

Financial Investments Inc.

October 2007

FCI Stumbles on Wheat, FILP Posts Gains in September

For the month of September, FCI recognized a return to investors net of all fees of -4% to -5%. As of 3 October, the precise figure is still being calculated. A loss on wheat futures is the only cause for the month's losses. For the third quarter FCI recognized positive returns to investors net of all fees between 0% and +1% (Past results are not necessarily indicative of future performance.)

Significant losses on wheat resulted from assuming the risk of a wheat futures position that was assigned to us when wheat options we had sold expired in-the-money. The loss on the wheat futures position caused FCI's worst monthly performance since July 2005. FCI does not regularly trades futures because of the potential for such volatile results. Wheat surged from \$4 per bushel to an all time record of \$9.58 during a three month period. The statistical probability of such a move was less than 1%.

In September, FILP recognized a positive return of +1.35% net of all fees for its investors. For the third quarter, however, FILP was down -2.31% because of a significant increase in stock market volatility in August. The resulting -2.86% loss in August was

FILP's worst monthly performance since April 2004. (Past results are not necessarily indicative of future performance.)

FILP uses approximately half of its capital to earn premiums from selling stock market options. The methodology used earns commendable returns when the stock market trades in a broad range of plus or minus 7% during a contract month. The stock market fell 10.3% during the August contract month resulting in large losses on equity options. Stock market corrections of 10% or more do happen, but usually across an extended period of time.

Month	FCI	FILP
1 st Quarter	1.51%	-0.47%
2 nd Quarter	10.68%	8.78%
3 rd Quarter	est. 0.50%	-2.31%
Year-To-Date	est. 12.91%	5.77%

FCI and FILP earn positive returns by writing far out-of-the-money, short-term dated options. 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.

FCI Reaffirms Its Trading Parameters

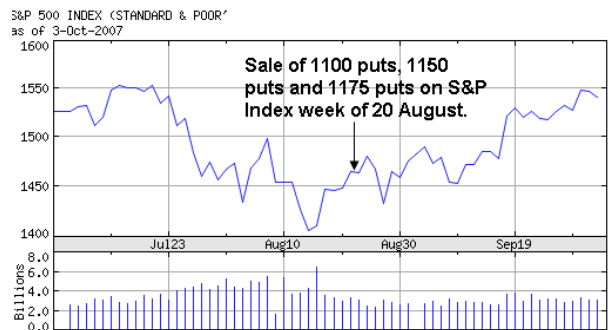
FCI operates a discretionary trading program on behalf of its clients. Though the program is discretionary, we have established trading parameters. The parameters we follow are as follows:

- Client accounts are diversified across at least 5 or more different markets with limited or no correlation;
- We exit positions when premiums exceed 5 to 10 times the original premium collected or when the losses in a particular market exceed 5% of net asset value (the latter parameter forced us out of an unprofitable wheat position in September after we made an exception for the former parameter);
- We target margin utilization between 20% to 40%;
- We are net sellers of options on commodities;
- We trade in only the most liquid markets;
- We target to trade the front month of the underlying futures contract;
- We limit notional funding at 25% of total invested capital.

Our parameters keep us focused on a trading methodology that has been historically successful. However, we do not completely allow these parameters to dictate our decisions, especially when an

opportunity outside these parameters is evaluated to be far superior to others being considered.

As an example, we do not normally trade equity index options. However, when S&P equity index puts with strike prices below 1200 became marketable briefly in August, we sold these options, which were more than 20% out of the money.



In another example, paper losses on crude oil puts in January exceeded our usual loss limits, but market conditions were evaluated and the positions were not exited.

Of the approximately 200 trades we have made this year, only a small fraction did not conform to our parameters. Of these non-conforming trades, only one, the 850C on October wheat, which converted to a December wheat future, was unprofitable.

The significant loss we realized on the December wheat futures position has reminded us why we stopped trading futures in 2005. In the future, we will

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evaluate the risk of holding a futures | position more critically.

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Aurapan Wattanasittisin Joins FCI/FILP



FCI welcomes a new addition to the company, Aurapan Wattanasittisin. She joined us in September as a financial

analyst. She will be assisting with all operational aspects of FCI but her most important function will be monitoring and analyzing how capital is used so that we can maximize returns to our investors.

Aurapan, recently earned a Masters of Finance from George Washington University. Prior to this, she worked at Arthur Anderson and KPMG.

Aurapan, a CPA originally from Thailand, moved to the United States in 2004 after receiving a Bachelor's in accountancy from Chulalongkorn University of Thailand. She is currently working on both a CFA certification and passing the NFA Series 3 exam.

When Aurapan isn't working hard for our clients, she enjoys reading books and spending time with good friends.

Looking Forward

We see many opportunities in the commodity and equity option markets for earning commendable returns for our investors based on our perception of improving economic conditions.

Credit conditions have tightened considerably over the last three months and the housing sector remains at recession-like levels. However, a peak in interbank interest rates in mid-September suggests the credit problem is cresting. Most of the damage to the economy caused by the housing slowdown and tougher mortgage lending standards already

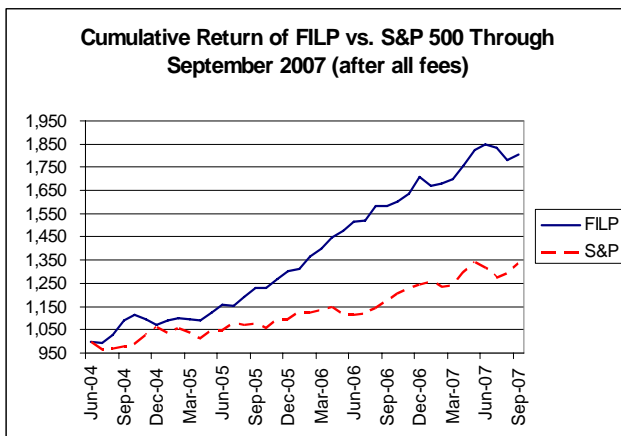
occurred in the first half of this year. Furthermore, industrial utilization is over 82% - a level that borders on inflationary – because a weak dollar has exports booming. And, despite the September numbers on the notoriously inaccurate monthly employment survey, low weekly unemployment claims suggest the labor market remains strong.

Equities may do well, but we continue to believe in our strategy over the long term. We thank you for the opportunity to work for you and look forward to a continued, successful partnership.

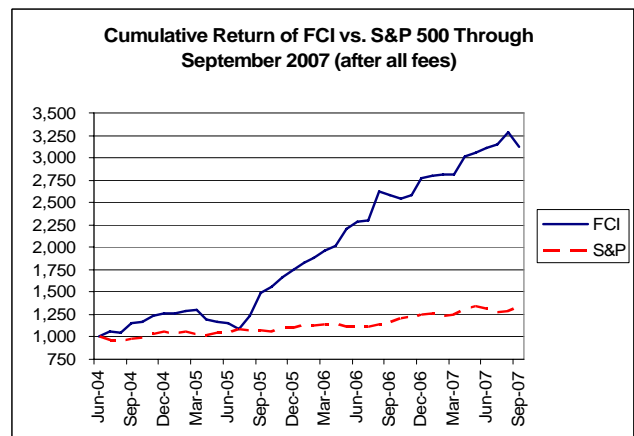
About FCI and FILP

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.

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.financialcii.com/performance_record/index.html



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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