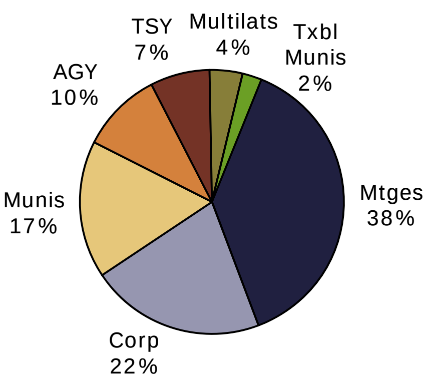
SAMSON
CAPITAL ADVISORS

High Grade Core Intermediate Strategy

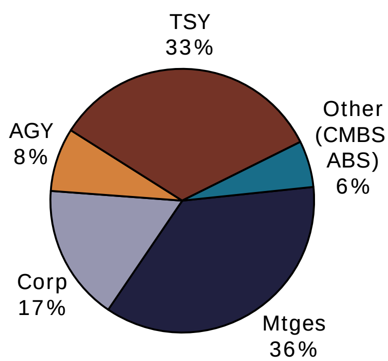
In previous commentaries, we expressed our concern that certain sectors of the market, such as Treasuries, were overvalued. We also noted that we would maintain a fully invested posture and seek to generate returns consistent with our comparative index, but with less credit and interest rate risk. Thus, we targeted a shorter duration than the benchmark, and an underweight Treasury allocation. As it turned out, Treasuries were the best performing sector of the market in the 3rd quarter. And yet, despite our stance on Treasuries, the 3rd quarter and the year-to-date returns of our strategy were mainly in line with the benchmark.

Sector Allocations

High Grade Core Intermediate



Barclays Int. Agg Index



We will discuss our sector allocation strategy and how we generated a benchmark-like return with a carefully risk managed approach in greater detail below.

First, some context:

The third quarter of 2011 was memorable in ways that many would prefer to forget. The experiences of that brief 92 day period reminded us that markets can be precarious, politics can resemble a circus, and volatility can masquerade as market efficiency.

- The United States Congress acted irresponsibly, passed a poor budget deal at the last minute, and as a result the country lost its AAA rating.
- Equity markets collapsed around the world as investors focused on Greece, the probability of its default, and the ripple effect such an event would have on banks everywhere.
- And, ironically, Treasuries (after the downgrade) rallied in response.

Financial markets are reacting much faster than politicians to structural problems with sovereign debt and global growth. But did the markets get it right? Did investors' obsession with the negative serve them well? Did this dark view, informed in part by the blare of media headlines heralding

Performance Summary

		3Q 11	YTD	SI*
HGCI Comp	*Gross*	2.16%	5.12%	5.04%
	*Net***	2.07%	4.85%	4.67%
Barclays Int. Agg		2.30%	5.01%	5.34%
Ex BBB		2.42%	5.04%	5.28%
Ex BBB/CMBS/ABS		2.49%	5.08%	5.38%

