

High Grade Core Intermediate Strategy

In the financial maelstrom that engulfed the U.S. markets during the 3rd quarter, no sector was immune. Even conservative, intermediate maturity fixed income instruments were buffeted by severe dislocations and bouts of illiquidity.

For the first nine months of the year ending September 30th, the Lehman Intermediate Aggregate Index posted a 1.24% return. The Samson High Grade Core Intermediate composite outperformed the benchmark for the period with a gross return of 1.55%. While we maintained our outperformance on a year-to-date basis, during the last weeks of the period we lost ground against the benchmark. Our decision to increase credit quality using Treasury Inflation Protected Securities only partly achieved its mission – credit quality was improved, but TIPS unperformed.

While the benchmark's positive return may seem a soothing number in the context of severely negative returns from equities, commodities, and many formerly absolute return strategies, there was severe turbulence beneath the surface. For the first nine months of the year intermediate maturity treasuries returned 4.61% for the period; intermediate maturity corporates posted a negative return of -7.08%. Within corporates, the turbulence was even more severe: intermediate industrials posted a -0.72% return for the period, but intermediate financials dropped -13.7%.

While traditional fixed rate mortgages returned 3.9% for the first nine months of the year, commercial mortgage backed securities fell -8.09%. Highly rated securitized home equity loans performed particularly poorly, generating a -20.75% return for the period. Needless to say, this was a period when sector selection and security selection mattered greatly.

We relied on our long-term investment process to guide us through difficult times. When Samson Capital Advisors was founded, we made the decision that our high grade strategy would emphasize transparency and liquidity, as we seek to avoid many securitized fixed income and lower quality segments of the investment grade universe. As a result, we were not exposed to the severe price dislocations in asset backed securities, commercial mortgages, or BBB corporate bonds (we only purchase corporates rated A or better). With regard to corporates and mortgages, the premise, built into our taxable investment process since the inception of our strategy, was to own those corporate and MBS securities that would help our clients track the broader corporate index and MBS index components, and given the asset size of the small to medium sized foundations who are largely our clients in this space, still have the liquidity to move in and out of positions. This quality of our investment process would prove particularly important during recent months.

Performance Summary

	HGCI Comp (Gross)	HGCI Comp (Net)**	LB Int. Agg.
2005	1.95%	1.59%	2.01%
2006	4.33%	3.97%	4.58%
2007	8.10%	7.73%	7.02%
YTD 2008*	1.55%	1.29%	1.24%

Annualized Since Inception*

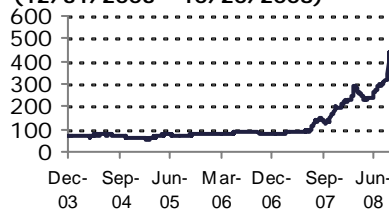
4.22%	3.86%	3.94%
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* As of 9/30/2008

** Performance calculated net of investment management fees of 0.35% annually.

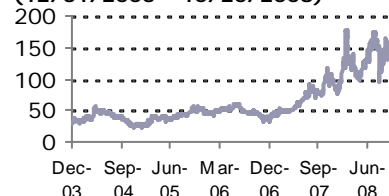
A-rated Corporate Spreads

(12/31/2003 – 10/20/2008)



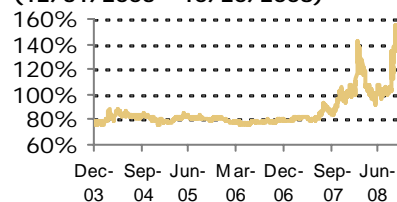
U.S. Mortgage-Backed Securities Spreads

(12/31/2003 – 10/20/2008)



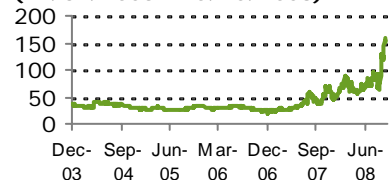
Municipal/Treasury 5 Year Yield Ratio

(12/31/2003 – 10/20/2008)



U.S. Agency Spreads

(12/31/2003 – 10/20/2008)



Even within our self-constrained solution set of securities and sectors there were numerous opportunities to find trouble (particularly in corporate bonds) as the crisis unfolded. Generally speaking, we avoided trouble in part by our decision to increase the overall quality of our portfolios – which we will discuss in greater detail below. While we entered the period with exposure to highly rated brokerage and finance names, ratings did not matter as the financial storm gathered and hit the sector with devastating, and at times fatal, force. We were able to avoid the worst of the storm by focusing our resources on a narrowly defined list of some of the largest, most liquid issuers in the index.

