



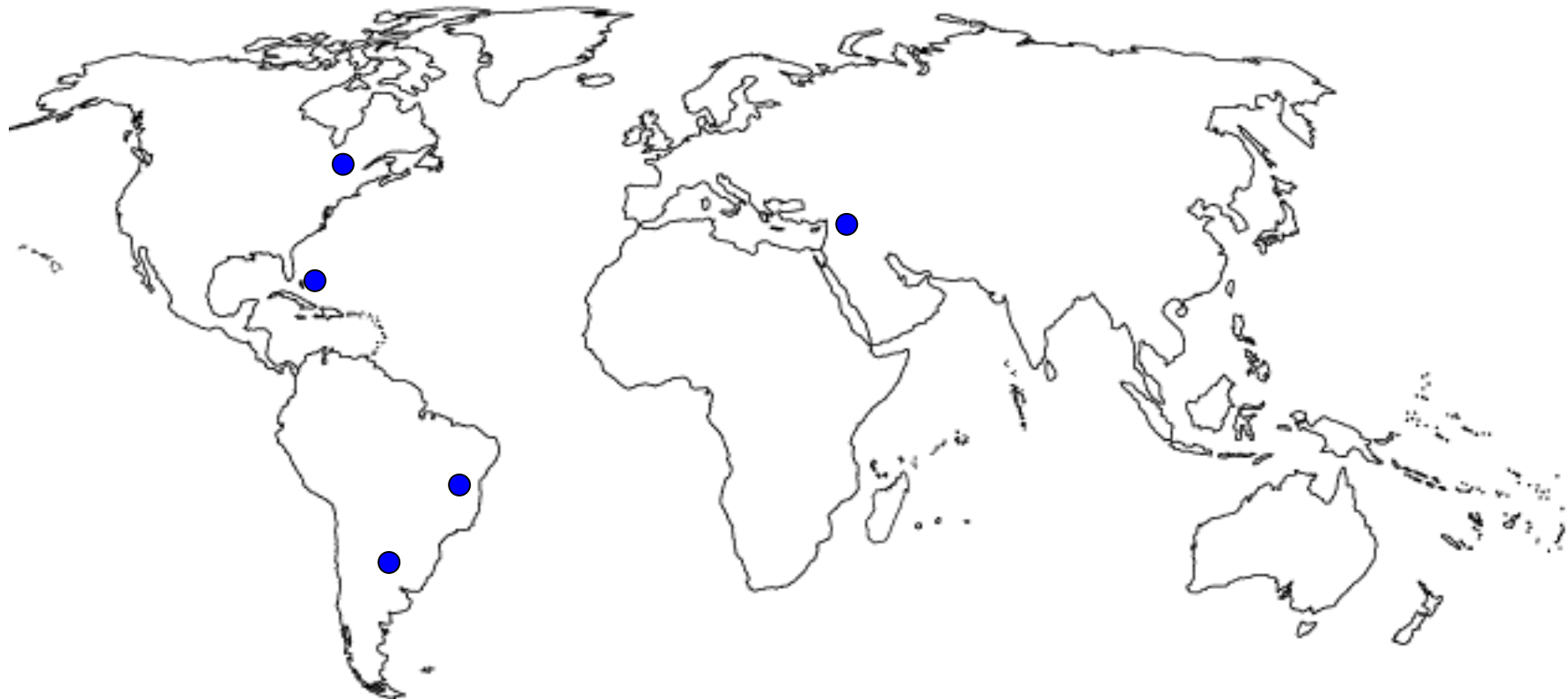
Gems Management Limited

***Excellence in Asset Management
Conference***

29 January 2002

Corporate Overview

Gems was established in 1987, being one of the earliest organizations dedicated to managing multi-manager portfolios emphasizing alternative investment strategies. Its international team of 28 people, located in five offices around the world are primarily dedicated to research.



Gems Investment Process

Initial Manager
Evaluation

Aim: to gain a conceptual image of a new manager followed by the use of statistical data to confirm or deny initial impressions.

In Depth
Manager Study

If the manager seems eligible, an intensive due diligence process begins using a wide range of quantitative and qualitative analysis. Manager peer studies are also prepared.

Risk Modeling

Since Gems believes volatility \neq risk, a complex risk modeling process begins, using conventional and non-conventional measures as well as its unique proprietary **M-Ratio Model** to assess hidden risks.

Portfolio
Construction/
Management

Gems uses the above information to construct and maintain their outstanding portfolios.



Gems Family of Funds

Gems Progressive Fund is Gems' flagship product. The fund is currently comprised of the following five distinct portfolios of varying risk/reward profiles that invest primarily in developed market countries.

