

## High Grade Core Intermediate Strategy

2008 was a year of great turmoil in all financial markets, and investment grade fixed income was not immune to the financial crisis contagion.

Since the inception of our High Grade Core Intermediate Strategy, we have managed it with a focus first and foremost on capital preservation and purchasing power protection. Our goal in strategy design and implementation is to deliver returns consistent with our benchmark, by using instruments that emphasize the higher quality, more transparent and liquid components of the benchmark. From the very start, we decided not to sacrifice quality or liquidity for yield. Furthermore, we sought to achieve the conservative goals of our strategy by focusing on sector rotation, using a value-oriented decision making process as our guide. Never has our strategy conception been more severely tested than in the last months of 2008.

As the data to the right shows, though we underperformed our benchmark during 2008, we generated a healthy positive return. The turmoil in the corporate bond market, asset backed, and commercial mortgages was the source of underperformance, or even negative returns for many investors, our decision to emphasize cheaply valued high quality bonds was the source of our underperformance.

As we mentioned in our last commentary, we decided not to invest in traditional Treasuries, which we viewed as overvalued, but rather in Treasury Inflation Protected Securities, which we viewed as undervalued. In the flight to quality rally that dominated the 4th quarter, TIPS did not fare well, but traditional Treasuries did extremely well. Simply put, our decision to own TIPS and not nominal Treasuries, was the single largest factor contributing to our underperformance versus the benchmark.

Just as we maintained our TIPS position as a conservative measure, we also built a 25% position in tax-exempt municipals for the same reason. High quality municipals also underperformed as the municipal market remained under severe pressure through the period. We believe municipal bonds, trading at the cheapest levels in decades, will serve our strategy well as market relationships normalize. As long as there are taxes, we are confident that municipal yield ratios will at some point fall beneath 100% of Treasuries, and along the way generate a healthy, low volatility return stream.

Our greatest strength throughout the credit market crisis of the fall and winter was the long-term investment process that guides our sector allocation decisions. We entered the period with a quality emphasis that served us well through the crisis months. We were able to avoid many of the worst problems through the design of our strategy – we did not buy commercial mortgage-backed securities, asset-backed

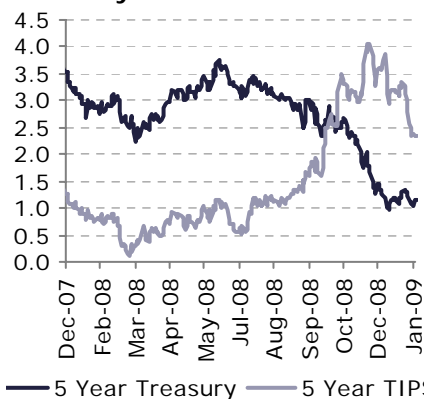
### Performance Summary

	HGCI Comp (Gross)	HGCI Comp (Net)**	BC Int. Agg.
1 Year	3.66%	3.30%	4.86%
2 Year	5.86%	5.49%	5.93%
3 Year	5.35%	4.98%	5.44%
<b>Annualized Since Inception*</b>	<b>4.49%</b>	<b>4.12%</b>	<b>4.60%</b>

\* As of 12/31/2008

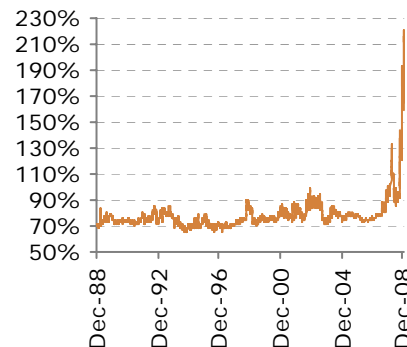
\*\* Performance calculated net of investment management fees of 0.35% annually.

### Treasury and TIPS Yields



\*TIPS: TII 1.875 7/13

### Municipal/Treasury 5 Year Yield Ratio



securities, or BBB bonds. As the chart to the right shows, these were among the worst performing sectors in the investment grade landscape.

We used our value orientation to increase our exposure to traditional 15-Year and 30-Year MBS when that sector reached historically wide option adjusted spreads in the summer. As the chart to the right shows, we increased our MBS exposure to its highest levels since the inception of our strategy. This served us well as high quality mortgages proved to be steady performers throughout the year and our strategy of tracking the overall performance of the mortgage market with a limited number of seasoned pools achieved its mission.

