SAMSON CAPITAL ADVISORS

Samson Multicurrency Plus

Period Summary

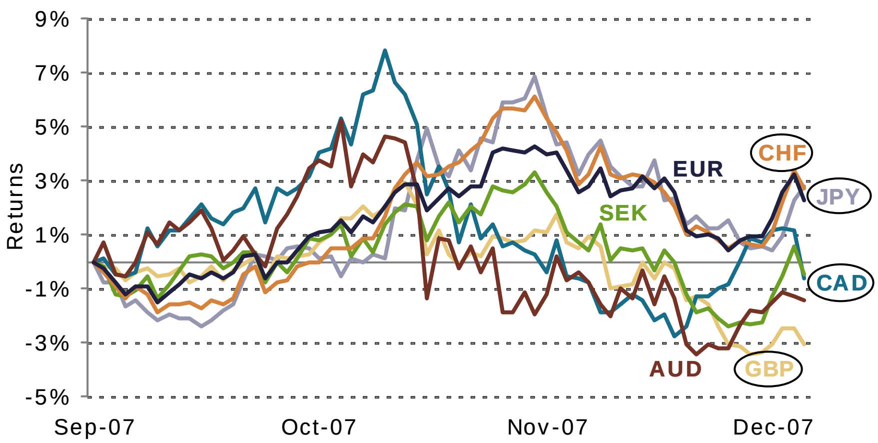
In the last quarterly commentary we outlined several themes:

- Our continued concerns about long-term trends in the value of the dollar;
- Intermediate concerns that markets would continue to be buffeted by a tug of war between a weakening U.S. economy and healthy growth outside of the U.S.;
- And, our strategic decision to have an overweight allocation to safe haven currencies.

These themes shaped the contours of currency market relative performance and the currency asset class a whole. During the 4th quarter, as the U.S. financial crisis deepened, we increased our allocations to safe haven currencies such as the Swiss Franc and the Japanese Yen (please see the pie charts on the right). Our combined allocations to these currencies rose from 30% of the strategy to 34%. The benchmark's combined allocation to these currencies is 17%.

Indeed, as the financial crisis deepened in the United States, the safe haven currencies performed particularly well (see chart below). In fact, the two best performing currencies in the benchmark were the Japanese Yen and the Swiss Franc. While our significant overweight to these currencies were an important driver of our outperformance vs. the benchmark during the quarter, the currencies we chose not to own (the British Pound and the Canadian Dollar) were also an important part of the story.

Relative Performance of Currencies (9/30/07 – 12/31/07)

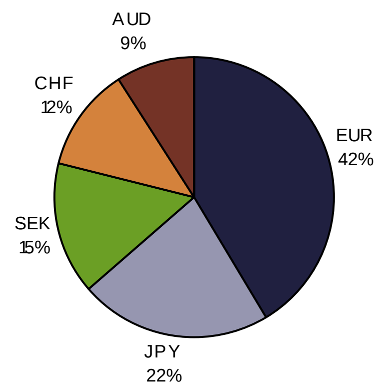


We entered the 4th quarter with no allocation to the British Pound, though it represents 12% of the benchmark, and we finished the quarter in that fashion. As the chart above highlights, the British Pound was the worst performing currency in the benchmark and our decision to maintain a zero allocation to the currency was also an important contributor to our performance. As we have discussed in the past, we had reduced our exposure to the Pound because of our concerns that the British economy

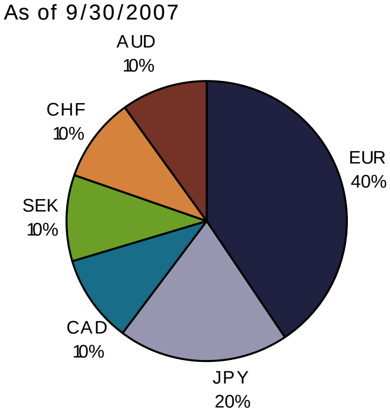
Period Highlights

- Continued market volatility and financial crisis effects currency returns
- Strategy increased allocations to safe haven currencies such as Swiss Franc (CHF) and Japanese Yen (JPY)
- Active currency selection strategy added significant value during the year

SMP Currency Exposure
As of 12/31/2007



SMP Currency Exposure
As of 9/30/2007



was decelerating and the next likely move of the Bank of England would be to cut rates.

During the quarter, we eliminated our exposure to the Canadian dollar, a currency that represents 9% of the benchmark. Our decision to eliminate the Canadian dollar was based on our analysis, discussed in last quarter's letter, that a slowing U.S. economy might have a particularly negative impact on Canada and that as a result the Canadian economy would slow, and the Bank of Canada would likely cut rates. As evidence of the U.S. slowdown accumulated and the likelihood of a cut in rates by the Bank of Canada rose, we eliminated exposure to this currency. The Canadian dollar performed poorly in the last weeks of the year and our decision to eliminate it also contributed to our outperformance.

Year-to-date and quarter-to-date, both our active currency selection strategy and our short duration sovereign strategy made important contributions to our outperformance vs. the benchmark. As we have discussed in the past, we view our short duration sovereign positions as an added value component of our strategy: a high quality income generating component..

