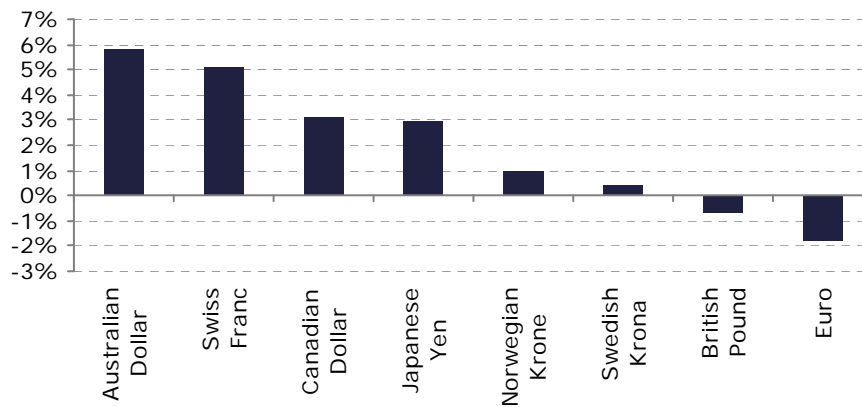


## Samson Multicurrency Plus Strategy

### Executive Summary

During the 4th quarter, the Samson Multicurrency Plus Strategy generated a positive return, while the benchmark posted a negative return for the same period. As readers of our past commentaries know, throughout 2010 we increasingly positioned portfolios for a global recovery. As a result, we entered the quarter with significant positions in the Canadian and Australian dollars relative to our benchmark. While these positions played an important role in our positive return vs. the benchmark, our underweight to the euro (the worst performing currency in our solution set) also made a contribution to outperformance. The chart below highlights currency relative performance for the quarter.

### Relative Performance of Currencies (9/30/10 – 12/31/10)

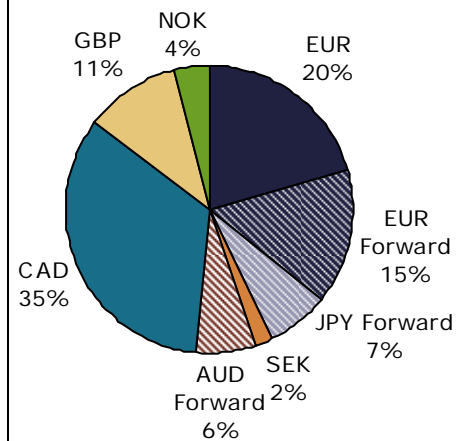


### Strategy Review and Discussion

Our allocations to growth currencies and our underweight to the euro reflected both the fundamental aspects of our investment process, with its emphasis on relative growth rates and central bank policy analysis, and the quantitative aspects of our process, whereby we seek to garner information about relative currency performance through our use of forward looking market indicators such as commodities and the VIX (also known as the “worry index”). As the chart on the next page shows, if we oversimplify and consider a world where there are only 2 types of currencies, growth (represented by the Australian dollar) and safe haven (represented by the Japanese yen), the year can then be divided into 2 halves. In the first half of the year, equity markets fell, a Eurozone crisis inspired a Treasury rally and worry was ascendant. As a result, the VIX surged, commodities fell and the Japanese yen outperformed the Australian dollar.

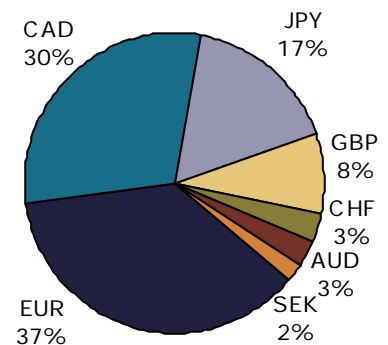
### SMP Currency Exposure

As of 12/31/2010



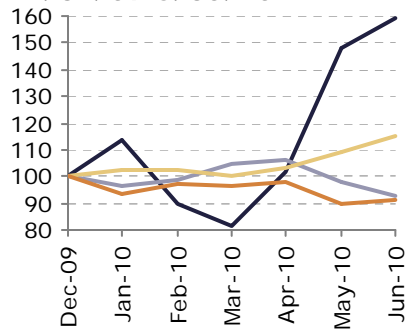
### Federal Reserve Trade Weighted Majors Index Currency Exposure

