	0.61%	0.72%		17.90%
2001	0.00%	0.96%	1.28%	0.09%	0.62%	1.35%	0.72%	1.27%	3.27%	2.19%	1.22%	0.89%		15.66%
2000	0.86%	1.17%	1.10%	1.27%	1.42%	1.31%	-0.22%	1.54%	1.64%	1.34%	1.31%	1.05%		11.61%
1999	0.94%	0.10%	1.48%	0.84%	0.94%	0.82%	0.84%	0.99%	1.23%	0.99%	0.87%	2.12%		14.07%
1998			1.83%	2.03%	2.08%	3.07%	3.00%	0.29%	1.72%	2.61%	0.69%	0.93%		-9.96%



PERFORMANCE	
Annualized Average Geometric	10.50%
Rolling 12m Average	11.42%
Monthly Average Geometric	0.84%
Standard Deviation	9.33%
Average Positive Return Monthly	1.27%
Average Negative Return Monthly	-4.97%

RISK METRICS		
Largest Drawdown	-21.61%	# Positive Months 74
Longest Recovery Period	23	# Negative Months 5
Average of 5 Largest Drawdowns	-6.16%	% Positive Months 93.67%



MARKET NEUTRAL | 20

CONFIDENTIAL

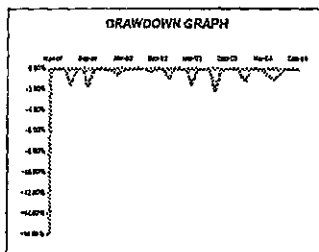
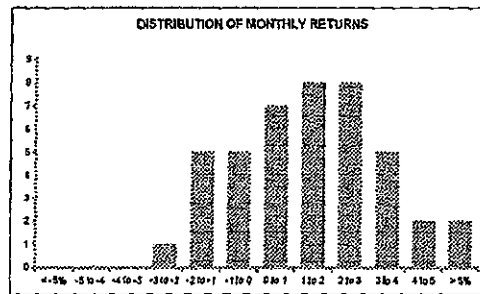
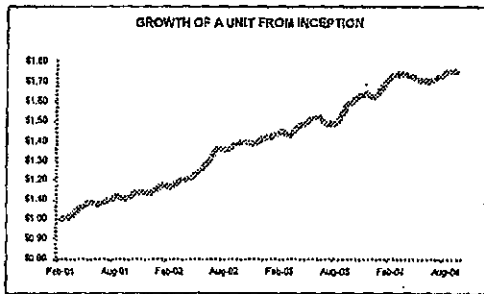
SSMT0185510  
SSMSAA185510

# Statistical Arbitrage Manager A

**CONFIDENTIAL**

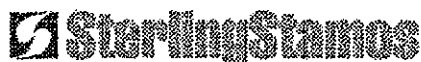
FUND TERMS			
Assets Under Management	\$4.6 Billion	Lockup	3 Years
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	1/3 of Capital Annually
Fees	3% + 30%	Redemption Notice Period	50 Days

MONTHLY RETURNS													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	3.10%	1.87%	0.60%	2.09%	-1.10%	-0.60%	1.30%	1.40%	0.10%	1.00%	1.00%	1.00%	7.82%
2003	0.46%	1.11%	-1.46%	1.21%	2.23%	1.55%	-2.15%	0.20%	6.00%	1.00%	2.10%	1.34%	14.54%
2002	3.20%	0.20%	2.80%	1.00%	2.20%	-2.20%	5.30%	2.20%	1.80%	1.30%	-0.90%	7.70%	24.80%
2001			1.50%	4.10%	3.20%	-1.20%	2.00%	-2.20%	-1.70%	2.20%	0.10%	0.10%	13.48%



PERFORMANCE	
Annualized Average Geometric	16.88%
Rolling 12m Average	16.03%
Monthly Average Geometric	1.31%
Standard Deviation	6.66%
Average Positive Return Monthly	2.15%
Average Negative Return Monthly	-1.08%

RISKMETRICS		
Largest Drawdown	-2.18%	# Positive Months 32
Longest Recovery Period	2	# Negative Months 11
Average of 5 Largest Drawdowns	-1.80%	% Positive Months 74.42%



