

High Grade Core Intermediate Strategy

Over the past 12 months, capital markets have been shaken to their core. A cascading series of financial crises, interrupted by bouts of optimism that this financial nightmare might finally be over, has caused volatile swings in prices. This has been our operating environment. It has also been the economic reality of the foundations and endowments we serve.

During this period of crisis and uncertainty, we have sought to be stewards of the fixed income portfolios we manage. We have used the risk management disciplines we have discussed in prior commentaries to generate healthy returns, but with less volatility, less credit risk, and greater transparency than the overall market as represented by our benchmark. As the composite and index returns to the right demonstrate, year-to-date we have maintained a healthy level of performance relative to a benchmark that includes many risky assets we do not buy. We do not buy BBB rated corporates, asset backed securities, or commercial mortgage-backed securities. Though our performance underperformed the benchmark for the first half of this year, it outperformed benchmarks that do not include the volatile, less liquid instruments we do not purchase.

Our task of delivering steady performance has not been easy as the market has swung between extremes. The table to the right highlights how the returns in various investment grade fixed income sectors. In 2008, as investors confronted the prospects of a collapse of America's financial system, U.S. Treasury securities surged in price while lower rated corporate bonds, asset backed securities, and commercial mortgage backed securities fell sharply in price. Then, as the table demonstrates, the New Year brought about an entirely new attitude towards risk. Fear was gone, and reaching for yield, regardless of the credit environment, was back in fashion. Treasury prices slumped, and the low quality assets that had plunged just weeks earlier rallied as though nothing had happened. Some believe that market prices reflect economic truth. Given that the U.S. unemployment rate is climbing and the economic outlook of the developed world remains somewhat uncertain, it seems unlikely all is back to normal.

Our great investing challenge during the first 6 months of the year, a period that in retrospect may very well be termed a brief hiatus of risk awareness, was keeping pace with the performance of risky assets when we do not invest in them ourselves. As the pie charts on the next page demonstrate, our active sector rotation strategy was at the core of our ability to at least generate performance within striking distance of the benchmark, though with less volatility, less credit risk, and greater transparency.

Performance Summary

		YTD 2009
HGCI Comp	Gross	2.27%
	Net**	2.06%
Barclays Int. Agg		2.60%
Int. Agg Ex BBB		1.90%
Int. Agg Ex BBB/CMBS/ABS		1.49%

Fixed Income Performance

	2008	YTD 2009*	Cum.***
U.S. TSY			
30 Year	+41.25%	-23.33%	+8.30%
10 Year	+20.06%	-8.73%	+9.58%
5 Year	+13.97%	-2.75%	+10.84%
Agy. MBS	+8.34%	+2.91%	+11.49%
Muni 5 Yr	+5.78%	+2.96%	+8.91%
Int. Agg	+4.86%	+2.60%	+7.59%
Int. Corp.			
Aaa	+5.34%	-2.31%	+2.91%
Aa	+0.70%	+3.45%	+4.17%
A	-5.55%	+6.77%	+0.84%
Baa	-9.25%	+15.90%	+5.18%
ABS	-12.72%	+15.78%	+1.05%
CMBS	-20.52%	+10.36%	-12.29%
High Yield	-26.16%	+30.43%	-3.69%
S&P 500	-36.99%	3.19%	-34.98%

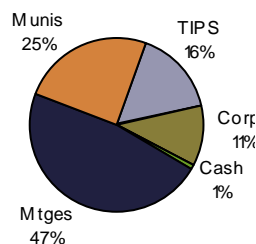
* As of 6/30/2009

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

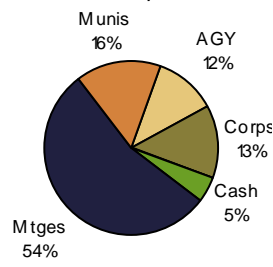
*** 1/1/2008-6/30/2009

High Grade Core Intermediate Sector Rotation

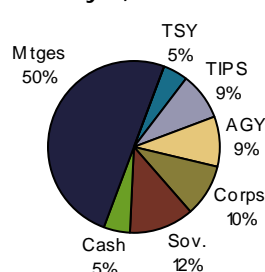
December 31, 2008



March 31, 2009



July 2, 2009

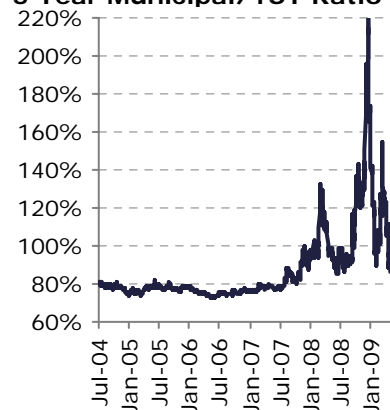


When the year began we recognized the possibility that the market had pushed some sectors to rich price levels and other sectors to very cheap levels. It seemed likely these relationships would normalize. As a result, we began the year with a contrast to our benchmark. Though Treasuries make up about 25% of the investment grade market, we did not own any. We viewed the sector as overvalued – a Treasury price bubble caused by excessive waves of safe haven buying. As we surveyed fixed income sectors, on the surface three were particularly notable as being attractive from a valuation basis: municipals, mortgages, and corporates.