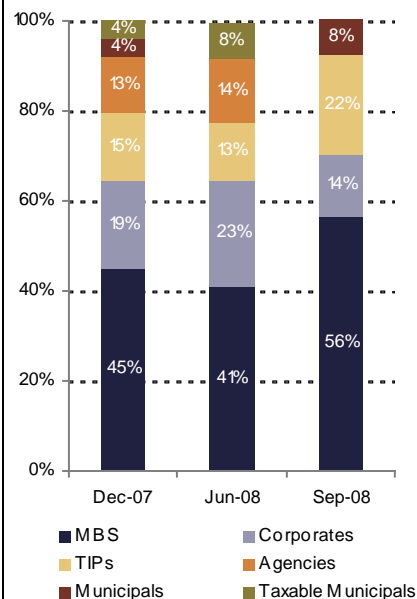
As the crisis unfolded and we reduced the risk of our corporate positions, we had trading blocks that were consistent across portfolios in the strategy. This facilitated our oversight functions and ability to execute in a timely manner. Indeed, there have been many days when liquidity ceased to exist in corporate bonds, a challenge we faced like many managers. Yet, by owning positions in large, well-known liquid issues, we believe were better able to get bids (when they existed) and transact in a timely manner when time mattered.

The chart to the right shows we decreased our corporate contribution to duration from 23% to 14%. While it is true that corporate spreads cheapened throughout the quarter creating a tempting opportunity to add to positions, we viewed the appeal of widening corporate spreads more as a siren's song that could take our ship into the rocks. We reduced our corporate exposure as spreads widened because our rich/cheap analysis contained no analogous period for us to properly judge and value corporate credit relative to treasuries. At a time when major corporations were moving directly from investment grade securities to bankruptcy, or a form of suspended animation called conservatorship, it seemed reasonable to pause and analyze before mechanically adding to positions.

Mortgages also cheapened throughout the quarter, yet in contrast to corporates, the quality of the MBS we purchase actually improved during the period. The Treasury stepped in to actively support FNMA and FHLMC, the quality of our 15-year and 30-year MBS was enhanced. During the summer, we increased our exposure to high quality MBS to the largest allocation since the inception of our strategy and this indeed helped to stabilize our portfolios.

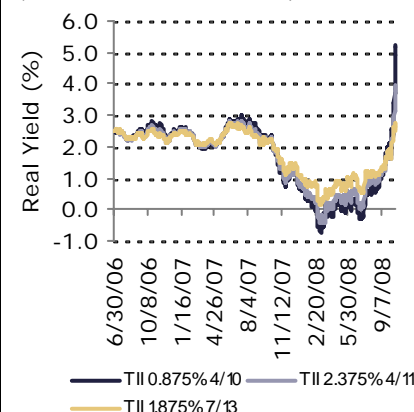
We increased our exposure to treasuries and tax-exempt municipals both to increase the overall credit quality of our portfolios, but to accomplish other important objectives as well. With regard to our decision to raise municipal exposure to 7%, the dislocation in municipals caused their yields to surge way above treasury yields – an unsustainable event unless the Federal tax code is eliminated. By purchasing municipals with yield ratios well over 100% of treasuries we have purchased an asset that is likely to outperform treasuries in the intermediate to longer-term as markets normalize. With regard to our treasury allocation, there are two types of treasury securities we can purchase - nominal treasuries, or Treasury Inflation Protected Securities (TIPS). The TIPS market is currently priced for virtually no inflation, or deflation.

Contribution to Duration



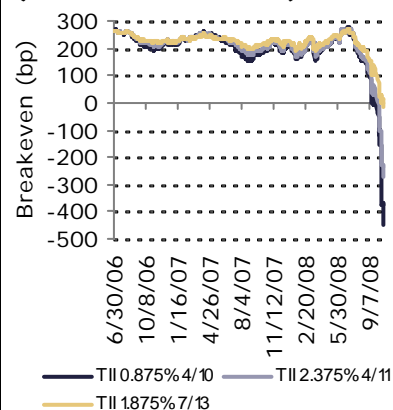
TIPS Real Yield

(7/2/2006 – 10/22/2008)



TIPS Breakevens

(7/2/2006 – 10/22/2008)



A sudden and severe financial crisis has disrupted the economy. Certainly, inflation pressures will likely moderate in the short term, but longer term fiscal policy will be stimulative, budget deficits will rise, regulation will increase, and central bank policies will likely seek to achieve a stable to rising price environment in order to forestall deflation. In that context, we would rather own TIPS that offer a historically high real yield and inflation protection than nominal treasuries that offer virtually no real yield and no inflation protection in this environment. Despite the logic of our argument, TIPS have underperformed.