*12/31/04-9/30/11
** Net of annual fees of 0.35%

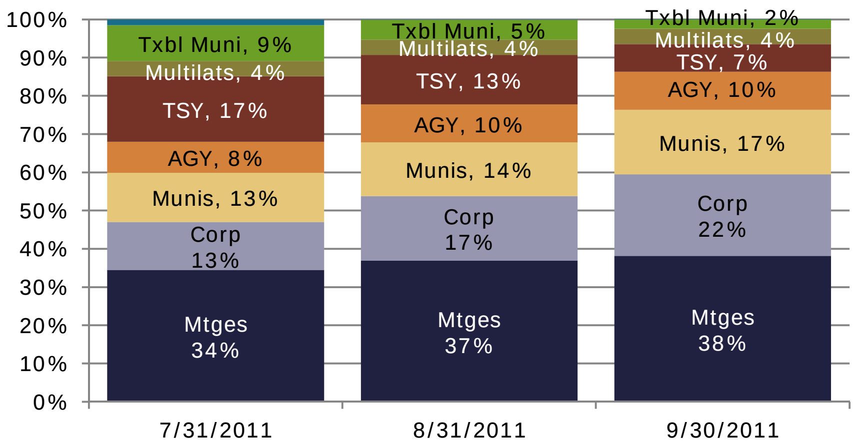
Fixed Income Performance

	3Q 2011	YTD 2011
Int. Agg	2.30%	5.01%
U.S. TSY 5 Year	4.57%	8.01%
U.S. TSY 10 Year	12.16%	15.75%
U.S. TSY 30 Year	31.07%	33.01%
U.S. TIPS	4.51%	10.59%
Agy. MBS	2.36%	5.30%
Muni 1-10 Yr	2.38%	5.69%
Int. Corp.	0.94%	4.19%
Industrials	2.40%	5.64%
Financials	1.62%	-1.67%
ABS	2.42%	4.90%
CMBS	-0.86%	2.82%
High Yield	-6.06%	-1.39%
S&P 500	-13.87%	-8.69%

Source: Barclays

- **Samson's HGCI strategy does not use BBB-rated securities, ABS, or CMBS** at various times the collapse of the Euro, the collapse of the banking system, and the collapse of municipalities around the country, allocate capital efficiently? The US economy remains mired in that twilight zone of economic activity that is neither a healthy expansion, nor a contraction. Even without the additional challenges of the global context, such a period is always fraught with investor anxiety, uncertainty, and unpredictable price movements. At Samson we sought to navigate this volatile period using our value oriented methodology. As the discussion below highlights, this methodology has guided us away from sectors that we believe are overvalued, and towards sectors that are undervalued. This approach, the foundation of our capital preservation oriented mandate, uses only high quality instruments as its building blocks.

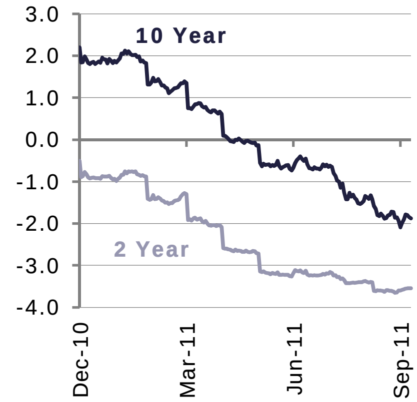
HGCI Representative Portfolio Historical Sector Allocations



As the chart above shows, we entered the quarter with an underweight to Treasuries and we continued to decrease our allocation to the sector throughout the quarter. We analyze Treasuries in the context of long-term real interest rate studies and we believe they continue to be overvalued. Considering that the Treasury has been downgraded, the overvaluation seems even more acute. When we place this set of facts in the context of the Treasury market's historically high volatility and low Sharpe ratio, we believe there is simply no reason to maintain a large allocation to the sector. We would rather own undervalued sectors which possess lower volatility and higher Sharpe ratios.

Our corporate allocation was underweight vs. the benchmark at the start of the quarter, but by the end of the period we increased it to a material overweight. Though the corporate index includes both industrial and financial credits, we favor the former due to their transparency, the clarity of their business models, and their superior risk metrics. In prior commentaries we offered that corporates were overvalued relative to other sectors, particularly given the tentative path of the economy's growth trajectory. We noted that U.S. corporations were in healthy shape, and as a result we would await a wider spread environment before adding materially to our positions. We saw this opportunity during the 3rd quarter

Treasury Real Rates Plummet (%)



Source: Morgan Markets

Barclays Indices (10/31/01-9/30/11)

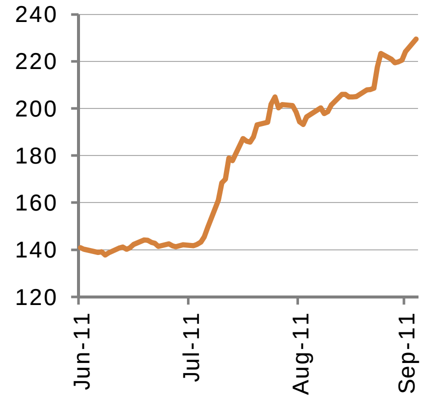
Risk / Return	Annual Return	Std Dev	Sharpe Ratio
T-Bill 90-Day	1.87	1.70	0.00
Treasury Int.	4.75	3.53	0.82
Corporate	6.25	6.32	0.69
AA Industrial	6.83	5.89	0.84
AA Financial	5.35	5.38	0.65
MBS Fixed Rate	5.64	2.86	1.32
Agencies	5.08	3.59	0.89
Municipal 5 Yr*	7.30	3.46	1.57

*Pre-tax equivalent (35%)

when spreads widened. We added to the type of blue chip names that we believe to be highly transparent and consistent with our conservative approach: Target, Walmart, Merck, Proctor and Gamble, and Microsoft.

