

SCUDDER OFFSHORE MUTUAL FUNDS

# Global Alpha Fund

2Q 2004

A strategic investment for your portfolio



# Scudder Investments

Scudder Investments is the US retail brand for Deutsche Asset Management. With more than **75 years of investment management experience** and **approximately US \$699 billion in assets under management globally** (as of 6/30/04), Deutsche Asset Management is one of the world's leading investment-management organizations.

Through Deutsche Asset Management, Scudder Investments offers access to **a far-reaching global research organization** that includes more than **750 portfolio managers and analysts**, who work throughout the world's major investment centers.

Scudder Investments manages **more than 90 retail mutual funds** that span the breadth of its investment capabilities and every investment objective.

In addition to mutual funds, Scudder offers **a broad spectrum of investment products**, including variable annuities, money market funds, closed-end funds, alternative investments and retirement plans for businesses of all sizes.

Scudder Investments has a long history of **outstanding customer service**, and has received various Dalbar\* shareholder service awards throughout the last decade.

Scudder is **committed to the important role of the financial advisor**. Financial advisors can provide sound, sensible guidance and information to **help investors reach their financial goals**.

*\*Intermediary shareholder service awards in 1996 and 1998 and intermediary sales support award winner in 1997, 1998, 2000, 2001, 2002 and 2003*

## Experienced management team



### Janet Campagna

- Joined firm in 1999
- 15 years of investment industry experience
- BS from Northeastern University; MS from California Institute of Technology; PhD from University of California, Irvine



### Arnim Holzer

- Joined firm in 1999
- 22 years of investment industry experience
- AB from Princeton University; MBA from Fordham University



### Robert Wang

- Joined firm in 1995
- 21 years of investment industry experience
- BS from University of Pennsylvania, Wharton School



### James Norman

- Joined firm in 1995
- 13 years of investment industry experience
- AB from Vassar College; MBA from New York University, Stern School of Business

# Are your current investments falling short?

Today's investors are faced with difficult investment choices. Despite the recent improvement in equity markets, concerns over the risks of equity investing remain.

In fixed-income markets, a very low interest rate environment, combined with the market's heightened risk aversion, led to an overvaluation of US Treasury bonds in 2003. In addition, bonds have interest rate exposure — the potential for low fixed-income performance and principal loss over the next several years — with rising interest rates.

## GET OFF THE SIDELINES

For a fixed-income portfolio with a duration of 4.77 years<sup>1</sup>

If rates rise by	\$1,000 bond would be worth
25 bps (0.25%)	\$988.08
50 bps (0.50%)	\$976.15
75 bps (0.75%)	\$964.23
100 bps (1.00%)	\$952.30

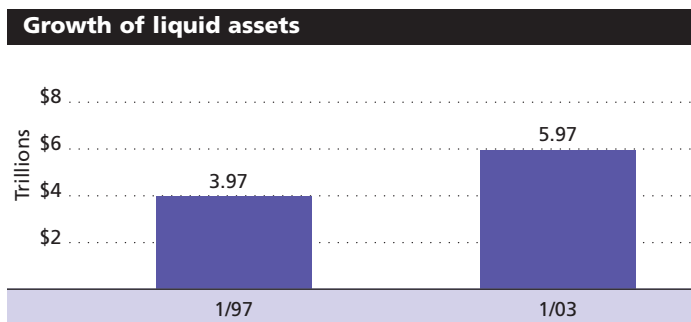
<sup>1</sup>Based on the duration of the Lehman Brothers Aggregate Bond Index, a widely used fixed-income benchmark, as of 6/30/04. Duration is a measure of the price sensitivity of a fixed-income security to a particular change in interest rates.

With overall market volatility higher than in the past, it is no surprise that over the past several years, investors have moved almost two trillion dollars into liquid assets in pursuit of a so-called "safe haven."

