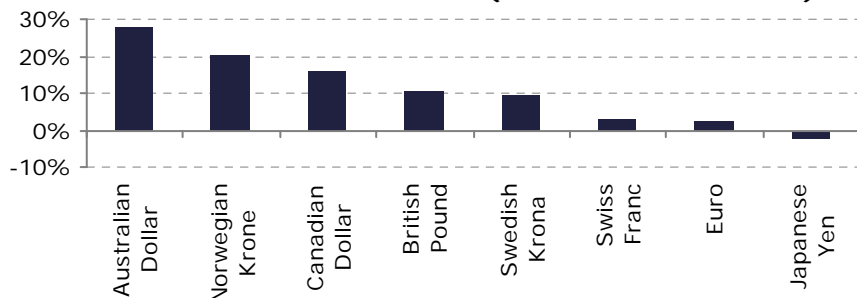


Samson Multicurrency Plus Strategy

Fed Majors Index Benchmark

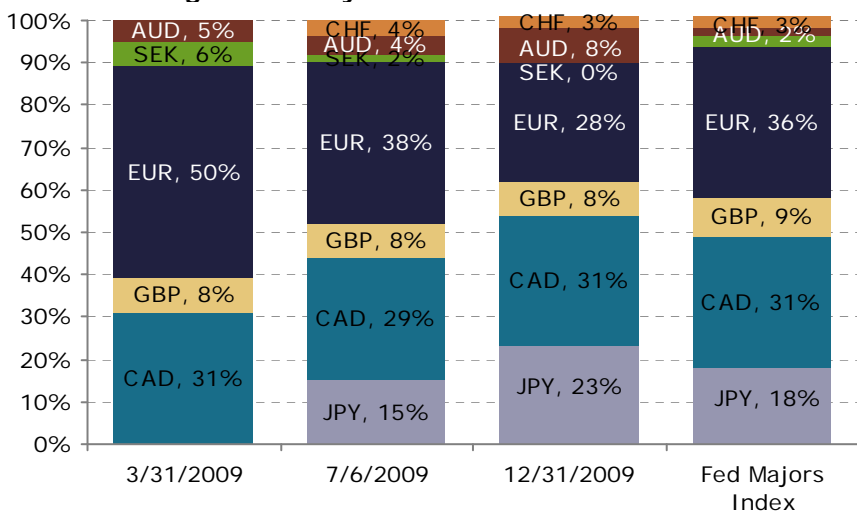
The Samson Multicurrency Plus strategy significantly outperformed the benchmark in 2009. Our decision to hold meaningful positions in commodity currencies such as the Australian dollar, Norwegian krone, and Canadian dollar were major contributors to our outperformance for the year. As readers of our prior letters to investors may recall, our decision to hold significant investments in the commodity currencies reflected our fundamental view that the monetary and fiscal policies pursued by the world's major governments would successfully lead to a stabilization of the global economy. As a result, we also maintained modest or underweight positions for most of the year in safe haven currencies like the Swiss franc and the Japanese yen. Given the poor performance of these currencies for the year, it can be said that our underweights also played an important role in outperformance.

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



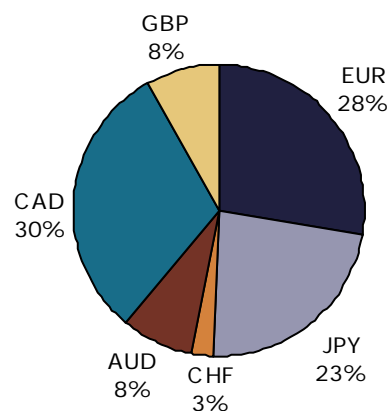
Yet, as the chart below on currency allocation shows, we began to tilt our strategy away from a pure growth tilt in the early half of the year, to a more balanced stance as we began to rebuild positions in the second half of the year in safe haven currencies like the Japanese yen and the Swiss franc. We will discuss our reasoning for this decision below.

