



www.financialcii.com

January, 2008

Dear Clients and Investors:

The year 2007 has now come to a close. Calendar year 2007 was certainly a year with lots of change, lots of increasing uncertainty in the markets; and with uncertainty, came lots of increased volatility. The FII product line is vulnerable to increasing volatility, especially when there are significant market swings as we experienced during this past year.

I also wanted to write and continue keeping you informed as investors and clients of Financial Investments, Inc. (FII) and Financial Commodity Investments (FCI).

FII also had a year with lots of changes. Some of the highlighted items worth mentioning to you include:

- FII increased its temporary and full time staff with additional employees. Our employees all come with extensive background experience in the accounting and financial analysis industries. We welcome Aurapan Wattanasittisin to the FII program.
- During 2007, the National Futures Association (NFA) called on FII and FCI and performed an extensive compliance and financial review audit of FII and its related CTA and CPO entities. Fortunately for us, the NFA did complete the audit with no outstanding items and/or issues relating to the products and services offered by our entities.
- FII grew significantly in the past year. FII currently has over 500 clients and investors that are located in 42 of the 50 states. We also have clients located in 26 different countries throughout the world.
- FII now has institutional investors that are participating with our investment program. We are proud of our varied clientele, and we welcome the many new clients joining us in the past year.

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.

- The assets under management (AUM) also grew significantly in 2007. Our AUM grew by a factor of five times. Our growth can certainly be attributed to our having commendable past historical returns, along with just having the “right alternative investment product” available at just the right time.
- Recently, FII was informed that we have been nominated and selected as a semi-finalist for the “**Virginia Business – Small Business Success Story of the Year**”. We consider this quite an honor. There are thousands of businesses in Virginia, and we have been selected as one of the top eight finalists for the State. Regional and state awardees will be announced in late January. We will certainly keep you informed.

Highlighted results

<u>Period</u>	<u>S&P</u>	<u>FILP</u>	<u>FCI</u>
Five Year Annualized CY2008 (One Year) Annualized	9%	22%	35% *
Quarter			
4th		3%	1%
3rd		1%	-2%
2nd		11%	9%
1st		2%	1%

*** FCI program returns since inception July, 2004 (3.5 Years)**

The FILP and FCI returns to investors are summarized in the enclosed table. These results reflect the net returns to investors, i.e. net of all fees. (Past performance is not necessarily indicative of future performance.) Please note: your actual returns may be slightly less or even greater than our published results. Rates of returns will vary depending on your actual date of entry into our investment program.

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With both the FILP and FCI program, we have two primary targeted financial objectives. Our stated objectives include:

- We target for at least a 15% return to our investors on a year in year out consistent basis.
- We target to exceed the returns of a passive “Buy and Hold” investor year in year out and on a consist basis. We consider the returns of the S&P, a standard equity index, our basis for measuring and comparing our returns to a passive investor.

Our results do illustrate that we have achieved our targeted objectives when comparing over the last five years. CY 2007 was not the impressive year that we had hoped for. Although we did exceed the returns of the S&P, we did not achieve our target 15% return for the year.

CY 2007 was certainly the year of volatility. We experienced extreme market swings not only in the equity markets, but also in the commodity markets. We experienced such commodities as Crude Oil and Wheat with price movements that more than doubled in a very short period of time; an event that has never really occurred ever before.

Our nation is currently experiencing a real estate market valuation meltdown. And from all signs, it appears this overvaluation of real estate has further corrections to go.

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. 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.

Sincerely,

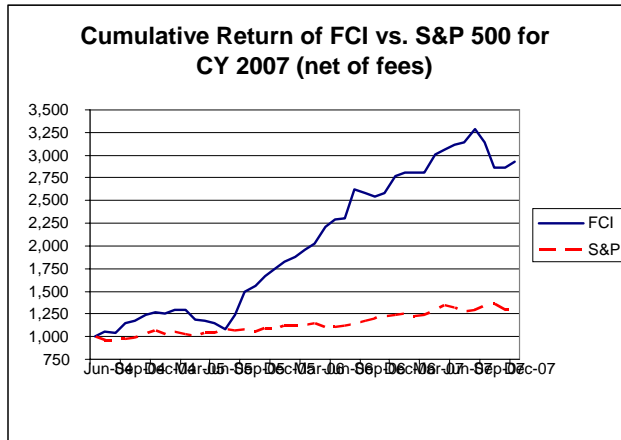
Craig B. Kendall

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President

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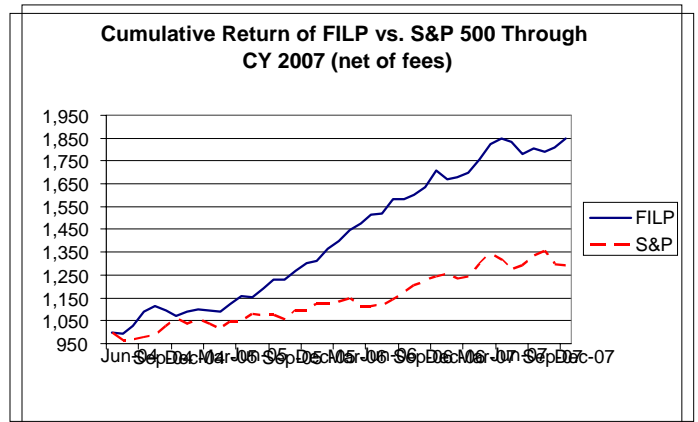
About FCI and FILP

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>

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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