- ◆ Gems Low Volatility Portfolio
- ◆ Gems Diversified Hedge Portfolio
- ◆ Gems Absolute Return Portfolio
- ◆ Gems Recovery Portfolio
- ◆ Gems Trading Portfolio

- ◆ Gems Russia Portfolio
- ◆ SG Gems Guaranteed Notes and Warrants



Gems Low Volatility Portfolio

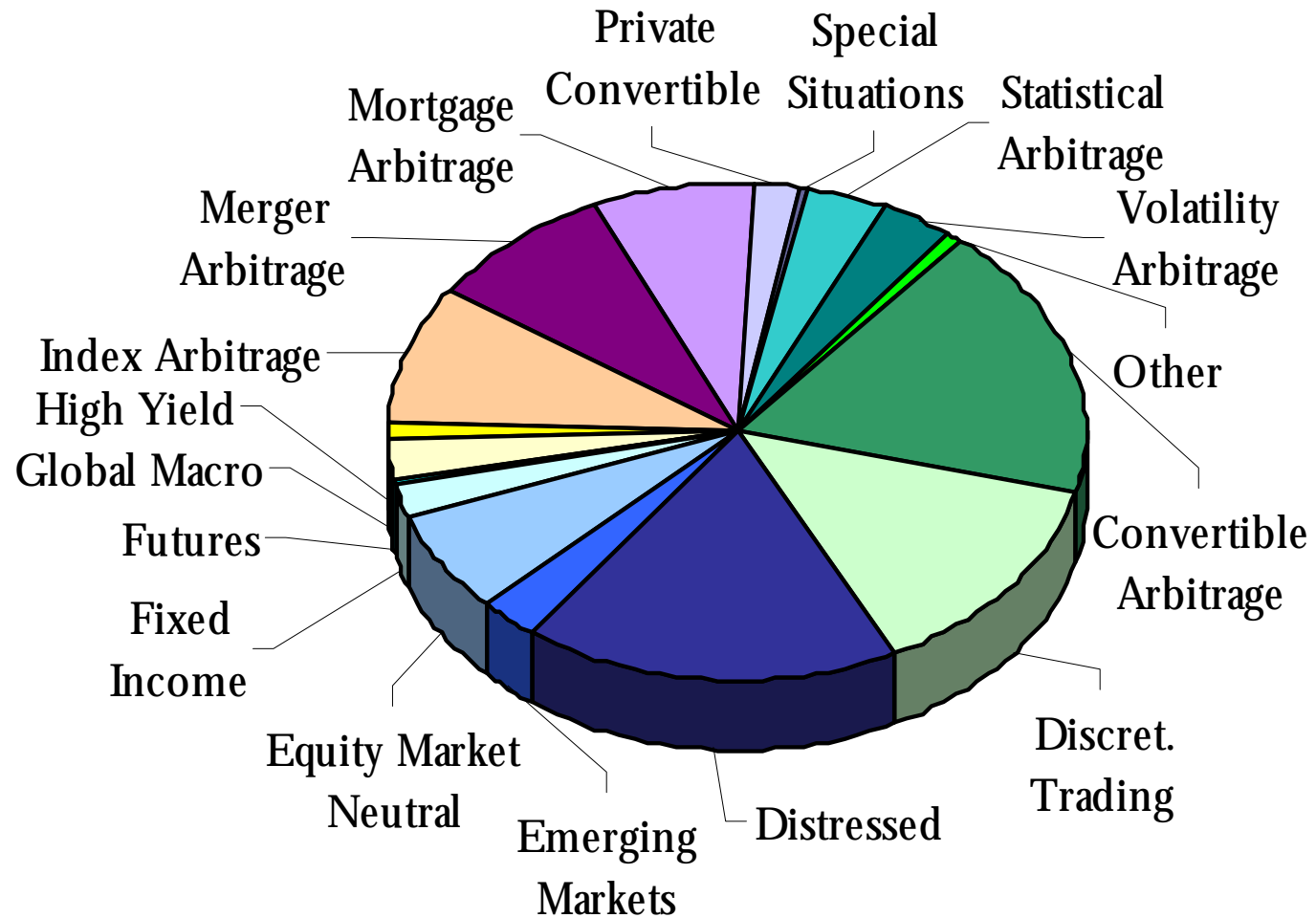
Gems Low Volatility Portfolio is Gems' bond-alternative investment fund designed to achieve stable, consistent, absolute returns in both bull and bear markets.

The Portfolio invests with prominent risk-averse managers who specialize in low-risk, sophisticated hedged strategies.

Strategies include fixed income arbitrage, convertible securities arbitrage, index options arbitrage, discretionary active trading, mergers and acquisitions, senior bank loans, distressed securities, special situations and other value-related strategies.

