

Samson Multicurrency Plus Strategy

Fed Majors Index Benchmark

Executive Summary

The Samson Multicurrency Plus strategy significantly outperformed the benchmark for the first nine months of 2009. The 3rd quarter was a particularly strong period for the strategy both on an absolute and relative return basis.

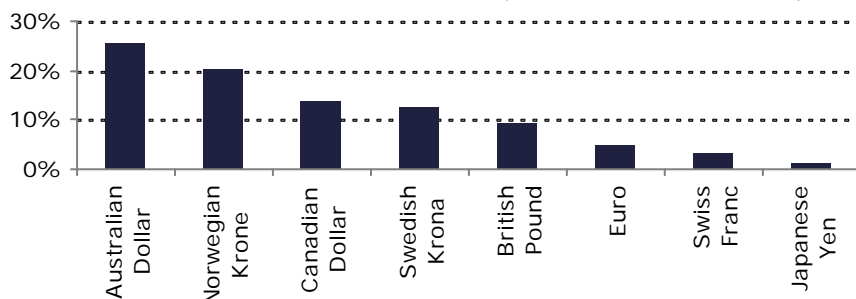
While we are pleased to report good news about performance to clients, we are particularly pleased to give investors an update on the enhancement to the strategy that we announced in our last letter:

- Improved Benchmark** - At the start of the quarter the strategy adopted the Federal Reserve Majors Index as its benchmark. This benchmark is updated by the Federal Reserve on a periodic basis as the trade between the US and its major trading partners changes over time. As a result, the strategy not only will maintain its focus on using a trade weighted currency benchmark, in keeping with the purchasing power protection concerns of our investors, but it will also benefit from the insights into changing global trade patterns as identified by the Federal Reserve's own staff. We successfully rebalanced the portfolio at the start of the quarter in a manner consistent with our active currency selection style and as the data above shows, outperformed the Federal Reserve Majors Index for the period.

Discussion of Strategy and Period Returns

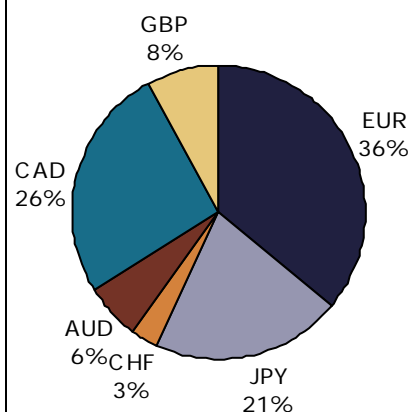
The chart on comparative currency returns below highlights the opportunities for outperformance.

Relative Performance of Currencies (12/31/08 – 9/30/09)



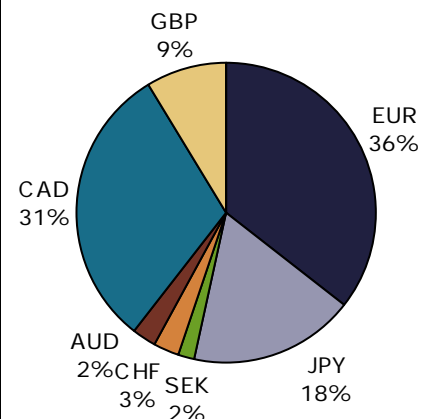
Commodity currencies like the Australian and Canadian dollars, as well as the Norwegian krone performed particularly well. As investors will recall, we began the year with a large allocation to commodity currencies. Our allocation to the commodity currencies reflected our expectation that fears of crisis and deflation would fade and markets would embrace growth themes. This view rested on our analysis of the historic monetary and fiscal