MARKET NEUTRAL | 21

CONFIDENTIAL

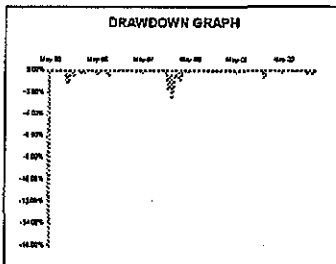
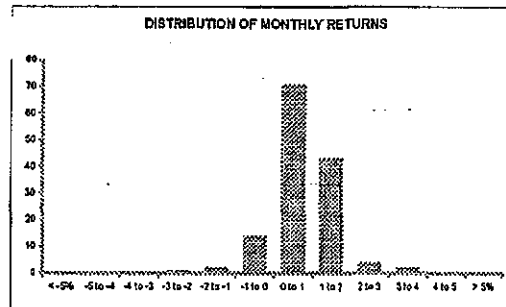
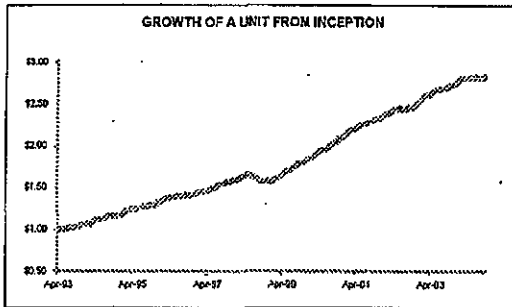
SSMT01855511  
SSMSAA1855511

# Multi-Strategy Manager A

CONFIDENTIAL

FUND TERMS			
Assets Under Management	\$1.5 Billion	Lockup	None
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Quarterly
Fees	1.5% + 10%	Redemption Notice Period	45 Days

Year	MONTHLY PERFORMANCE												YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2004	1.50%	0.15%	0.00%	0.15%	-0.20%	0.78%	-0.02%	0.22%	0.73%	0.55%	0.60%	0.90%	2.35%
2003	2.00%	0.25%	0.05%	0.25%	0.92%	0.80%	0.17%	0.15%	0.70%	0.55%	0.60%	0.90%	8.86%
2002	1.05%	0.95%	0.92%	0.42%	0.53%	0.11%	-0.71%	0.28%	0.20%	0.25%	1.55%	0.75%	8.07%
2001	2.57%	0.89%	0.78%	0.44%	0.97%	0.03%	0.07%	0.52%	0.45%	0.99%	0.69%	0.60%	11.25%
2000	1.12%	1.56%	1.76%	1.29%	0.79%	0.82%	0.51%	1.13%	1.14%	1.73%	0.87%	0.72%	15.23%
1999	1.76%	0.65%	1.79%	1.79%	1.02%	0.10%	1.48%	2.63%	0.51%	0.97%	1.50%	0.60%	16.43%
1998	0.35%	0.75%	1.12%	0.59%	0.76%	0.60%	-0.34%	0.40%	-0.96%	0.72%	1.06%	0.44%	-0.70%
1997	0.77%	0.85%	0.67%	0.57%	1.18%	0.86%	1.52%	1.60%	0.51%	0.51%	0.35%	0.77%	10.88%
1996	0.62%	0.81%	1.38%	0.50%	0.64%	0.26%	0.26%	0.11%	0.68%	0.66%	0.26%	0.10%	7.91%
1995	1.91%	1.47%	1.00%	0.46%	-0.30%	0.70%	0.74%	0.65%	0.69%	0.80%	-0.46%	0.15%	12.52%
1994	0.92%	0.15%	1.53%	0.63%	-0.45%	0.41%	0.68%	1.67%	-0.19%	0.41%	0.51%	0.61%	11.05%
1993					0.45%	0.37%	1.07%	0.25%	1.07%	0.60%	1.70%	0.74%	6.26%



PERFORMANCE	
Annualized Average Geometric	9.56%
Rolling 12m Average	10.00%
Monthly Average Geometric	0.78%
Standard Deviation	2.85%
Average Positive Return Monthly	0.88%
Average Negative Return Monthly	-0.60%

RISK METRICS		
Largest Drawdown	-5.37% # Positive Months	120
Longest Recovery Period	6 # Negative Months	17
Average of 5 Largest Drawdowns	-1.63% # Positive Months	87.59%



