

## High Grade Core Intermediate Strategy

Samson's High Grade Core Intermediate strategy is designed for non-taxable investors who value low volatility, high quality, liquidity and transparency. We do not buy BBB corporate bonds, mortgage structured products, asset-backed securities, or commercial mortgage-backed securities; even though all of these sectors are in the Barclays Intermediate Aggregate Index. Within corporate bonds, we only purchase securities that are approved by our own credit team and our analysis focuses on the highest quality issuers and the most liquid issues. As the table to the right shows, the Barclay's Capital Intermediate Aggregate outperformed our strategy, we believe mainly due to the lower quality, higher volatility securities we do not purchase, and our barbelled portfolio structure. When we compare our performance to that of the benchmark excluding these kinds of securities, we are more in-line, though our barbell yield curve strategy (deemphasizing intermediate maturity bonds) was a drag on performance. Here is why we have adopted a barbell yield curve posture:

Intermediate maturities underperform when the Federal Reserve lifts interest rates, or when the market begins to anticipate such action. This leads to a flatter yield curve, resulting from short rates rising much more than longer rates. While we do not believe the Federal Reserve will raise interest rates anytime soon, we do believe the market will discount that possibility. Firming economic data, healthy corporate earnings, and a buoyant stock market are all factors contributing to our outlook.

Yet, if we are deemphasizing intermediate maturities, what are we buying? Our investable universe is high quality bonds with effective maturities between 1 and 12 years. Within this solution set, short maturities are under 3 years; intermediate maturities are 3 to 7 years; and long maturities are 7 to 12 years. We are emphasizing short and long maturities as the best way to express our view that the slope of the yield curve will flatten. This yield curve strategy (some short maturities, some longer maturities, with less in the middle) is called a barbell. The chart to the right on the slope of the U.S. Treasury yield curve will help to explain our thinking on this subject and why we have adopted a barbell strategy.

The following are the key takeaways from this chart:

- The Treasury curve is very steep. A steep curve occurs when the Federal Reserve reduces short-term interest rates during a period of economic weakness. The yield curve flattens (the difference between short-term and long-term rates narrows) when the Fed raises short-term rates, or the market anticipates that policy move.
- Not only is the Treasury curve very steep, the current slope is historically and statistically rare: at nearly 2 standard deviations away from the mean curve slope of the past 3 decades, the

### Performance Summary

		4Q		YTD	SI*
		2010	2010	2010	
HGCI Comp	Gross	-1.07%	4.95%	4.81%	
	Net**	-1.15%	4.58%	4.44%	
Barclays Int. Agg		-0.75%	6.15%	5.17%	
Ex BBB		-0.94%	5.85%	5.10%	
Ex BBB/CMBS/ABS		-0.97%	5.42%	5.21%	

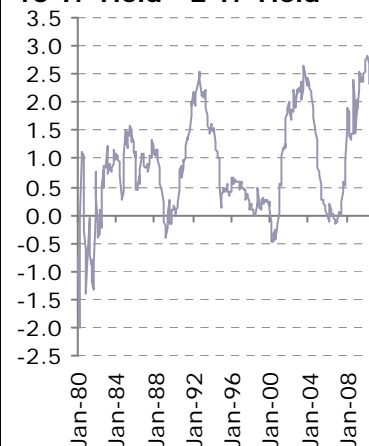
\*12/31/04-12/31/10

\*\* Net of annual fees of 0.35%

### Fixed Income Performance

	2008	2009	2010
U.S. TSY			
30 Year	41.25%	-25.88%	8.72%
10 Year	20.06%	-9.76%	8.01%
5 Year	13.97%	-1.35%	7.02%
Agy. MBS	8.34%	5.89%	5.37%
Muni 5 Yr	5.78%	7.40%	3.40%
<b>Int. Agg</b>	<b>4.86%</b>	<b>6.46%</b>	<b>6.15%</b>
Int. Corp.			
Aaa	5.34%	1.00%	7.06%
Aa	0.70%	9.54%	6.29%
A	-5.55%	15.67%	8.19%
Baa	-9.25%	28.26%	9.44%
ABS	-12.72%	24.72%	5.85%
CMBS	-20.52%	28.45%	20.40%
High Yield	-26.16%	58.21%	15.12%
S&P 500	-36.99%	26.47%	15.08%

### Treasury Yield Curve Slope: 10 Yr Yield - 2 Yr Yield



probability that the market sustains this level curve slope, or steepens further, is very low.