Yet, we believe that mere spread widening alone is not a reason to add to credit sectors, in our conservative process economics matter as well. While the data set was not robust, we saw stability in the economy as measured by a variety of time-tested data series including the Institute for Supply Management's Manufacturing and Service Sector series, automobile sales, retail sales, and even the much maligned non-farm payrolls. This data was not strong, but neither was it recessionary. We believe corporate bonds are cheaply valued for this stage of the economy and we will likely add to these positions.

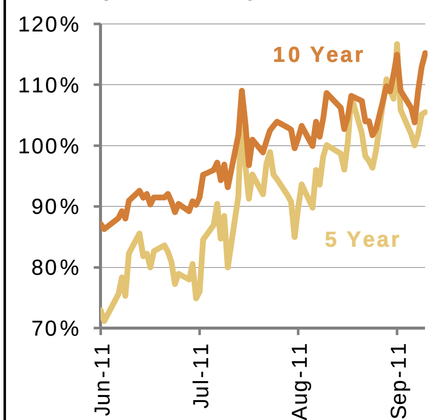
3Q 11 A-Rated Corp Spread



Source: Barclays Capital

High quality tax-exempt municipals, which we believed were undervalued at the start of the quarter, cheapened further during the period and as a result, we added to those positions as well. We correspondingly reduced our positions in taxable municipals, securities that moved more in line with the richening Treasury curve.

Municipal / Treasury Ratios

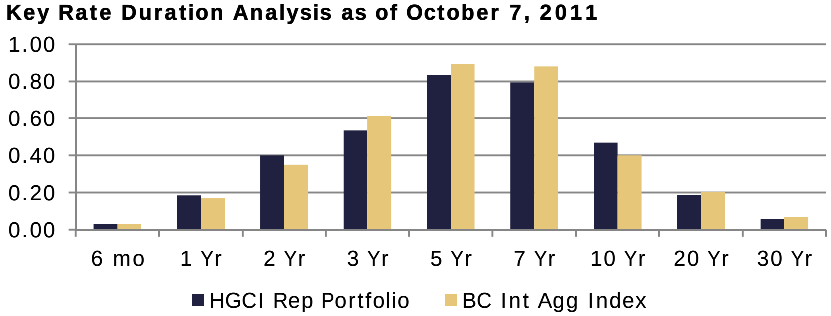


Source: Morgan Markets

We also used the general widening in spreads to add to our MBS positions, continuing our emphasis on GNMAs in our purchases. While these securities are somewhat richer than their more cheaply valued FNMA brethren, we prefer their full faith and credit guarantee for our conservative approach. As we have seen no clear plan to bring FNMA and FHLMC out of conservatorship, we would prefer to limit our exposure to these securities as we await greater clarity about the future of those agencies.

From a yield curve position, we moved from a barbell towards a neutral curve position. As the Key Rate Duration analysis below shows we are now broadly in line with the benchmark and believe we have essentially immunized our strategy from unexpected curve shifts.