MARKET NEUTRAL | 22

CONFIDENTIAL

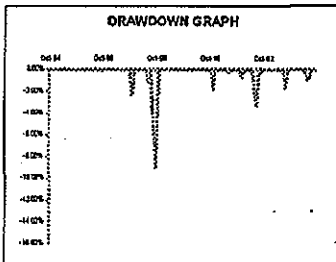
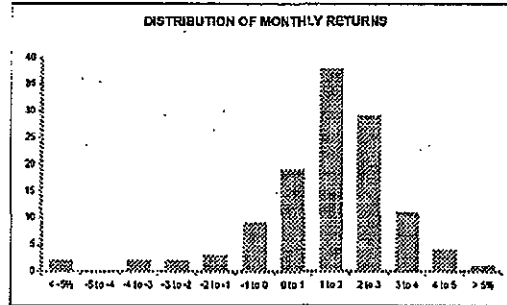
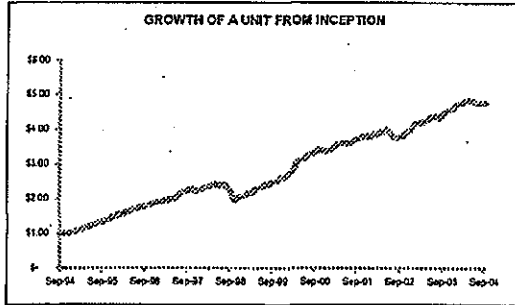
SSMT01855512  
SSMSAA1855512

# Multi-Strategy Manager B

CONFIDENTIAL

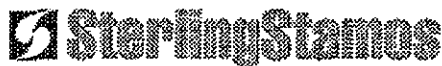
Assets Under Management	\$3.2 Billion	Lockup	1 Year
Fund Status	Open	High Water Mark	Yes
Minimum Investment	\$1,000,000	Redemption Frequency	Annually
Fees	1.25% + 20%	Redemption Notice Period	90 Days

Year	MONTHLY RETURNS												YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2004	1.64%	0.87%	0.90%	1.74%	-0.49%	0.57%	-0.44%	0.17%	0.28%				2.55%
2003	4.24%	0.52%	0.25%	1.63%	1.08%	0.90%	0.51%	1.70%	3.75%	2.1%	1.27%	1.31%	18.37%
2002	1.77%	0.13%	0.97%	1.19%	1.32%	2.27%	-3.23%	-1.40%	1.07%	1.02%	2.47%	1.40%	5.18%
2001	2.12%	2.46%	1.19%	0.90%	0.23%	0.37%	0.86%	2.07%	1.23%	1.51%	0.67%	0.77%	12.80%
2000	3.15%	4.24%	5.34%	4.57%	2.36%	1.14%	1.78%	1.10%	2.28%	1.32%	-1.85%	0.22%	28.74%
1999	2.68%	2.14%	1.86%	3.74%	2.42%	1.94%	2.07%	1.13%	2.14%	0.56%	2.67%	1.08%	25.89%
1998	1.52%	2.07%	1.46%	1.84%	0.14%	1.23%	0.37%	1.96%	-0.07%	0.97%	4.27%	1.89%	-7.88%
1997	1.47%	1.25%	1.17%	2.04%	2.28%	2.67%	3.29%	3.20%	1.27%	1.13%	-2.37%	1.17%	19.35%
1996	3.75%	1.37%	2.50%	2.12%	2.33%	2.17%	1.31%	2.14%	0.93%	2.62%	2.34%	0.84%	27.30%
1995	3.14%	0.75%	3.63%	1.24%	2.93%	2.50%	2.79%	2.82%	2.08%	1.74%	3.68%	1.97%	41.17%
1994													4.96%



PERFORMANCE	
Annualized Average Geometric	16.88%
Rolling 12m Average	17.69%
Monthly Average Geometric	1.31%
Standard Deviation	6.64%
Average Positive Return Monthly	1.91%
Average Negative Return Monthly	-1.98%

RISK METRICS			
Largest Drawdown	-18.39%	# Positive Months	102
Longest Recovery Period		# Negative Months	18
Average of 5 Largest Drawdowns	-6.13%	% Positive Months	85.00%



