

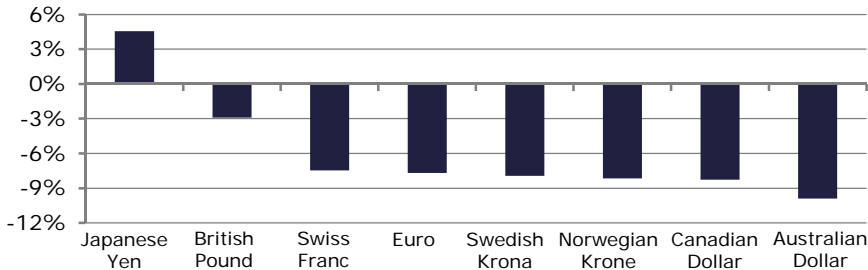
## Samson Multicurrency Plus Strategy

### Strategy and Performance Review

During the 3rd quarter the dollar staged a powerful safe haven rally. Though our strategy emphasized currencies associated with more hawkish central banks, and stronger balance sheet nations (like Norway and Sweden), the broader market thought otherwise and allocated funds to the Japanese yen.

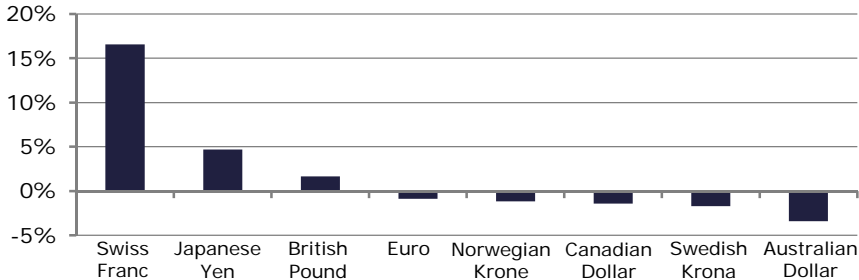
We believe countries that are good stewards of their economic resources will have stronger currencies over the long term. A healthy debt to GDP ratio is indicative of a country with solid assets and manageable liabilities, but there are other indicators we track as well. In addition to this preference, our investment process leads us to underweight currencies associated with weaker economies and central banks with accommodative monetary policies. As a result, we have had a disposition to be perennially underweight the yen. Drawing on its historical role as a safe haven currency, the yen rallied this past quarter despite its weak economy, high debt to GDP ratio, and highly accommodative central bank. As we expect the safe haven move to reverse course and the markets to once again focus on fundamentals, we will stay the course with our long-term view.

#### Relative Performance of Currencies (6/30/11 – 9/30/11)



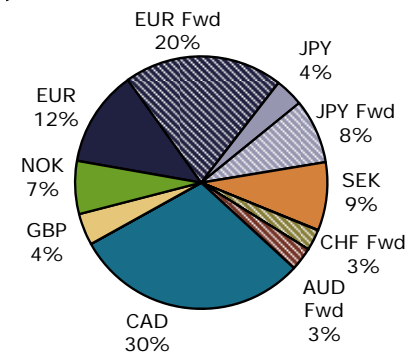
For investors in foreign currencies, the 3rd quarter can be divided into two periods: Bad and Worse. The bad period began on June 30th and continued through August 9th. During this period, the market's laser beam focus on the debt crisis in Europe led to an equity market slump, a major rally in Treasuries (despite the loss of a AAA rating from S&P), and an extraordinary safe haven rally in the Swiss franc. Though there was a modest rally in the Japanese yen, most other major currencies posted negative returns.

