

Financial Investments Inc.

July 2007

A Good June Finishes an Excellent Second Quarter

For the month of June, FCI recognized a return to investors net of all fees of 1.61%. For the second quarter FCI was up 10.68%. (Past results are not necessarily indicative of future performance.) Options on crude, corn, soybeans and silver played a large part in the quarter’s success.

Also in June, FILP recognized positive returns of 1.25% net of all fees for its investors. For the second quarter, FILP was up 8.78% (Past results are not necessarily indicative of future performance.) Equity options, equity index options along with crude, corn, soybean and silver options positively impacted results.

Despite periods of volatility earlier this year, which do not favor our option selling strategy, we are outpacing S&P 500 stock index returns on a year-to-date basis. FCI and FILP recognized returns of 12.36% and 8.27%, respectively, during the first half of the year. This compares favorably against the S&P stock index which returned,

including dividends, 6.82% in the first half of the year.

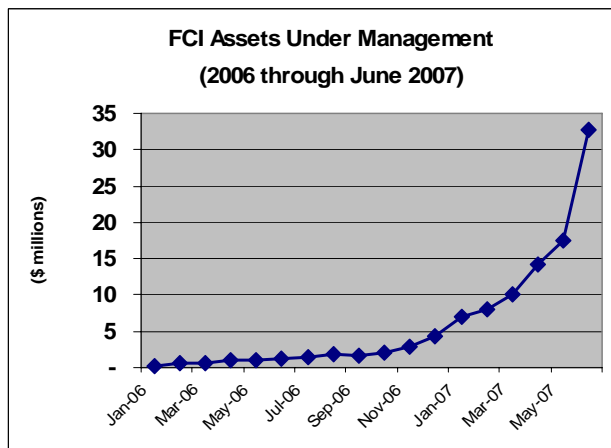
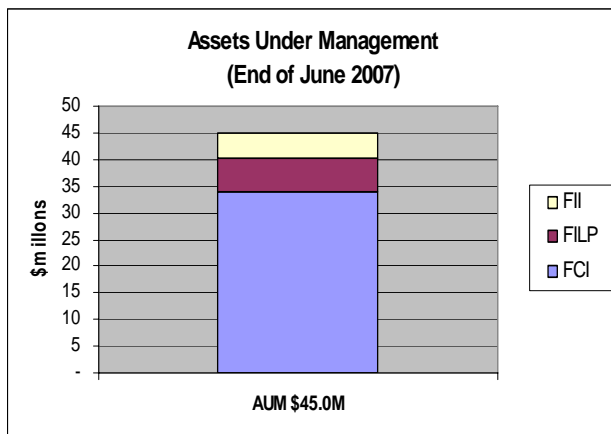
Month	FCI	FILP
1 st Quarter	1.51%	-.47%
2 nd Quarter	10.68%	8.78%
Year-To-Date	12.36%	8.27%

FCI and FILP earn positive returns by writing far out-of-the-money, short-term dated options. As an example, in mid-April, when corn was trading at \$3.75 per bushel, we wrote corn call options with a strike price of \$5.40. If the price of corn did not go over \$5.40 before the options expired on 22 June, the cash from selling the options would be kept by FCI’s investors. In this case, corn prices peaked around \$4.25 in mid-June and the options expired worthless. FCI’s investors kept the cash. Not all options sold by FCI and FILP expire worthless, though, historically, the vast majority do. (Past results are not necessarily indicative of future performance.)

There are substantial risks involved in trading options on futures and equities. The high degree of leverage that is often obtainable in options trading can work against you as well as for you. The volatile nature of the futures and high degree of leverage used in options may result in clients losing more than their original investment. Please consider carefully whether options are appropriate to your financial situation. Only risk capital should be used when trading options on futures and equities. Past results are not necessarily indicative or a guarantee of future results. Security futures/options products are not suitable for all people.

Assets Under Management Climb to \$45 Million

With the addition of a \$10 million dollar institutional investment into FCI this month, assets managed by Financial Investments, Inc. (FI) are now in excess of \$45.0 million. FI's assets under management have tripled since the start of the year. Some procedural changes have been made to help successfully manage this significant increase in assets.



1) Our minimum investment requirement for FCI is now \$100,000. Existing accounts under \$100,000 will continue to participate in the program. However, withdrawals are limited unless the account balance exceeds \$100,000. Withdrawals from accounts with less than \$100,000 will be considered as an account that is withdrawing completely from the program.

2) Investment in the FCI program now requires a three month lock up period from the time of initial investment.

3) FCI is now limiting the total amount of new funds accepted and allocated to FCI on a monthly basis.

These and other changes are now included in our updated disclosure document located at <http://www.financialcii.com/>.

An additional administrative change was also made. Starting July 2007, management fees and incentive fees will now be computed and drawn monthly for both FILP and FCI.