MARKET NEUTRAL | 23

CONFIDENTIAL

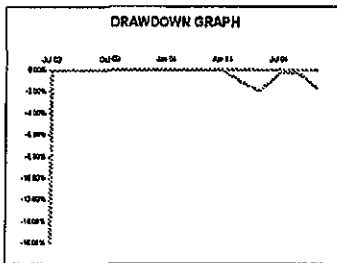
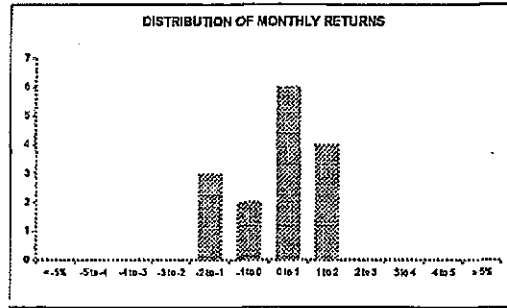
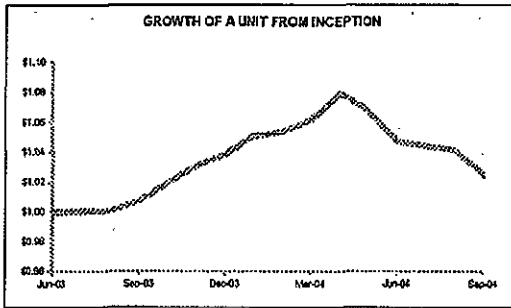
SSMT01855513  
SSMSAA1855513

# Multi-Strategy Manager C

**CONFIDENTIAL**

FUND TERMS			
Assets Under Management	\$350 Million	Lockup	None
Fund Status	Closed	High Water Mark	Yes
Minimum Investment	\$5,000,000	Redemption Frequency	Quarterly
Fees	2% + 20%	Redemption Notice Period	65 Days

MONTHLY RETURNS (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.13%	0.26%	0.82%	0.74%	-1.12%	1.27%	-0.31%	-0.11%	-1.61%				-1.39%
2003							0.07%	0.04%	0.62%	1.23%	1.14%	0.76%	3.92%



PERFORMANCE	
Annualized Average Geometric	1.97%
Rolling 12m Average	3.70%
Monthly Average Geometric	0.16%
Standard Deviation	3.68%
Average Positive Return Monthly	0.77%
Average Negative Return Monthly	-1.04%

RISK METRICS		
Largest Drawdown	-5.10% # Positive Months	10
Longest Recovery Period	0 # Negative Months	5
Average of 5 Largest Drawdowns	-5.10% # Positive Months	66.67%



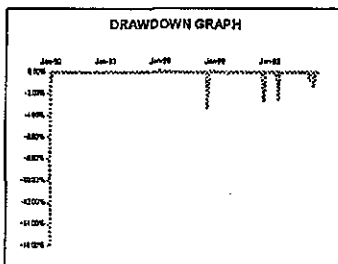
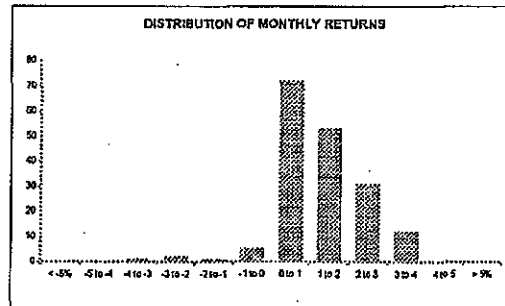
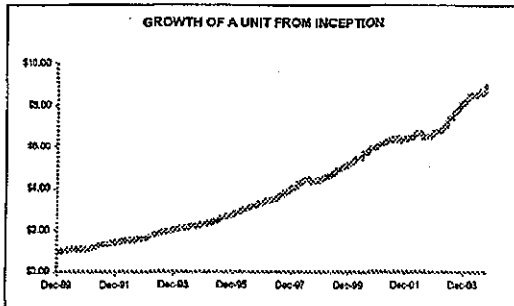
MARKET NEUTRAL | 24