- Though we believe our strategy is supported by fundamental and statistical analysis, the yield curve actually steepened further in 4<sup>th</sup> quarter contributing to the outperformance of the benchmark vs. our strategy.

Despite our view for a flatter yield curve, we do not believe it is appropriate at this time to adopt a very short duration posture for conservative investors concerned with income. An important long-term indicator of the value of the bond market is the level of real interest rates (the yield of a 10-year U.S. Treasury minus the rate of inflation). As the chart to the right shows, the current real yield of 2.2% offers reasonable value. In this context, we have adopted a fully invested posture to aim to maximize income generation with conservative instruments, and a duration posture near the benchmark.

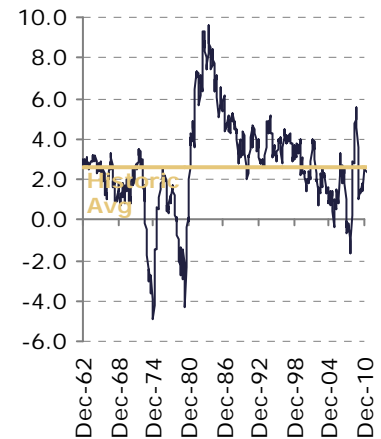
Though we believe it is likely rates will rise in the months ahead, we do not forecast the type of bear market many investors fear at this point. Severe bear markets typically involve a swift rise in inflation, a steady drop in unemployment leading to pricing pressures, and a Fed acting aggressively to increase interest rates. None of those outcomes seem likely in the immediate future. As a result, we think that bonds will still generate a positive return over the year ahead for investors who take a 12 month holding period outlook. Certainly, a rapid rise in inflation expectations (even without a rise in actual inflation itself) would derail our view, yet we do not believe that is in the cards either. The Treasury market is already discounting an inflation rate of about 2% when we use the TIPS market as our guide. Our investment committee believes there is still considerable excess capacity in the economy and the high unemployment rate shows that there is plenty of room for the economy to grow without wage pressures becoming a material consideration in an inflation outlook.

In this environment, we believe our barbell yield curve strategy, combined with a fully invested posture, should prove an effective way to balance a capital preservation orientation within the context of an income generating objective. We believe that the way we have executed our barbell yield curve strategy, using Treasuries for the shorter end of the barbell, and inexpensively priced Build America Bonds for the longer end of the barbell, allows us to generate a yield to maturity comparable to the benchmark with much less credit risk.

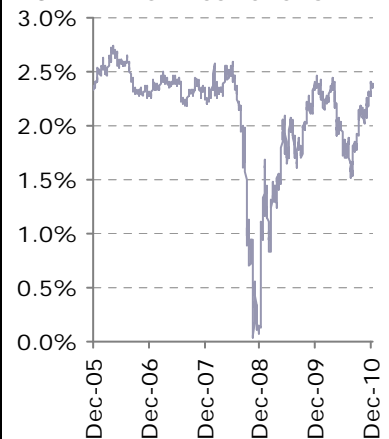
#### Build America Bonds versus Corporate Bonds

	Cpn	Maturity	Rating	Yield	Spread to UST
NYC GO BAB	4.047%	10/1/2020	Aa2/AA	5.09%	1.79%
Target	3.875%	7/15/2020	A2/A+	3.93%	0.69%
Univ of TX BAB	3.987%	8/15/2020	Aaa/AAA	3.93%	0.69%
Procter&Gamble	4.700%	2/15/2019	Aa3/AA-	3.52%	0.60%