We continue to appreciate the efforts of introducing brokers which have contributed to the success of FCI and FILP. These changes should help us together manage new capital, preserve client assets and pursue opportunities with favorable risk/reward ratios.

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Audits and Reviews of Internal Controls

FILP completed its independent audit of financial statements in April 2007. This audit covered all of calendar year 2006 and was performed by the certified public accountant Spicer Jeffries LLP, who also conducted FILP's 2005 audit.

In May and June, we conducted an internal review of policies and procedures for both FILP and FCI. This was done in preparation for a National Futures Association (NFA) examination

that is expected sometime later this year. The NFA examination includes reviews of performance calculations, marketing practices, trading procedures, ethics training, disaster recovery programs and other regulatory compliance issues.

Our last NFA examination began in December 2005; the NFA generally conducts examination about every two years.

Looking Forward

Modest volatility and improved option pricing has been beneficial to both FCI and FILP over the last quarter. The same favorable conditions are still with us as we enter the second half of the year.

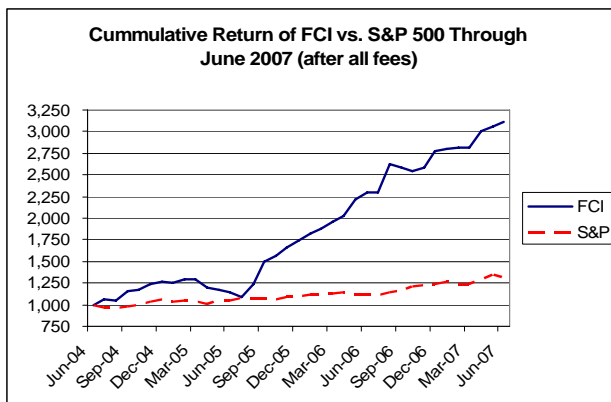
Equities, after a strong showing in March through May, have started trending sideways. Concerns about interest rates, housing and the credit cycle have injected some pessimism into the equity market. While the

upcoming earnings season may offset some of this pessimism, we believe earnings will not be strong enough to raise equity prices appreciably in the second half of the year. It is in these sideways markets that we expect our fund's strategy to perform best.

In closing, we thank you for being an investor with us. We will continue to work hard, and look forward to a successful partnership with you for many years to come.

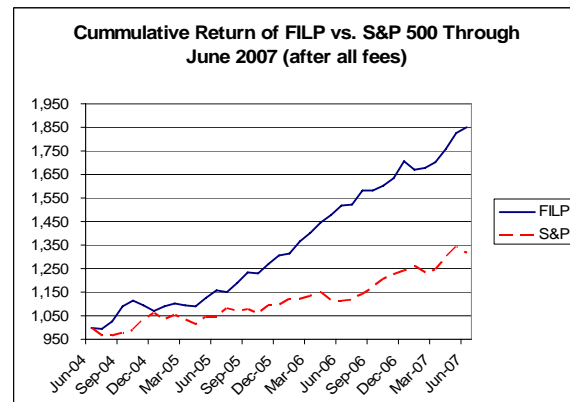
About FCI and FILP

FCI is a commodity trading advisor (CTA) service registered with the National Futures Association (NFA). FCI executes investment strategies on behalf of an investor directly in the investor's own account. FCI trades options in a diversified range of commodities including energies, grains, softs, metals and financial commodities. FCI is open to non-accredited investors with a minimum of \$100,000. Participants in FCI have unlimited risk. You can learn more about FCI at www.financialcii.com.



Source: http://www.financialcii.com/performance_record/index.html

FILP is a limited partnership hedge fund offered through a private placement memorandum. FILP trades a pool of investor funds in commodity including energies, grains, softs, metals and financial commodities. FILP also trades equity options. FILP is open only to accredited investors with a minimum of \$100,000. Participants in FILP have limited risk.; their entire investment can be lost, but no more. You can learn more about FILP at www.financialii.com.



Source: <http://www.financialii.com/filp/historicalResults.htm>

Disclaimers

*Performance results discussed are the actual net returns of Financial Investments, LP (FILP) and Financial Commodity Investments (FCI). The Standard & Poor's 500 index is an unmanaged standard benchmark for measuring U.S. equity investment performance. There is no correlation between such index and the Partnership. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Commodity trading involves a potential substantial risk of loss. Individuals should consult their financial advisor to determine if such alternative investments are appropriate for your personal financial planning and portfolio model. Documented results are available upon request. Note: Only Advisors that submitted their performance data were rated. Note: A buyer of options does limit his risk to the amount of his investment in the option. The writer, or seller of options, takes on unlimited risk. There is no limit on how large the loss can be. Losses can and will be the amount that the position is "in-the-money" at the time of expiration, should the option actually expire in the money.

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