The underlying investments of each manager span a broad range of asset classes and geographical regions.

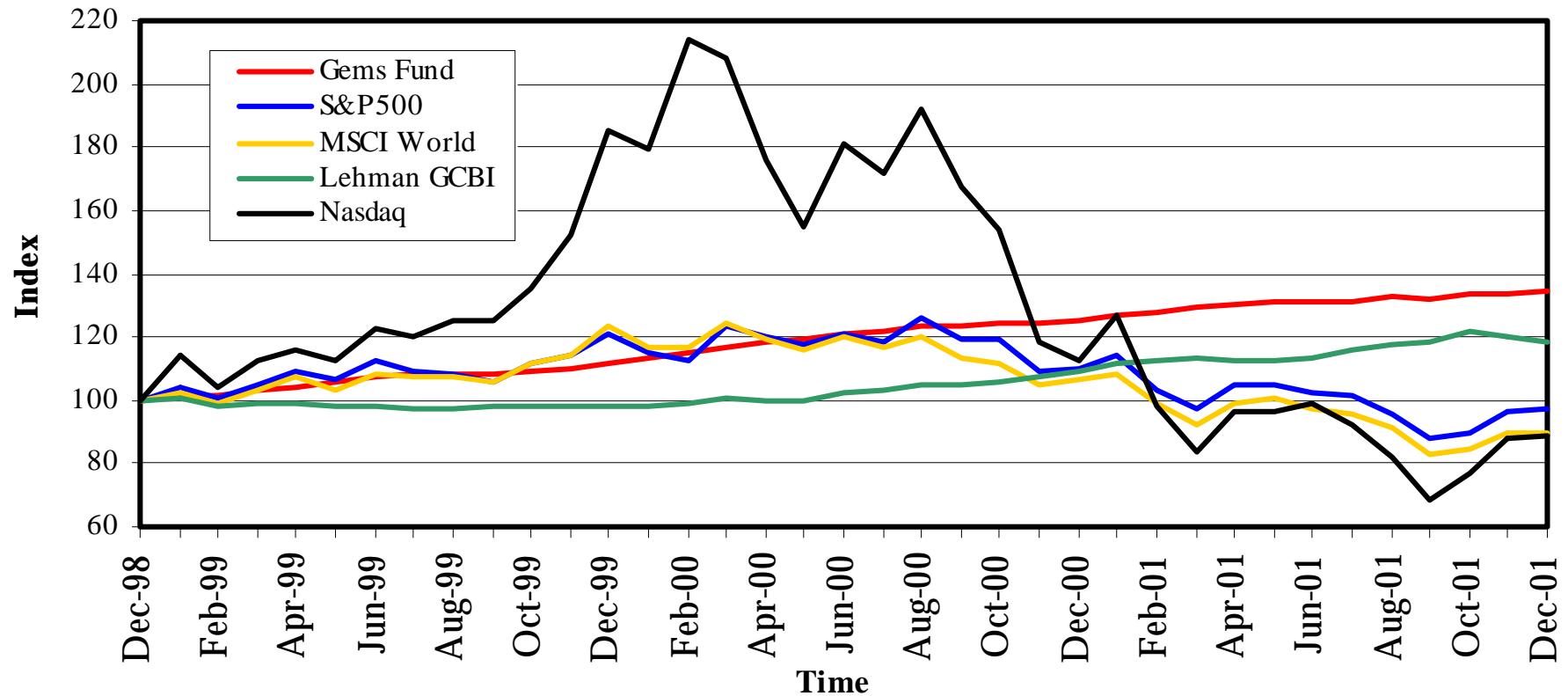
Gems Low Volatility Portfolio



Gems Low Volatility Portfolio

Gems Low Volatility Portfolio vs Major Market Indices

(December 1998 - December 2001)



Gems Low Volatility Portfolio

Gems Low Volatility Portfolio Performance Vs. Total Index Performance

	Gems	S&P	MSCI	LBGCI
Compounded Annual Return	10.79%	13.98%	7.16%	8.33%
Standard Deviation	3.11%	15.74%	14.37%	4.03%
Semi Standard Deviation	2.51%	11.90%	11.72%	3.57%
Maximum Drawdown	-3.45%	-31.41%	-35.33%	-3.78%
Positive Months	88.10%	65.48%	61.90%	71.43%
Sharpe Ratio	1.85	0.57	0.15	0.82
Gems T Correlation to Index		20.82%	24.02%	-10.31%

*Gems Progressive Fund Class "T" Shares compared to three indices from January 1995.
The three indices used are the S&P 500 Index (Price Only), the MSCI World Index in US\$, and
the Lehman Brothers Government Credit Bond Index.*



Hunting In The Zoo

The Strategy

Equities

*Merger
Arbitrage*

*Convertible
Arbitrage*

Macro

The Past

**1997-00
Bull Market**

**1998-00
Big Merger
Wave**

**2000-01
Big
Opportunities**

**2001
Fixed Income
Trade**

The Future.....?