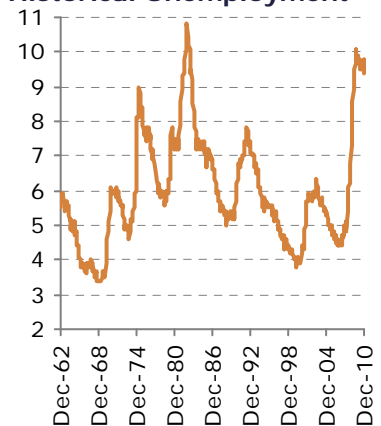
10 Yr Treasury Real Rates



10 Yr TIPS Breakevens



Historical Unemployment



Our emphasis on other spread sectors in the maturity buckets we prefer (corporates and mortgages as well as cheaply valued tax-exempt municipals) supports our income oriented posture and adds to the balance and diversification of the portfolio structure.

Sector	High Grade Core Intermediate				Barclays Int Agg Index			
	% Port	YTM	Dur	Contrib Dur	% Port	YTM	Dur	Contrib Dur
Treasuries	20%	1.28%	3.72	19.0%	33%	1.55%	3.99	34.9%
Agencies					8%	1.33%	2.76	5.9%
Mortgages	34%	3.51%	2.85	24.8%	37%	3.67%	3.53	34.7%
Corporates	19%	2.28%	3.86	18.8%	15%	3.39%	4.41	17.5%
Munis	9%	1.32%	2.03	4.7%				
Txble Munis	17%	4.42%	7.5	32.7%				
Cash & Equiv	1%	0.00%	0.01	0.0%				
Other (CMBS, ABS)					7%	3.03%	3.75	7.0%
<b>Total</b>	<b>100%</b>	<b>2.76%</b>	<b>3.92</b>	<b>100%</b>	<b>100%</b>	<b>2.71%</b>	<b>3.77</b>	<b>100%</b>

Why our focus on income? For investors concerned with a longer-term outlook, the total return of the high quality bond market for 3, 5, and 10-year period can be disaggregated into the income component and the price return component. For all of these periods, income dominates.

#### Barclays Int. Aggregate Index Performance Breakdown

	Income as a % of TR*
3 Year Trailing	81.79%
5 Year Trailing	86.52%
10 Year Trailing	94.10%

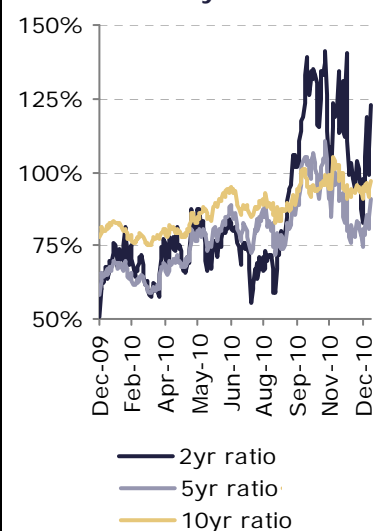
\* For these purposes, total return is defined as the sum of coupon, price, and other return.

For us, these numbers underscore what we feel to be an important truth about fixed income investing: staying invested for the long term is the best way to compound even if rates go up. Portfolio income will be reinvested in a higher rate environment, enhancing the income generating capacity of the portfolio. The periods shown in the data table includes period when rates rose and fell, when the corporate bond market collapsed and then surged, and when mortgages have had their share of problems. Our goal is to manage through all of those challenges with our conservative approach, while still generating a healthy return. In the meantime, investors can rest assured that we aim to build portfolios using clear and transparent building blocks so clients can know what they own and readily understand the securities in their portfolio.