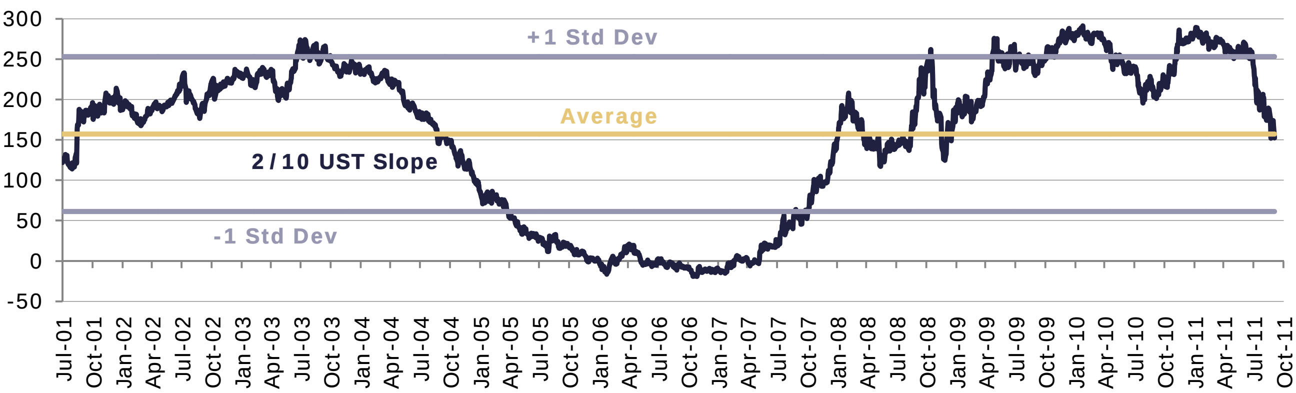
Key Rate Duration Analysis as of October 7, 2011



Our sector allocation strategy at the start of the quarter, our initial barbell position, and the shifts we made throughout the quarter all made contributions to maintaining performance relative the benchmark with less duration and credit risk. Though we were underweight Treasuries, we also entered the period underweight credit and finance. The Barclays Intermediate Corporate Index generated a 0.79% return for the quarter, dragged down by the -1.67% generated by intermediate financials. Our corporate allocation generated a 1.90% gross return for the period and materially contributed to our performance. While we did not own any longer dated Treasuries during the quarter, we did utilize 7 to 10 year maturity taxable municipal bonds and multilaterals for the longer end of our barbell curve strategy. These sectors generated a 4.5% and 7.9% return, respectively. While volatile intermediate Treasuries generated a 3.54% return for the quarter, our allocation to lower volatility cheaply valued tax-exempt municipals generated a 2.80% gross return. Furthermore, as noted, we reduced exposure to overvalued sectors throughout the quarter, adding consistently to undervalued, high quality sectors. In the meantime, we feel comfortable that our sector and curve decisions will better position portfolios for the challenging period ahead.

In anticipation of a steeper yield curve environment, we expect to transition portfolios to a more bulleted yield curve structure. The Fed has anchored short rates near 0% at least into 2013, but inflation expectations are building, commodity prices remain buoyant, and TIPS continue to perform well; in our view, a bear steepener is the more likely outcome, despite Operation Twist. The U.S. simply does not have the financial resources to fight market forces at the longer end of the yield curve indefinitely. We believe the swift yield curve flattening that took place at the end of the quarter is likely to unwind.

Treasury Yield Curve Steepness



Source: Bloomberg

Looking forward, we will be monitoring our rich/cheap models and economic activity closely, but our baseline expectation is for a modest economic recovery, upward movement in Treasury yields, and outperformance by credit spreads. While the media may continue to focus on negative news and, in the short-term, some investors may react to headlines, we will continue to take the longer-term view.

Jonathan Lewis
Managing Principal
Chief Investment Officer
October 19, 2011

High Grade Core Intermediate Composite
Schedule of Investment Performance for the Period 12/31/04–12/31/10
Primary Benchmark: Barclays Capital Intermediate Aggregate

	Total Firm	Composite Assets		Annual Performance Results				
	Assets	USD	Number of	Composite	Barclays Capital Int.	3 Year Std Deviation		Composite
Year End	(millions)	(millions)	Accounts	Gross	Aggregate	Composite	BC Int Agg	Dispersion
2010	7,122	149	17	4.95%	6.15%	3.43%	3.41%	0.14%
2009	6,516	125	15	5.97%	6.46%	3.45%	3.38%	0.13%
2008	4,525	94	9	3.66%	4.86%	3.26%	3.25%	0.15%
2007	3,653	33	Five or Fewer	8.10%	7.02%	2.28%	2.34%	N.A.
2006	3,105	45	Five or Fewer	4.33%	4.58%			N.A.
2005	2,588	52	6	1.95%	2.01%			N.A.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year or lack of a full year or full three years of performance.