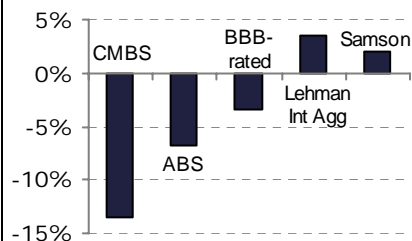
As the financial crisis swept through the credit markets, we took rapid action to reduce the overall allocation to corporate bonds in our strategy. We rebalanced our holdings to reduce our exposure to those credits where event risk was rapidly rising. While corporate bonds performed poorly in 2008, our allocation to corporates performed significantly better than the benchmark for the year. Particularly important, during a time when the corporate market was seized by fits of illiquidity, we were still able to transact bonds for our clients (however challenging the environment may have been). We believe our focus on a small number of very liquid issues allowed us to manage risk and transact when needed despite the crisis environment.

Looking forward, our long-term value oriented approach will continue to guide our sector decisions. For that reason, we will likely maintain exposures to TIPS and municipals until their values are more fully realized. Corporate bonds are an entirely different matter. Many have asked us why we do not more aggressively purchase corporate bonds at this time. Our reluctance is based on our belief that we should only make a meaningful sector allocation when we can confidently estimate an expected return for a sector. In the case of TIPS, we can calculate possible returns using various estimates on inflation. In the case of municipals, as we mentioned, as long as there are Federal taxes, we have a high confidence level that municipal yields will fall beneath Treasury yields and we can calculate an estimated range of returns for various scenarios and holding periods.

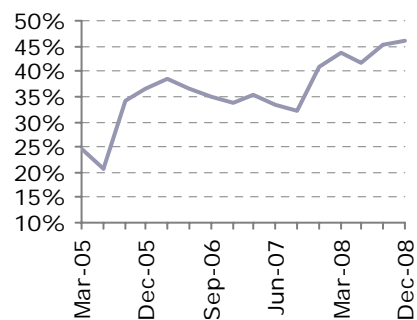
In order to calculate an expected return for corporate bonds, we need to have a view for what the normal spread relationship is for the sector. Yet, we can now say with some confidence that the data set of the past decade was polluted by leveraged players squeezing spreads dry. When the leverage disappeared and the credit crisis deepened, spreads ballooned wider. What is the new normal relationship for corporate bonds? How should corporate bonds trade when the only yardstick for value is default risk and not access to leverage? These are questions that are not readily answered, and as a result we will be careful about increasing our exposure to corporates.

Looking forward, we will continue to emphasize conservatism in our approach, seeking to generate a return stream consistent with the

### Sector Performance (9/30/2008 – 12/31/2008)



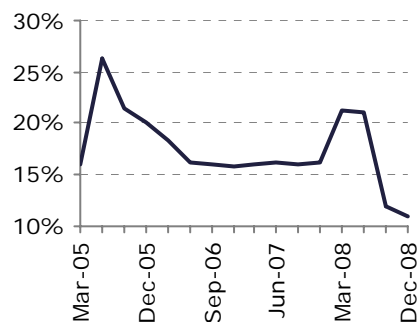
### Samson MBS Allocation



### MBS Performance

	Samson MBS	Barclays U.S. MBS
1Q08	2.76	2.43
2Q08	-0.49	-0.49
3Q08	1.92	1.87
4Q08	4.18	4.34
<b>2008</b>	<b>8.57</b>	<b>8.34</b>

### Samson Corporate Allocation



### Corporate Performance

	Samson Corp	Barclays Intern. Corp
1Q08	0.68	0.78
2Q08	-0.89	-0.82
3Q08	-7.66	-7.04
4Q08	10.21	2.44
<b>2008</b>	<b>1.54</b>	<b>-4.82</b>

overall intermediate taxable market, with an emphasis on higher credit quality and liquidity.

Jonathan E. Lewis

Principal

January 21, 2009

Data Source: Barclays Capital®, 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 1/01/05–12/31/08

Primary Benchmark: Barclays Capital Intermediate Aggregate

Year End	Total Firm	Composite Assets		Annual Performance Results Barclays		
	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Capital Int. Aggregate	Composite Dispersion
2008	4,525	94	9	3.66%	4.86%	0.15%
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) 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.