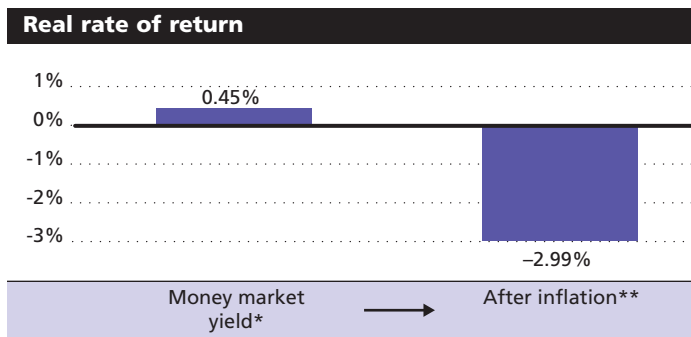
But cash accounts are yielding very low returns. After factoring in inflation, real rates of return for cash are negative. Most investors are dissatisfied with low cash yields, but having been scared off by the bear market, now may have cash positions that are too high. Investors want strategies that offer the potential to enhance fixed income or cash returns while reducing their exposure to market risk.

**Global Alpha Fund may be just the solution your clients are seeking.**

When you factor in inflation, real rates of return for cash are negative.



Total: CDs, retail money funds, savings and checking accounts  
Source: Bloomberg News



$$0.45\% - 3.44\% = -2.99\%$$

Money market yield – CPI = Real rate of return after inflation

In light of current market volatility and uncertainty, investment strategies that add return but are noncorrelated to the traditional asset classes are very valuable. The Fund is designed to have a low correlation to major markets in equity, fixed income, and cash, and therefore can be an excellent tool for added diversification. Diversification does not eliminate the risk of loss.

\*The national average yield for small saver money market accounts as of 6/30/04 Source: bankrate.com

\*\*US Consumer Price Index rate for 1-year period ending 6/30/04 was 3.44% Source: US Department of Labor

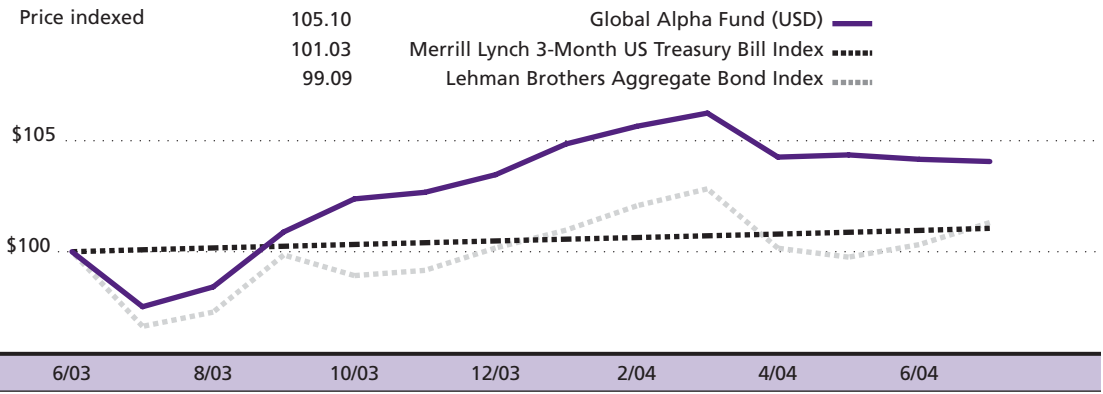
The US Consumer Price Index is broadly used as a measure of inflation.

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund. Past performance is not a guarantee of future results.

# Scudder's Global Alpha Fund — Performance and features

Our global asset allocation process uses analytical techniques to turn market insights into efficient portfolios.

## Performance analysis



Source: Standard & Poor's

Price (NAV) indexed data rebases all funds/indices to a common value (default 100)

## Average monthly total returns as of 6/30/04

	Global Alpha Fund (USD) unadjusted for sales charges	Global Alpha Fund (USD) adjusted for sales charges	Lehman Brothers Aggregate Bond Index	Merrill Lynch 3-Month US Treasury Bill Index
<b>June 2004</b>	-0.19%	-2.69%	0.57%	0.07%
<b>3 Months</b>	-1.96	-4.41	-2.44	0.24
<b>Cumulative since inception*</b>	5.10	2.47	-0.69	1.02

Inception date of fund is 6/16/03

\*Cumulative returns

## IMPORTANT PERFORMANCE INFORMATION

Performance and NAV are historical and do not guarantee future results. Please visit our Web site at [intl.scudder.com](http://intl.scudder.com) for the most recent performance information. Please note that past performance of a fund is not a guide to future performance. Investment return and principal value will fluctuate with changing market conditions, taxes and sales charges. Hence your shares, when redeemed, may be worth more or less than the original price. Performance assumes the reinvestment of dividends and capital gains. For Class A shares the maximum sales charge may be up to 2.5%. Exchange rate movements may also cause the value of your investment to fluctuate. Please see the prospectus for more complete information.