As we explained in our last commentary, our analysis of the corporate market suggested there was indeed the possibility of significant return, but the risks in our view outweighed the possible rewards. Our sector expected return analysis, which compared possible total returns that could be generated by municipals and corporates, led us to conclude we could compensate for maintaining a conservative corporate position by underweighting treasuries and overweighting municipals and mortgages. As a result, we had a 25% allocation to high quality tax-exempt municipals (which are not in the benchmark) at yield ratios that were, in our view, unsustainable. As yield ratios fell (shown in the chart to the right), we exited the sector. We increased our allocations to MBS and inexpensively priced agency securities which showed compensatory value as our municipal allocation fell.

At quarter end, we initiated a modest Treasury allocation. We did this because the surge in Treasury yields meant the sector was more fairly valued than overvalued. We also did this because warning signs were emerging that investors were waking up from their amnesia about the financial crisis – as a result, a safe haven allocation seemed sensible. Yet we have constructed our safe haven allocation in a manner we believe is in some ways more conservative and more balanced, than a pure nominal Treasury allocation. Our safe haven allocation is larger than our 5% nominal treasury position. From our perspective, our safe haven allocation is Treasuries, TIPS and Sovereigns. At a time when investors are questioning the creditworthiness of the United States, we believe a safe haven allocation should be more diversified. As a result, we have purchased highly rated US Dollar denominated bonds issued by other countries and the well managed provinces of Canada. Just as a high quality municipal portfolio is built with bonds backed by a variety of

5 Year Municipal/TSY Ratio



taxing authorities, in this day and age we think it appropriate to apply that concept to safe haven investing for foundations and endowments as well.

A reader of this commentary may ask why we did not chase in the corporate bond spread rally. The answer rests with the expected return analysis as well as the questions about using old spread history to analyze the current crisis (also discussed in our last commentary). The series of charts to the right demonstrates our point: Spreads have now rallied to the tight levels last seen before the collapse of Lehman Brothers. If we view today's spread level in the context of the longer time series, corporates are cheap. What if we accept that the world is different today and that relationships that existed before the collapse of Lehman do not inform today's rich/cheap analysis? As the chart shows, if we declare that our relative value spread history only becomes relevant in the aftermath of the Lehman collapse, spreads are rich. Most importantly, if we can deliver to clients a return stream consistent with the benchmark, but with less credit risk – this seems a particularly fitting goal in this age of surprises.

During this period of continued uncertainty, we believe the values and objectives of our fixed income strategy for clients have never been more important:

- Delivering a highly risk managed return stream consistent with conservative fixed income
- Providing liquidity to fund operations when needed
- Separate account management with customizable guidelines

Through this entire crisis, we have been able to actively manage all of these portfolios in a manner keeping with our strategy due to our emphasis on quality and liquidity

Jonathan E. Lewis
Principal

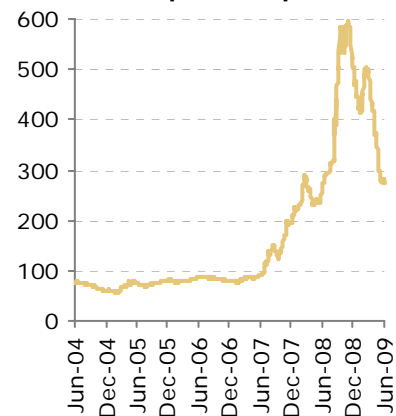
July 13, 2009

Data Source: Barclays Capital®, Bondedge®

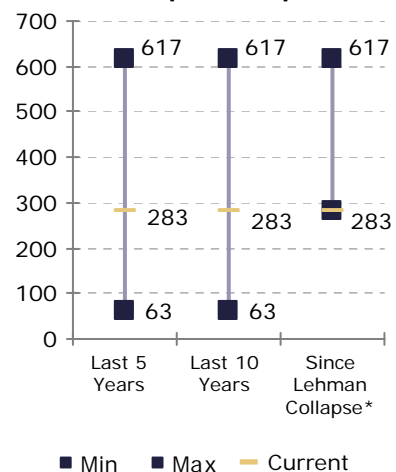
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A-Rated Corporate Spread



A-Rated Corporate Spread



* 9/12/08 – 7/8/09

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	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Barclays Capital Int. Aggregate	Composite Dispersion
2008	4,525	94	9	3.66%	4.86%	0.15%
2007	3,653	33	Five or Fewer	8.10%	7.02%	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.

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.

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.

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.