**More dependent
on stock picking**

**More selective
opportunities**

**More credit analysis,
less volatility**

**Trading
opportunities**

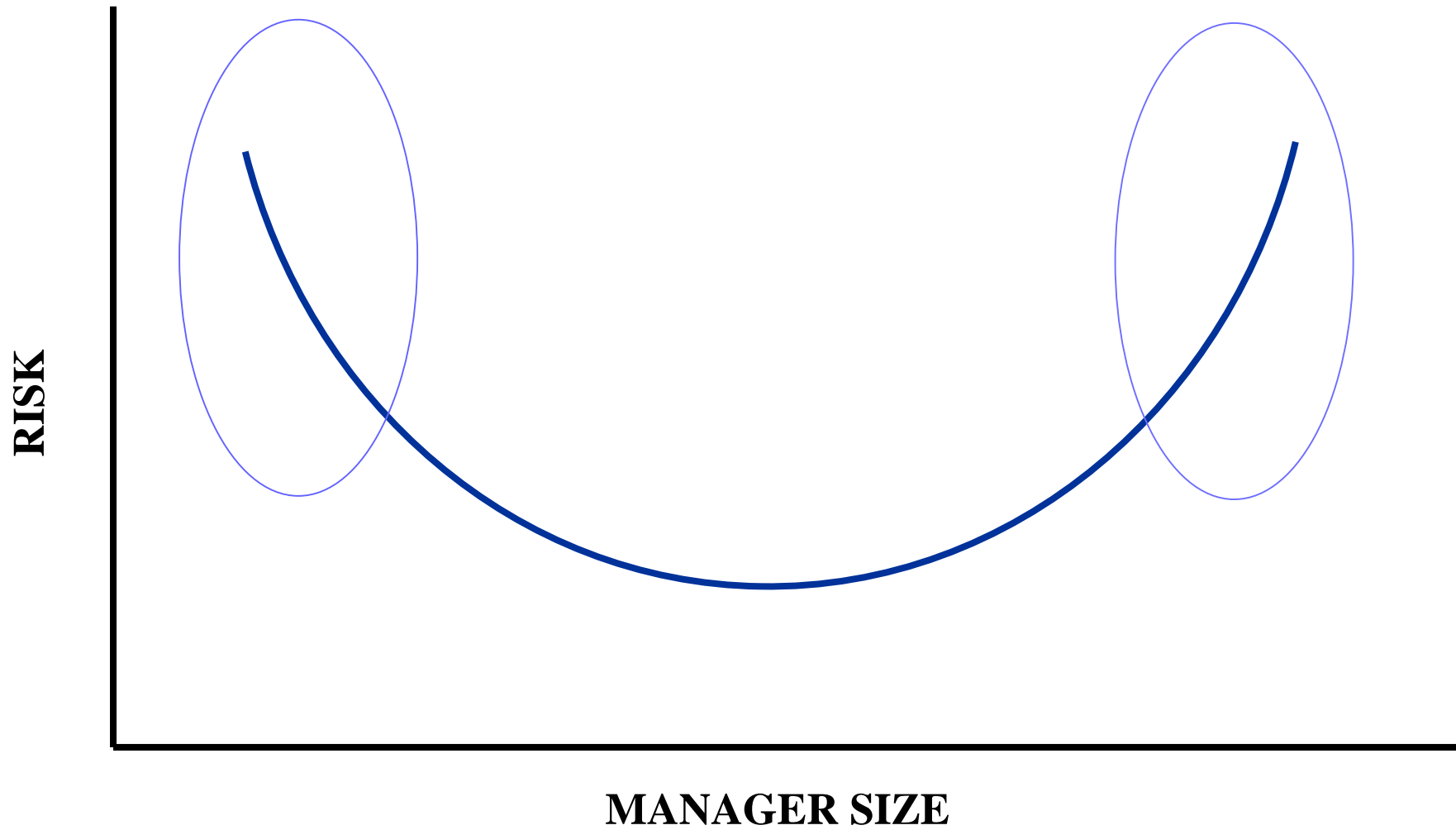


How Do We Make Money Looking Forward?

- ❖ **D**etermine the true added value from a manager executing a strategy.
- ❖ **M**ake strategic allocations to the right markets and strategies.

.....But where does a manager's added value lie?

Manager Risk



Profit Opportunities