## KEY POINTS

- Seeks to achieve 4% excess return over cash
- Low correlation to major markets
- Full transparency — position and allocation reports available regularly
- Daily liquidity

Merrill Lynch 3-Month US Treasury Bill Index comprises of a single issue purchased at the beginning of the month and held for 1 full month. At the end of the month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury bill that matures closest to, but not beyond 3 months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month-end) date. While the index will often hold the Treasury bill issued at the most recent or prior 3-month auction, it is also possible for a seasoned 6-month or 1-year bill to be selected.

Lehman Brothers Aggregate Bond Index is an unmanaged index representing domestic taxable investment-grade bonds, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities with average maturities of 1 year or more.

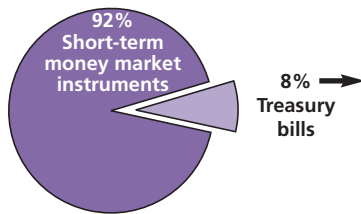
Index returns assume reinvestment of dividends and capital gains, and unlike fund returns, do not reflect fees and expenses. You cannot directly invest in an index.

# Scudder's Global Alpha Fund — An attractive alternative investment

The strategy shifts investment weightings among stock, bond and currency markets to capture short- and medium-term market moves.

## INVESTMENT OBJECTIVE

The Global Alpha Fund seeks to add excess return (“alpha”) of 4% above the Citigroup 3-Month US Treasury Bill Index<sup>2</sup> or the Euro LIBID 3-Month Index<sup>3</sup> by implementing an investment strategy that makes significant use of exchange-traded equity futures, government bond futures and currency forward contracts. The Fund will seek to provide investment performance that is uncorrelated to the traditional asset classes, enhancing the returns of the Citigroup 3-Month US Treasury Bill Index or the Euro LIBID 3-Month Index within a managed risk environment.



The Global Alpha Fund invests in the following: approximately 92% short-term money market instruments, approximately 8% Treasury bills (reflecting collateral for long/short futures and forwards) and an alpha overlay scaled to a 4% tracking error target.

## RISK DISCIPLINE

We actively manage risk in the portfolio construction process. The proprietary risk model uses historical returns to determine the correlation and volatility of all market segments in which the strategy invests. The risk model then overweights recent market movements to take into account current changes in correlation and volatility. In addition, DB Risk Management uses a forward-looking, Value-at-Risk (VaR) model to monitor our risk positions vs. stated investment and risk parameters.

## GEOGRAPHIC BREADTH — A MULTIMANAGER APPROACH

With investment strategy teams located around the world, DeAM is able to leverage local market insights into an integrated global investment platform. Our portfolio construction process allows us to build efficient, risk-managed portfolios that seek to consistently add alpha.

## DISTINGUISHING FEATURES

Our global asset allocation process uses analytical techniques to turn market insights into efficient portfolios. Our process addresses these challenges by:

- Combining multiple, uncorrelated styles aimed at enhancing risk-adjusted returns
- Leveraging geographic breadth with a multimanager approach to increase diversification
- Using real time idea generation and implementation to potentially improve performance
- Reducing transaction costs through highly coordinated implementation

## IMPORTANT RISK DISCLOSURE

Investments in mutual funds involve risk. No assurance can be given that the strategies to be used will be successful under all or any market conditions. The fund may utilize financial instruments such as derivatives for investment purposes and seek to hedge against fluctuations in the relative values of the fund's portfolio positions as a result of changes in exchange rates, interest rates, equity prices and levels of other interest rates and prices of other securities. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

The investment concept of the fund seeks to provide a low correlation with conventional markets (e.g., equities and bonds). The fund will make significant use of exchange-traded future contracts and currency forwards. The excess return opportunities intrinsic to these transactions are counterbalanced by a corresponding risk of loss. Investors should be aware that the time-limited rights acquired under future contracts can expire worthless or suffer a loss of value of a magnitude that cannot always be precisely determined. Please read the prospectus for specific details regarding the subfund's objectives, investments, risk profile, as well as fees and expenses before you invest or send money.