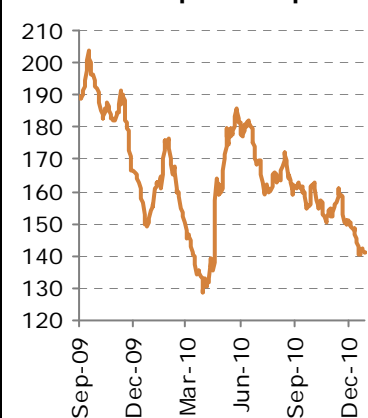
Jonathan E. Lewis  
Principal

January 24, 2011

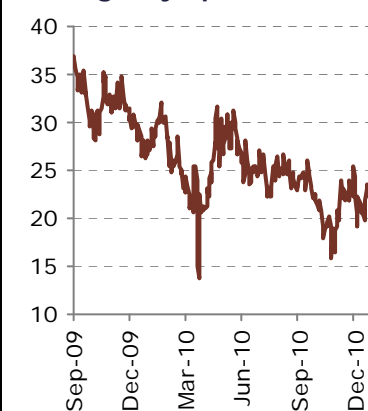
#### Muni/Treasury Ratios



#### A-Rated Corporate Spreads



#### U.S. Agency Spreads



Data Sources: Moody's®, Barclays Capital®, Bloomberg®

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 1/01/05–12/31/10

Primary Benchmark: Barclays Capital Intermediate Aggregate

Year End	Total Firm	Composite Assets		Annual Performance Results				
	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Barclays Capital Int. Aggregate	3 Year Std Deviation Composite	BC Int Agg	Composite Dispersion
2010	7,122	149	17	4.95%	6.15%	3.43%	3.41%	0.14%
2009	6,516	125	15	5.97%	6.46%	3.45%	3.38%	0.13%
2008	4,525	94	9	3.66%	4.86%	3.26%	3.25%	0.15%
2007	3,653	33	Five or Fewer	8.10%	7.02%	2.28%	2.34%	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 or lack of a full year of performance.

1) Definition of Firm: Samson Capital Advisors LLC (the "Firm"), founded in June 2004, is an SEC registered investment adviser as of May 2004. Samson provides investment management services.

2) Compliance Statement: Samson Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Samson Capital Advisors has been verified for the periods June 1, 2004 through December 31, 2008 by Ashland Partners & Company LLP and from January 1, 2009 through December 31, 2009 by The Spaulding Group.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The High Grade Core Intermediate Composite has been examined for the periods December 31, 2004 through December 31, 2008. The verification and performance examination reports are available upon request.

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.

3) Policies: Additional information regarding the Firm's policies and procedures for calculating performance, valuing portfolios, and preparing compliant presentations is available upon request.

4) Composite Description: The High Grade Core Intermediate Composite was created September 30, 2005. 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. The minimum account size for this composite is \$2.5 million.

5) Benchmark: For comparison purposes, the composite is measured 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.

6) Reporting Currency: Composite returns are expressed in U.S. dollars.

7) Fees: Gross-of-fees returns are presented before management fees, but net of all trading expenses, custodial fees, and withholding taxes. 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.

Net-of-fee performance is shown net of model management fees (the highest charged to an account in the composite), all trading expenses, custodial fees, and withholding taxes.

8) Significant Flows: 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.

9) Internal Dispersion: The measure of dispersion used in this presentation is the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. 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 5 or fewer portfolios for a full year.

10) List of the Firm's Composites: In addition to the Composite, the Firm provides investment management services utilizing different strategies. A complete list of composite descriptions is available upon request.

11) Additional Disclosures: As of 7/1/09 portfolios are revalued for cash flows of 10% or more. Prior to 7/1/09 portfolios were not revalued for large flows.

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.

Beginning January 1, 2008, the composite definition was expanded to include accounts with mandates that allow for investment in securities which do not fall within the High Grade Core Intermediate style. For example, the mandate may allow for allocations to alternative sectors or an extension in duration outside the acceptable boundaries of the High Grade Core Intermediate style. At their time of inclusion, these portfolios had no allocation to these securities. Should these portfolios become invested in these securities, they will be removed from the composite.