Looking forward, the rulebook of how the US financial markets are supposed to operate was indelicately thrown into the shredder by Adam Smith's invisible hand of free market capitalism over the past few months. We will seek to steward the assets we manage carefully and with longer-term valuation measures to guard against severe shocks to our clients asset values and purchasing power.

Jonathan E. Lewis
Principal

Data Source: Lehman Brothers®, Bondedge®

No representation or assurance is made that Samson High Grade Core Intermediate Strategy will or is likely to achieve its objectives, or will make a profit or will not sustain losses. Any statements regarding future events constitute only subjective views or beliefs, are not guarantees or projections of performance, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond our control. Future results could differ materially and no assurance is given that these statements are now or will prove to be accurate or complete in any way. Samson does not provide tax, accounting or regulatory advice. ANY TAX STATEMENT CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PERSON, FOR THE PURPOSE OF AVOIDING TAX PENALTIES.

Past performance is not indicative of future results. Any benchmarks or indices shown are for illustrative purposes only, 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 (HGCI). Certain information is based on 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 our prior written consent.

High Grade Core Intermediate Composite

Schedule of Investment Performance for the Period 1/01/05–12/31/07

Primary Benchmark: Barclays Capital Intermediate Aggregate

Year End	Total Firm	Composite Assets		Annual Performance Results		
	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Barclays Capital Int. Aggregate	Composite Dispersion
2007	3,653	33	5 or Fewer	8.10%	7.02%	N.A.
2006	3,105	45	5 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.

1) Basis of Presentation

Samson Capital Advisors LLC (the "Firm") is an SEC registered investment adviser. The firm has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). 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. Additional information regarding the Firm's policies and procedures for calculating and reporting performance results is available upon request.

2) Selection Criteria and Valuation Procedures

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. For comparison purposes, the composite is measured against the Barclays Capital Intermediate Aggregate Index. The minimum account size for this composite is \$2.5 million.

Eligible new portfolios are added to the Composite at the start of the first performance measurement period following the date that the portfolio is fully invested as defined by the Composite strategy. Securities listed on any national exchange are valued at their last trade price. Securities that are not listed are valued at the most recent publicly quoted bid price. Securities transactions are recorded on a trade date basis. If applicable, dividend income is recorded as of the ex-dividend date. Returns reflect investment of dividends and other earnings. The High Grade Core Intermediate Composite was created September 30, 2005. Samson Capital Advisors LLC's compliance with the GIPS standards has been verified for the period June 1, 2004 through September 30, 2008 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the High Grade Core Intermediate Composite beginning October 1, 2004. A copy of the verification report is available upon request.

3) Calculation of Rates of Return

Composite returns are expressed in U.S. dollars. For each portfolio within the Composite, the total rate of return for the time period is equal to the change in market value of the portfolio, including capital appreciation, depreciation and income, as a percentage of the beginning market value of the portfolio, adjusted for the net of all contributions and withdrawals (the "cash flows"). Each cash flow is weighted from the actual date of contribution or withdrawal in the month that it occurred. The results for the Composite for all periods are shown net of withholding taxes, where applicable, on dividends, interest, and capital gains.

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. Additional information regarding the treatment of significant cash flows is available upon request.

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) 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.

Rates of return are calculated on a "time-weighted" basis for all portfolios which comprise the Composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Time-weighted rates of return minimize the effect of cash flows on the investment performance of the portfolio. Monthly Composite rates of return are computed by taking an asset-weighted average of each portfolio's monthly rate of return within the Composite, utilizing their respective beginning market values for the period. Annual Composite rates of return are derived by geometrically linking monthly Composite rates of return.

The standard deviation of comparable performance over time is a measure of dispersion. 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 less than 5 portfolios for a full year.

4) Composite Benchmark

Composite returns are benchmarked 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. The Fund may invest in many securities not included in the above-described indices. Effective November 3, 2008 Barclays Capital announced the combination of the existing Lehman Brothers indices with the Barclays Capital indices into a single platform under the "Barclays Capital Indices" name. The renamed Lehman Brothers indices will continue to operate under their existing methodology. The index name changes will be reflected in all updates going forward.

5) List of the Firm's Composites

In addition to the Composite, the Firm provides investment management services utilizing different strategies. A complete list and descriptions of the Firm's composites are available upon request within a reasonable time frame.