#### Relative Performance of Currencies (6/30/11-8/9/11)



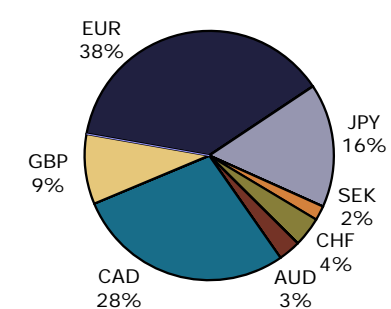
#### SMP Currency Exposure

As of 9/30/11

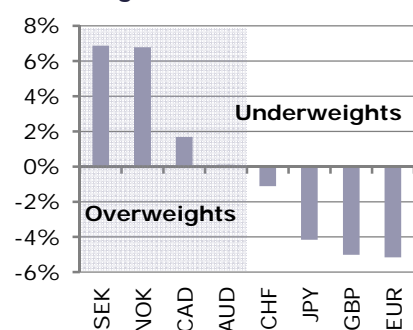


#### Federal Reserve Trade Weighted Majors Index

As of 9/30/11

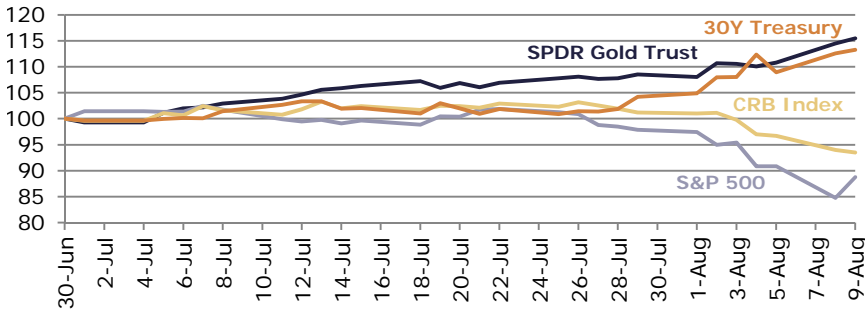


#### SMP Weights as of 9/30/11



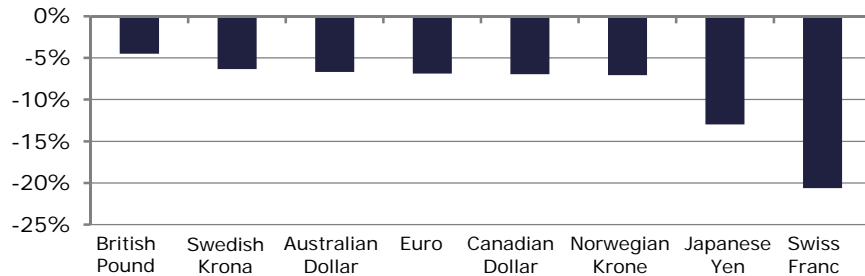
During this period, it should be noted, the Swiss franc was not the only safe haven. As the price history chart below shows, growth rolled over (stocks and commodities as measured by the CRB Index), but Gold and 30-Year Treasury Bonds staged rallies. Not coincidentally, Gold (which has been a currency and is often still viewed as one) and the Swiss franc both produced about a 15% return during this period.

**Normalized Price History (6/30/11-8/9/11)**



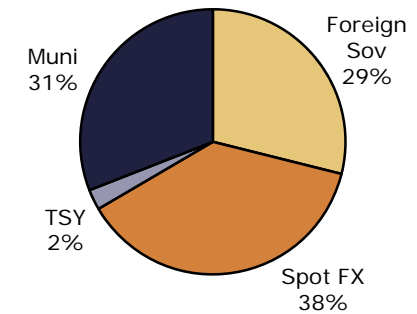
As the quarter progressed matters moved from bad to worse for foreign currency investments. The European debt crisis storm intensified, European equity markets continued their downward spiral (materially underperformed the S&P 500) and the safe haven movement into the U.S. Dollar and Treasury bonds intensified. Yet, currency markets offered no place to hide from the rebound in the once mighty dollar. Even fading hegemon can flex their muscles, and the dollar roared despite the absence of any economic data, Fed policy announcement, or fiscal change that might have typically triggered such a sharp upward move in the greenback. In fact, the Fed's announcement that rates would be held low through 2013 was another reason to sell the dollar based on our conservative central bank policy framework. Like the safe haven move of 2008, capital flows did not want to be confused by the facts, and the dollar rally was sharp and painful.