## ADDITIONAL INFORMATION

Minimum investment:	USD 10,000 or equivalent	
Currency denomination:	USD/Euro	
Liquidity:	Daily	
Domicile:	Luxembourg	
CUSIP numbers:	L8175G103 (USD)	L8175G129 (EUR)
Bloomberg symbols:	SCALUSD (USD)	SCALEUR (EUR)

## VIEW A PROSPECTUS

A free copy of the Prospectus and the Company's Annual and Semiannual reports can be obtained by contacting your local Share Distributor (as defined in the Prospectus) or call (800) 336-6923 or 1-212-454-6297 or you can e-mail to: [sgof.operations@db.com](mailto:sgof.operations@db.com). We advise you to carefully consider the fund's objectives, risks, charges and expenses before investing. The prospectus contains this and other important information about the fund. Please read the prospectus carefully before you invest.

<sup>2</sup>The Citigroup 3-Month US Treasury Bill Index is an unmanaged index reflecting monthly return equivalents of yield averages that are not marked to the market. The Citigroup 3-Month US Treasury Bill Index is an average of the last three 3-month Treasury bill issues. Three-month Treasury bills are the short-term debt obligations of the US government.

<sup>3</sup>Euro LIBID 3-Month Index is composed of the Euro LIBOR 3-Month Index minus 1/2 basis points. The Euro LIBOR 3-Month Index is the London Interbank Offered Rate — British Bankers' Association Fixing for Euro rates. The fixing is calculated each day at 11 a.m. London time. The rate is an average derived from the quotations provided by the banks determined by the British Bankers' Association. BBA Euro LIBOR is calculated on an ACT/360 basis and for value two days after the fixing.

Index returns assume reinvestment of dividends and capital gains, and unlike fund returns, do not reflect fees and expenses. You cannot directly invest in an index.

No subscriptions can be accepted on the basis of this brochure. Subscriptions may only be made in accordance with, and shares are held subject to, the provisions of the current Prospectus for Scudder Alpha Funds, SICAV (the "Company") as amended from time to time (the "Prospectus"). The Company is an open-ended umbrella investment company incorporated under the laws of Luxembourg and organized as a SICAV. It consists of classes of shares representing "subfunds" (as defined in the prospectus) investing in separate pools of investments. The Company is subject to the provisions of the Law of 30th March 1988, in particular, Part II thereof, and is registered on the official list of undertakings for collective investments.

The Company is not currently a recognized collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "Act") and the Prospectus has not been approved for the purposes of the Act by an authorized person (as defined thereunder). This document may only be communicated to a person in the United Kingdom if that person is of a kind to whom the Company is permitted to communicate financial promotions pursuant to the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 (the "Order") or otherwise pursuant to an exemption. In addition, no person who is an authorized person may distribute this document, or otherwise promote the Company, to any person in the United Kingdom unless such person is both (i) a permitted recipient and (ii) a person to whom an authorized person is permitted to communicate financial promotions relating to the Company or otherwise promote the Company under The Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and the rules of the Financial Services Authority applicable to such person.

A United Kingdom investor who enters into an investment agreement to acquire Shares of the Company will not have the right (otherwise provided under the United Kingdom Financial Services Authority Handbook of Rules and Guidance) to cancel the agreement constituted by the acceptance by or on behalf of the Company of an application for Shares.

In addition, most if not all of the protections provided by the United Kingdom regulatory structure will not apply to investments in the Company. The rights of investors in the Company will not be protected by the Financial Services Compensation Scheme in the United Kingdom.

No shares in the Company may be offered or sold to US persons (as such term is defined under the United States Securities Act of 1933, as amended) or in jurisdictions where such offering or sale is prohibited.

Scudder Investments is part of Deutsche Asset Management, which is the marketing name in the US for the asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Asset Management Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Investment Management Americas Inc. and Scudder Trust Company.

This information is solely for the use of authorized distributors and their current and non-US prospective clients.

Fund shares are not FDIC-insured, not bank guaranteed and may lose value.

### US Distributor

Scudder Distributors, Inc.  
222 South Riverside Plaza  
Chicago, IL 60606-5808  
[intl.sculder.com](http://intl.sculder.com)

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INVESTMENTS