# Multi-Strategy Manager D

CONFIDENTIAL

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

Year	MONTHLY PERFORMANCE												YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2004	1.83%	2.83%	1.28%	0.76%	0.21%	1.27%	-1.25%	0.80%	2.53%	0.33%	1.15%	0.62%	9.20%
2003	0.73%	0.39%	0.25%	1.75%	3.54%	2.27%	0.78%	1.47%	0.93%	2.93%	1.15%	0.62%	20.83%
2002	0.88%	0.44%	1.75%	1.14%	0.60%	0.90%	-2.48%	0.34%	0.65%	0.03%	1.69%	1.69%	4.95%
2001	1.45%	0.54%	0.82%	0.15%	1.38%	0.91%	0.74%	0.95%	-2.54%	0.67%	0.50%	1.75%	6.17%
2000	0.64%	1.19%	2.34%	0.52%	0.86%	0.66%	0.71%	0.59%	2.63%	0.18%	0.33%	1.31%	15.69%
1999	0.27%	0.07%	2.58%	0.74%	1.17%	2.44%	0.77%	0.45%	2.12%	0.20%	1.14%	2.07%	16.60%
1998	0.66%	1.04%	3.35%	0.52%	0.52%	1.12%	0.59%	1.90%	0.32%	0.07%	0.78%	1.23%	10.88%
1997	1.23%	1.22%	1.33%	0.00%	1.70%	0.04%	1.47%	0.61%	3.38%	0.81%	2.04%	1.65%	19.68%
1996	1.45%	1.03%	3.38%	0.60%	0.75%	2.91%	0.20%	1.62%	2.28%	0.43%	1.15%	1.08%	21.04%
1995	0.77%	1.24%	1.42%	0.84%	1.58%	2.41%	0.94%	1.55%	2.21%	1.12%	1.28%	2.55%	20.13%
1994	1.61%	1.00%	0.19%	0.35%	0.63%	0.75%	1.01%	0.75%	1.30%	0.88%	0.50%	1.91%	12.52%
1993	2.98%	1.05%	2.77%	0.75%	1.26%	2.02%	1.45%	0.04%	0.94%	0.08%	1.62%	2.47%	26.09%
1992	1.52%	1.87%	2.64%	0.78%	0.24%	1.12%	0.98%	0.53%	1.33%	0.61%	0.88%	2.55%	14.69%
1991	0.77%	1.07%	2.60%	1.95%	3.11%	2.89%	1.19%	0.10%	1.19%	2.94%	1.80%	1.94%	25.91%
1990	-0.85%	0.75%	2.41%	0.53%	1.45%	1.01%	1.41%	0.22%	0.12%	0.59%	0.47%	0.74%	13.16%



PERFORMANCE	
Annualized Average Geometric	15.95%
Rolling 12m Average	16.32%
Monthly Average Geometric	1.24%
Standard Deviation	3.87%
Average Positive Return Monthly	1.39%
Average Negative Return Monthly	-1.38%

RISK METRICS		
Largest Drawdown	-3.37% # Positive Months	168
Longest Recovery Period	5 # Negative Months	9
Average of 5 Largest Drawdowns	-2.28% # Positive Months	94.92%



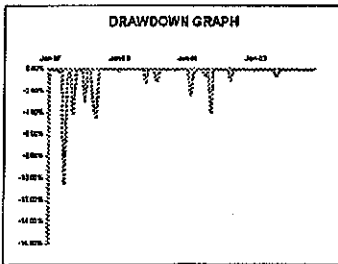
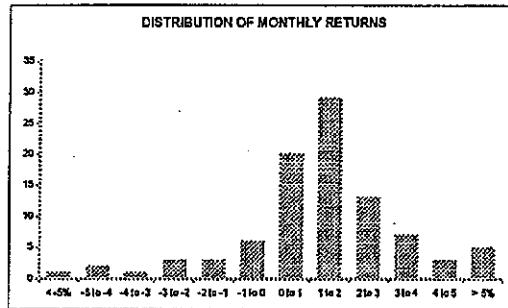
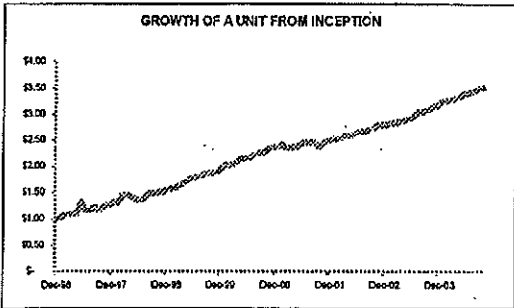
MARKET NEUTRAL | 28