**Relative Performance of Currencies (8/9/11-9/30/11)**

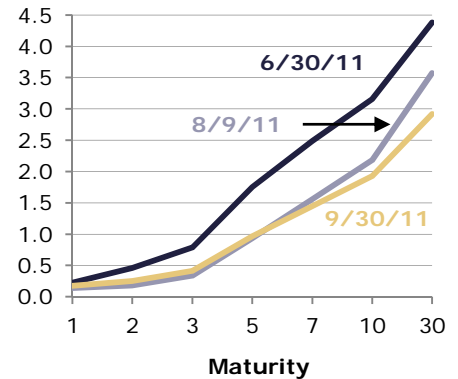


Yet, the big surprise was the 20% drop in the Swiss franc that occurred between August 9th and September 30th. Essentially, the Swiss announced that they would intervene in the markets to stop currency investors from hijacking their currency and distorting its valuation. The Swiss franc, formerly known as a safe haven, plummeted in value. As the chart to the right shows, the Treasury curve continued to shift lower as even more capital flowed into the overvalued Treasury market, but other

**SMP Sector Distribution**  
As of 9/30/11



**U.S. Treasury Yield Curve**



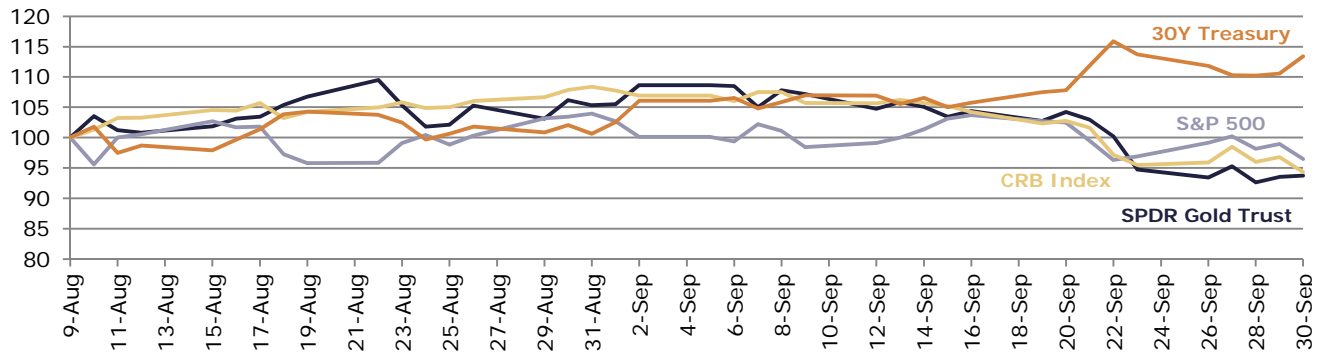
Source: Morgan Markets

The Federal Reserve Trade Weighted Major Currency Index is a weighted average of the foreign exchange values of the U.S. dollar against a subset of currencies in the broad index that circulate widely outside the country of issue. The weights are derived from those in the broad index. The broad index is a weighted average of the foreign exchange values of the U.S. dollar against the currencies of a large group of major U.S. trading partners. The index weights, which change over time, are derived from U.S. export shares and from U.S. and foreign import shares.

The U.S. Dollar Index® is composed of a basket of the world's major currencies. The currencies that make up the U.S. Dollar Index are representative of America's major trading partners and currently include Euros, Japanese Yen, British Pound, Canadian dollars, Swedish Kronas, and Swiss francs. The relative weighting of a particular currency in the index reflects the amount of trade the U.S. does with that country. U.S. Dollar Index® and USDIX® are trademarks and service marks of the New York Board of Trade®.

safe havens began to fade. As the price normalized chart below shows, Gold dropped along with the Swiss franc, leaving the 30-Year Treasury teetering at the top of the safe haven heap, poised to drop at the whiff of any improvement in the economy or risk assets.

**Normalized Price History (8/9/11 – 9/30/11)**



Emerging market currencies offered no help to investors during this period. The heavy hand of government intervention that smacked the Swiss franc down from star performer to the quarter’s worst major currency, took a swing at the formerly popular Brazilian Real as well. Just as the Swiss worried that their strong currency would choke their export engine and their economy, so too did the leadership of Brazil. As more news filtered through the markets about various controls on capital flows into and out of Brazil, the Real fell, dropping -16.81% for the period.

Looking forward, we will keep our focus on building positions in currencies associated with stronger balance sheet countries. Analysis of central bank policy and economic fundamentals will continue to drive our currency allocation process, and returns.

Jonathan E. Lewis  
 Managing Principal  
 Chief Investment Officer

October 20, 2011

Unless otherwise noted all data is sourced from Bloomberg®.

All performance results include reinvestment of income and are net of applicable expenses and fees. The performance information shown has not been audited.

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