1) Definition of Firm: Samson Capital Advisors LLC (the “Firm”), founded in June 2004, is an SEC registered investment adviser as of May 2004. Samson provides investment management services.

2) Compliance Statement: Samson Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Samson Capital Advisors has been verified for the periods June 1, 2004 through December 31, 2008 by Ashland Partners & Company LLP and from January 1, 2009 through December 31, 2009 by The Spaulding Group.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The High Grade Core Intermediate Composite has been examined for the periods December 31, 2004 through December 31, 2008. The verification and performance examination reports are available upon request.

This presentation of investment performance sets forth the time-weighted rates of returns for the High Grade Core Intermediate Composite (the “composite”) for the period shown. Past performance is no guarantee of future results and may differ in future time periods.

3) Policies: Additional information regarding the Firm’s policies and procedures for calculating performance, valuing portfolios, and preparing compliant presentations is available upon request.

4) Composite Description: The High Grade Core Intermediate Composite was created September 30, 2005. The Composite consists of all fully discretionary, fee paying separately managed accounts in the High Grade Core Intermediate style. The High Grade Core Intermediate strategy is a relative return focused mandate appropriate for investors with an indefinite investment horizon, seeking to maximize return with a lower degree of principal volatility than typical aggregate market strategies. The minimum account size for this composite is $2.5 million.

5) Benchmark: For comparison purposes, the composite is measured against the Barclays Capital Intermediate Aggregate Index.

The Barclays Capital U.S. Intermediate Aggregate Index is an unmanaged index that represents the U.S. domestic investment-grade bond market. It is comprised of the Barclays Capital Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. Please note that indices do not take into account any fees and expenses of investing in the individual securities that they track and that individuals cannot invest directly in any index. Data about the performance of these indices are prepared or obtained by NBM and include reinvestment of all dividends and capital gain distributions.

6) Reporting Currency: Composite returns are expressed in U.S. dollars.

7) Fees: Gross-of-fees returns are presented before management fees, but net of all trading expenses, custodial fees, and withholding taxes. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client’s portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Additional information regarding the policies for calculating and reporting returns is available upon request. The management fee schedule is as follows: 0.40% on the first $10 million, 0.30% on the next $10 million, and 0.25% thereafter. Actual investment advisory fees incurred by clients may vary.

Net-of-fee performance is show net of model management fees (the highest charged to an account in the composite), all trading expenses, custodial fees, and withholding taxes.

8) Significant Flows: The composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of at least 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month, after full investment.

9) Internal Dispersion: The measure of dispersion used in this presentation is the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. This calculation measures the fluctuation of the rates of return of portfolios with the Composite in relation to the average return. Dispersion is not shown for composites with 5 or fewer portfolios for a full year.

10) List of the Firm’s Composites: In addition to the Composite, the Firm provides investment management services utilizing different strategies. A complete list of composite descriptions is available upon request.

11) Additional Disclosures: As of 7/1/09 portfolios are revalued for cash flows of 10% or more. Prior to 7/1/09 portfolios were not revalued for large flows.

Benchmarks are shown for illustrative purposes only, may not be available for direct investment, are unmanaged, assume reinvestment of income, and have limitations when used for comparison or other purposes because they may have volatility, credit, or other material characteristics (such as number and types of securities) that are different from the Strategy. Information is as of the date hereof unless otherwise indicated. Certain information is based on data provided by third-party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. This information is confidential, is intended only for intended recipients and their authorized agents and may not be distributed to any other person without the Manager’s prior written consent. Notwithstanding and foregoing, the recipient and their authorized agents may disclose to any and all persons, without limitation of any kind, the structure and tax aspects of the transactions described herein and all materials of any kind that are provided by Samson to the recipient related to such structure and tax aspects.

Beginning January 1, 2008, the composite definition was expanded to include accounts with mandates that allow for investment in securities which do not fall within the High Grade Core Intermediate style. For example, the mandate may allow for allocations to alternative sectors or an extension in duration outside the acceptable boundaries of the High Grade Core Intermediate style. At their time of inclusion, these portfolios had no allocation to these securities. Should these portfolios become invested in these securities, they will be removed from the composite.