# Equity Market Neutral Manager A

**CONFIDENTIAL**

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

Year	MONTHLY RETURNS												YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2004	1.05%	0.25%	1.13%	0.5%	1.60%	0.07%	1.33%	1.49%	0.71%	1.44%	1.03%	1.7%	9.00%
2003	1.08%	0.00%	1.22%	1.0%	1.13%	1.6%	2.91%	0.9%	1.65%	1.44%	1.03%	1.7%	15.45%
2002	-0.03%	0.1%	2.03%	1.0%	2.59%	0.5%	0.02%	0.24%	1.47%	1.70%	0.44%	1.00%	11.23%
2001	2.70%	2.30%	-0.48%	1.2%	1.13%	2.2%	-0.84%	0.84%	-3.91%	2.0%	2.0%	1.00%	7.08%
2000	3.28%	1.0%	3.44%	2.7%	0.00%	2.1%	2.32%	1.4%	0.84%	3.7%	1.01%	1.00%	19.60%
1999	0.80%	1.4%	2.72%	3.9%	2.50%	1.5%	0.54%	2.0%	1.8%	1.1%	2.0%	2.4%	26.06%
1998	-2.66%	1.0%	0.37%	2.7%	-4.44%	0.5%	2.8%	2.1%	0.44%	0.5%	0.84%	1.1%	17.55%
1997	3.97%	0.25%	0.14%	0.2%	20.25%	0.5%	-0.94%	0.4%	-4.04%	0.5%	3.08%	3.0%	32.52%



PERFORMANCE	
Annualized Average Geometric	17.63%
Rolling 12m Average	17.02%
Monthly Average Geometric	1.36%
Standard Deviation	11.23%
Average Positive Return Monthly	2.19%
Average Negative Return Monthly	-2.32%

RISK METRICS		
Largest Drawdown	-11.39%	# Positive Months 77
Longest Recovery Period	5	# Negative Months 16
Average of 5 Largest Drawdowns	-5.61%	% Positive Months 82.80%

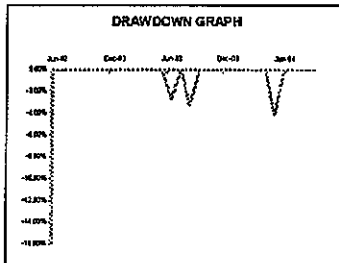
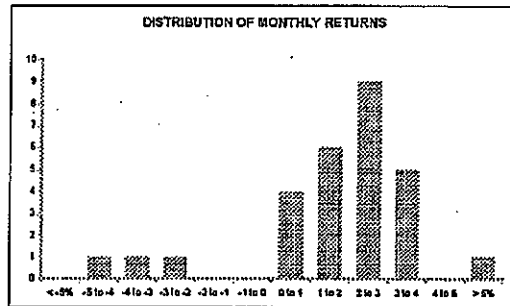
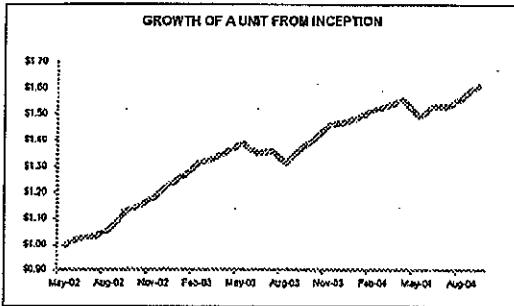


# Capital Structure Arbitrage Manager A

CONFIDENTIAL

FUND DETAILS			
Assets Under Management	\$857 Million	Lockup	1 Year
Fund Status	Limited	High Water Mark	Yes
Minimum Investment	\$250,000	Redemption Frequency	Quarterly
Fees	1.5% + 20%	Redemption Notice Period	45 Days

MONTHLY PERFORMANCE													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	1.40%	2.05%	1.05%	2.40%	-1.20%	2.25%	0.31%	2.07%	2.84%	0.05%	3.78%	0.45%	9.52%
2003	2.95%	1.50%	1.20%	2.05%	2.25%	-2.54%	0.82%	0.23%	3.94%	1.02%	3.78%	0.45%	19.40%
2002						2.50%	0.65%	2.24%	6.35%	1.78%	3.00%	1.85%	22.66%



PERFORMANCE	
Annualized Average Geometric	22.58%
Rolling 12m Average	20.38%
Monthly Average Geometric	1.71%
Standard Deviation	7.72%
Average Positive Return Monthly	2.35%
Average Negative Return Monthly	-3.36%

RISK METRICS		
Largest Drawdown	-5.20%	# Positive Months 25
Longest Recovery Period		3 # Negative Months 3
Average of 5 Largest Drawdowns	-4.70%	% Positive Months 89.29%



MARKET NEUTRAL | 27