

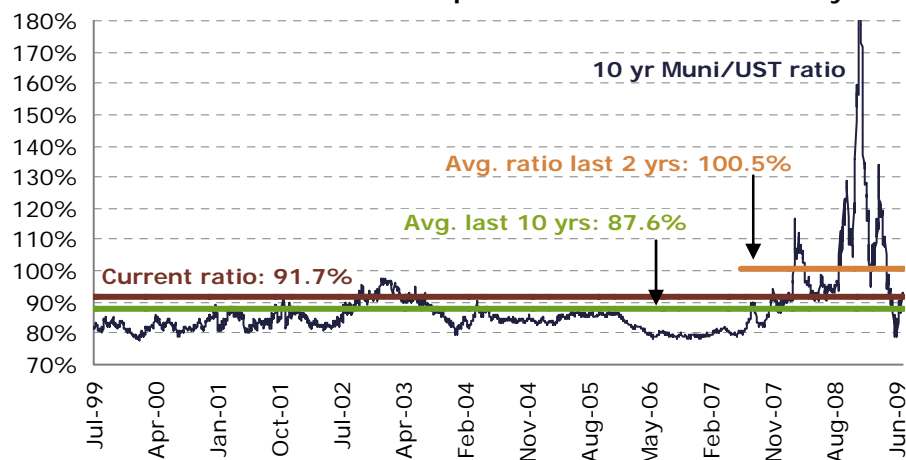
Market Commentary

Period Summary

The second quarter of 2009 marked a period of recovery for financial markets, if not for the economy. Global stocks turned in double-digit returns and some credit began to flow again. Bond returns varied inversely with credit quality, with U.S. Treasury obligations bringing up the rear. There were tentative signs that the housing market was clearing and business investment and other leading indicators turned modestly higher, but employment and retail consumption remained depressed.

At the end of January, Samson's investment committee directed the first of several moves to shorten the duration of our clients' portfolios. We also took steps to take advantage of the wider credit spreads that existed at the start of the year. We sold longer maturity municipal bonds and repurchased more intermediate maturity bonds as municipal yields fell below treasury yields, as illustrated in the chart below. When pre-refunded bonds were trading very rich relative to other municipal bonds, we reduced our exposure and replaced those holdings with the type of essential purpose and high quality general obligation bonds we typically buy, but at more generous yield levels.

Ratio of 10 Year AAA G.O. Municipals to 10 Year U.S. Treasury



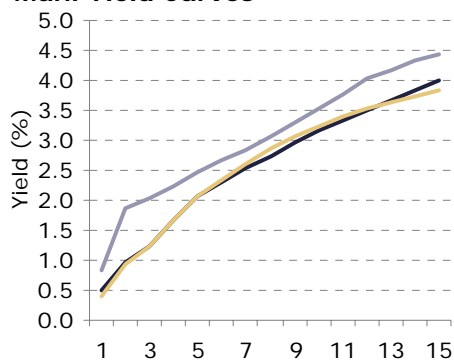
We began to shorten portfolio durations in part because of a view regarding interest rates, but also because municipal valuations had completely recovered from the depths registered last fall. As we mentioned in our last letter, most of the municipal market's return was gained during the first two weeks of the year; since then the overall market has traded in a narrow range. Within the municipal market, however, there have been numerous dynamics. The long dated maturities have outperformed significantly, aided by the new Build America Bond (BABs) program, a component of the American Recovery and Reinvestment Act of 2009. To date more than \$15 billion BABs have been issued, replacing tax-exempt financing with taxable borrowings that provide the issuer with a 35% interest rate subsidy from the federal government. This was aimed at expanding the base of buyers of municipal bonds, and to date it appears to be working as overall spreads have narrowed. Lower rated municipals also outperformed mostly because they were coming off of very

Period Highlights

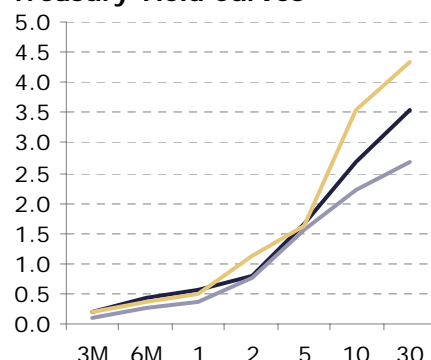
- Financial markets have period of recovery despite mixed signals from employment and retail consumption numbers
- Municipal yields fall below Treasuries, heading for more normalized ratios
- Build America Bonds expand base of buyers of municipal bonds

low prices, and not due to improving credit quality, even as the news about the fiscal condition of many states and localities grew worse.

Muni Yield Curves



Treasury Yield Curves



— December 31, 2008 — March 31, 2009 — June 30, 2009

Although markets for higher-risk assets seem to be anticipating a stronger economy and the stronger cash flows that will result, higher grade municipals and Treasuries are sending a different message with low absolute yields and flatter yield curves. Samson remains defensive in this environment, keeping portfolio durations in line with or lower than those of the benchmark. We have also replaced shorter-dated municipals with federal agency paper in some cases to increase liquidity and to take advantage of the more attractive after tax yields in that part of the yield curve.

The Federal government has begun to disengage from its support of the financial system. It is permitting some repayment of TARP monies and the Fed has recently reduced its Treasury purchases. Although this is positive for the economy and the financial system longer term, it may extend the time frame of the recovery. A slower recovery is good for the fixed income markets in the short term, but our concern about the timing causes us to remain cautious.

July 10, 2009

Data Source: Bloomberg®

The opinions expressed herein are solely attributable to Samson and should not be construed as an offer to buy or a solicitation to sell any securities.

Inherent in any investment is the risk of loss. Past performance is not indicative of future results.

- High-risk and high-quality asset markets send conflicting signals about economy

- Slower recovery is positive for fixed income in short term