As of 12/31/2010

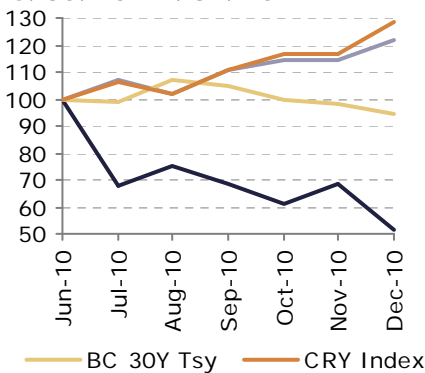


## Growth of \$100

12/31/09-6/30/10



6/30/10-12/31/10



## Relative Performance of Yen vs Australian Dollar

	1st Half 2010	2nd Half 2010
JPY	+5.19%	+9.01%
AUD	-6.34%	+21.71%
<b>Outperformance</b>	<b>+11.53% JPY vs AUD</b>	<b>+12.70% AUD vs JPY</b>

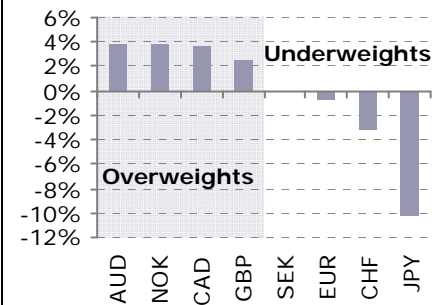
In the second half of the year, global growth accelerated, European leaders took action to stabilize Eurozone debt markets, and equity markets rallied. In this context, the VIX fell, commodities surged, and Treasury prices finally began to fall. In this period, the Australian dollar outperformed the Japanese yen. The charts above highlight not only the interrelationship between investment themes and market sector relative performance, but the way a currency viewpoint can offer perspective on asset allocation as well.

## Looking Forward

Though we entered the 4th quarter with a smaller euro allocation than our benchmark, we are not members of The Euro Is Dead Club. In fact, since the middle of the year we have been adding to our euro positions and continued to buy euro throughout the last months of the year. While we are mindful of the technical factors that can drive currency markets, the foundation of our view towards a currency is the relative performance of its economy relative to its peer group and the likelihood that the central bank associated with the currency will defend its value against inflation. Growth is accelerating in the core Eurozone economies, particularly Germany, despite the problems with the peripheral economies. Eurozone CPI has accelerated on a year-over-year basis and is breaching the European Central Bank's 2% inflation target. On a trailing 52 week basis the German stock market, as measured by the DAX Index, has outperformed most of its developed market peers on both local currency and USD terms. Germany, the largest economy in Europe, has the economic vitality, financial resources, and the historic policy commitment to a successful euro. Certainly, interest rates on German government bonds may rise as markets focus on the costs associated with Germany's contributions to the European Financial Stabilization Fund. However, that may not be bad for the euro. The German deutsche mark strengthened and remained a hard currency after the costly reunification of Germany two decades ago. Similarly, the euro can rally despite the cost of bailing out peripheral nations

## SMP Current Weights

as of 12/31/10



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 USDX® are trademarks and service marks of the New York Board of Trade®.

as long as the policy objectives are sound and pro-growth for the longer term. European stock markets are more confident, and so are we. We will likely continue to add to our positions in the euro moving from an underweight to an overweight in the months ahead.

Jonathan E. Lewis  
Principal

January 24, 2011

Data Sources: Bloomberg®, Barclays®

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