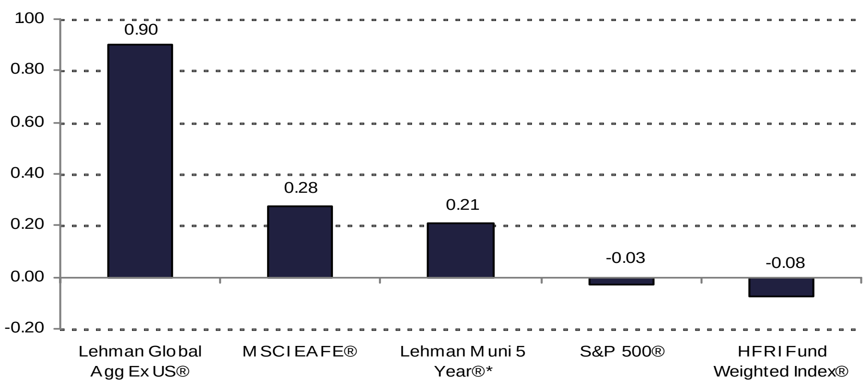
Strategy Review and Outlook

The strong return of the strategy during the quarter, a time when stocks were heavily under pressure, served as a reminder of the diversification benefits of currencies as an asset class. The chart below is a correlation matrix showing how our currency benchmark correlates to other major asset classes used by private clients: hedge funds (HFRI Fund Weighted Index®), the S&P 500®; the Lehman Brothers 5-Year Municipal Index®, and global equity markets (MSCI EAFE®). As the chart highlights, the trade weighted currency basket we use as a benchmark has a modestly negative correlation over the longer term with domestic stocks and hedge funds; and a very modest positive correlation with municipals and international stocks.

Strategy Review and Outlook

- Strategy provided considerable diversification benefits during the 4th quarter
- Currency strategy generated positive returns during a period when equity returns were negative

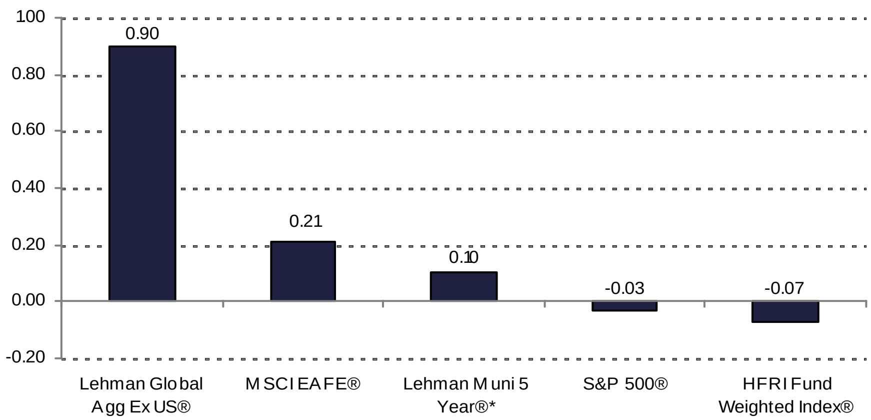
Correlation Comparison of Calculated Inverse of USDX® (1990 - 2007)



In our last commentary, we mentioned we would provide some thoughts on the value of investing in foreign currencies even when the dollar is rallying and foreign currencies are in a bear market. While many of the forces that have moved the dollar lower in recent years remain in place, we would offer it is always best to reconsider how one might respond to a change in market direction – long before that event occurs. Since a change in Presidential administrations is just a year away, and along with it the possibility of new policies that might influence the value of the dollar, it seems reasonable to consider how one might respond to a rally in the dollar – even if only as a planning exercise.

In order to examine the value of a non-dollar position in a bull market environment for the dollar, we decided to evaluate the period 1995 to 2001 – the last major bull market move for the dollar. From a diversification standpoint, the benefits of investing in foreign currencies were as powerful in this bull market period for the dollar as they were in the 4th quarter of 2007; or the entire period 1990 to 2007. The matrix below shows how our currency basket benchmark correlated to other major asset classes: hedgefunds, domestic stocks, municipals, and international stocks. This diversification benefit is particularly important for clients that seek to reduce the overall volatility of their portfolios.

Correlation Comparison of Calculated Inverse of USDX® *(1995 - 2001)*



Our research shows that for a client concerned with capital preservation, a modest allocation to foreign currencies – even when they are going down in value against the dollar – can make sense as a diversification tool. Of course, we all would prefer owning diversification tools that goes up in value, rather than diversification tools that go down in value, yet our research shows that the benefits of currency investing are for the long haul.

In this context, clients should consider developing a strategic neutral allocation to foreign currencies that they think is sensible to hold as a purchasing power protection insurance policy for the long-haul. Then, when they are bullish on the dollar, they should reduce their exposure below this strategic level. When they are bearish on the dollar they should increase it above this strategic level. But, as the benefits of diversification highlight, they probably should always consider some allocation to foreign currencies, however modest.

Jonathan E. Lewis, Principal

January 31, 2008

Long Term Benefits to Currency Investing

- **Even when the dollar rallies, currencies can have an important role in diversification and constructing low volatility portfolios**

For Investor Relations questions, please contact Nelly C. Xavier at 212-300-1600, or xavier@samsonca.com.

* Pre-tax Equivalent (35%)
Calculated Inverse of USDX®: U.S. Dollar Index® and USDX® are trademarks and service marks of the New York Board of Trade®. Neither the New York Board of Trade® or its affiliates are connected with or express any opinion concerning the Samson Multicurrency Plus Strategy. Please contact Samson Capital Advisors for calculation methodology.
Data Source: Lehman Brothers®, Bloomberg®

No representation or assurance is made that Samson Multicurrency Plus (SMP) 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 (SMP). 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.