SMP Target Currency Exposure As of 9/30/2009



Federal Reserve Trade Weighted Majors Index Currency Exposure

As of 9/30/2009



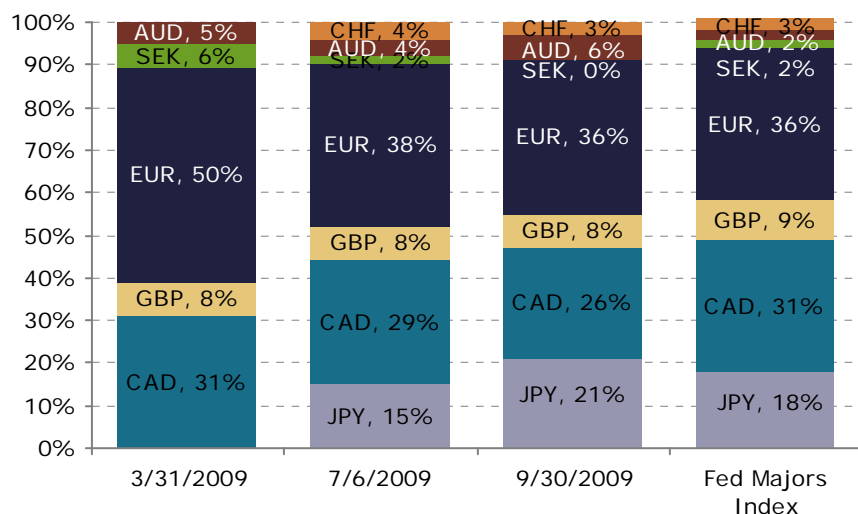
stimulus being injected into the global financial system by major central banks and governments. As policy makers maintained their focus on fighting a financial system collapse through aggressive stimulus and central bank policies of quantitative easing, this view was reconfirmed. The global economic system indeed stabilized, commodity prices recovered, and commodity currencies outperformed.

The returns for the first nine months of the year reflect an important quality of currency market relative performance: the shift in relative return leadership that occurs as markets change their emphasis from risk aversion to risk taking. This characteristic is particularly important during periods when central banks are inactive and rate policy changes are less useful as a currency allocation decision tool. A review of late 2008 and 2009, a period of protracted low central bank rates, is instructive:

During the last months of 2008, the Japanese yen and the U.S. dollar were the best performing of the major currencies. The rally in these two currencies at the end of 2008 had less to do with fundamentals (neither central bank was raising rates), than the technical factors that can drive currency returns. To oversimplify, in the flight to quality environment of late 2008, investors wanted to own T-bills. In order to buy T-bills you needed U.S. dollars. And, so the dollar went up. In the case of the Japanese yen, the epicenter of the carry trade (where people borrowed in low yielding yen to invest in higher yield currencies), crisis meant leveraged investors had to close their positions in yen. In order to accomplish this, these leveraged investors needed to sell securities in higher yielding, riskier markets, and buying back yen to reduce their borrowings. The flood of capital back into the yen drove up that currency at the end of 2008 as well.

As calm returned to markets the relative return advantage of safe haven currencies ended. Our decision to be underweight those currencies for much of 2009 was a meaningful contributor to the strategy's returns. The chart below shows the strategy's evolving currency allocation through the year.

Historical Target Currency Allocation



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®.

The chart also shows that in the past few months we have been bringing our safe haven allocation from below neutral, to a modest overweight relative to the benchmark. Several factors influenced our decision to take these measures. Many markets have priced in a meaningful global recovery. Stocks, commodities, corporate bond spreads, have all returned to levels consistent with a healthy economy and financial system. Sadly, the world remains vastly different in late 2009 than it was in the spring of 2008, when equity markets, commodity prices, and corporate spreads were last at levels like the ones we see in markets today. Simply put, just as prices in these risk assets have surged ahead of fundamentals, so too have currency returns moved too far away from what may be justified by the data. As a result, we have moved the portfolio to a lower risk position for the time being as we await greater clarity from a data perspective. A recent historic change of government in Japan and the likelihood that the Swiss National Bank may be part of the first round of central bank tightening also influenced our decision.

Looking Forward

The strategy is neutral and underweight the euro and the British pound respectively. Investors have periodically asked whether or not we would consider more meaningful reductions in these currency positions as the future for both the Eurozone and the United Kingdom remains somewhat uncertain. While we will continue to be responsive to the changing economic positions of the countries associated with our currency solution set, we also need to be mindful of the historic rebalancing of foreign central bank reserves that appear to be occurring. There are few currencies that can likely withstand the considerable currency inflows that could occur as central banks and other investors allocate away from the dollar. The euro and the British pound are among the narrow set of currencies that could likely sustain such protracted inflows. While this may not be the basis for a sustained rally in these currencies, it also means we need to be careful not to be too underweight them during periods when central bank rebalance.

Those movements could cause short term distortions in prices that could lead to underperformance if our underweight is too dramatic vs. the benchmark.

We want to thank our investors for their loyalty and confidence in our firm as we have sought to improve our strategy's features and deliver an investor vehicle that helps them address their concerns about the long-term value of the dollar.

Jonathan E. Lewis
Principal

October 22, 2009

For questions, please contact Radiance S. Chapman at 212-300-1600, or chapman@samsonca.com.

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