Historical Target Currency Allocation



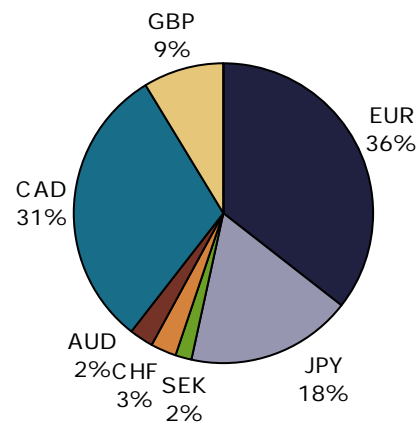
SMP Target Currency Exposure

As of 12/31/2009



Federal Reserve Trade Weighted Majors Index Currency Exposure

As of 12/31/2009



Also notable, we made steady reductions in our exposure to the euro in the later months of the year. This reflected our growing concerns about the Eurozone economies, as well as the change in benchmark from the U.S. Dollar Index at the start of the year, to the Federal Reserve Majors Index in the later months of the year. Considering the poor performance of the euro for the year, this too was an important contributor to our outperformance versus the benchmark.

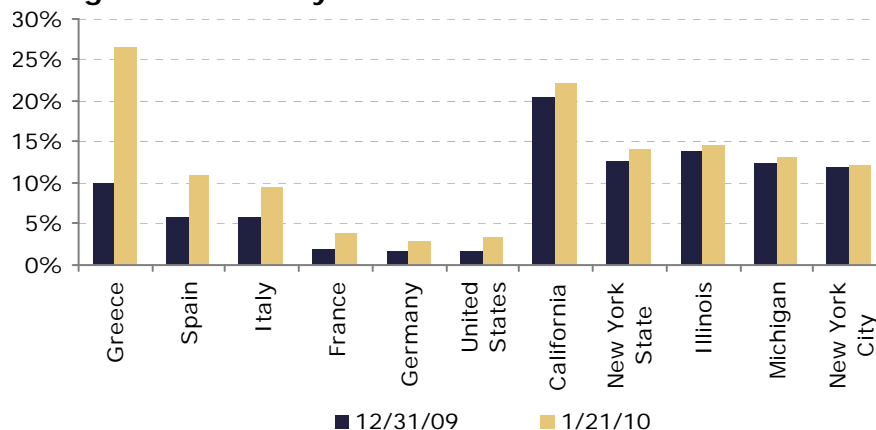
Looking Forward

Our decision to increase our allocation to safe havens and to reduce our commodity currency exposure reflected our growing skepticism that the world's financial system and economic infrastructure had indeed fully recovered. Though the darkest days of the crisis appear behind us, robust growth, a conclusion to the global real estate crisis, and a financial resurrection of the world's banking system are still far beyond the horizon. In that context, risk assets seem overpriced and commodity currencies in general fall into this category.

Of particular interest to currency investors is the continued economic uncertainty faced by Eurozone nations. Many investors are growing concerned that debt levels in the Eurozone are unsustainable and that as a result, the grand historical experiment of the euro as a currency uniting the region may fail. We do not subscribe to this doomsday view. The historical forces bringing the nations of Europe together are too strong and outweigh the intermediate term fiscal problems facing the region. Throughout the modern history of the United States there have been many occasions when state finances were poor, yet the dollar as a currency uniting the country never dissolved. Certainly, California, New York, and Illinois face major fiscal challenges, but no one is suggesting the U.S. dollar will cease to exist as a result of the deterioration of state credit. In that same light, Greece, Italy, and Spain are growing concerns for the Eurozone, but just as the dollar will likely remain the currency of the U.S.; so will the euro likely remain the currency of the Eurozone. A discussion of recent activity in the credit default swap market may prove useful:

As the table below demonstrates, the credit default swap market is sending very clear signals regarding the state of the world as it relates to sovereign credit quality: Certainly, the market's view of the probability of default for certain European sovereigns has risen considerably.

Change in Probability of Default Over Next 5 Years*



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®.

Note: Not all Eurozone countries are shown at left. Canada (31% of the Fed Majors Index) does not have sovereign derivative contracts at this time.

*Based on prevailing five year CDS contracts quoted by Bloomberg and an assumed 40% recovery rate.

Yet, as the chart above demonstrates, the market's perception of default risk for U.S. municipal credits has also risen considerably. It is important to keep in mind that the markets for sovereign and municipal credit default swaps are relatively new. Liquidity is not deep and we should be careful about drawing too many conclusions from this data. None the less, it serves to remind us that the same concerns that are causing people to worry about the euro (deteriorating credit conditions among the various sovereign issuers) are also being expressed by investors in the market for municipal credit default swaps as well.

If we view the euro and the U.S. dollar through the prism of this discussion on credit default swaps it seems reasonable to conclude that they both will weaken. But, in our view, there is little reason to think either will fail to survive as an important world currency.

Jonathan E. Lewis
Principal

January 27, 2010

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

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