

October 23, 2008

Client Name and Address

Dear Client:

Enclosed are performance reports for your investments at Charles Schwab as of September 30, 2008. The following reports, which we produce, along with the monthly statements you receive directly from Schwab, provide you with a great deal of information on your holdings, investment strategy and performance. Please review these reports and contact me at «Telephone» if you would like to discuss them.

REPORTS

- The **Schwab Investment Portfolio** reports the value of your investments as of September 30, 2008.
- The **Portfolio Performance Review** illustrates the performance of your portfolios for the quarter ended and year-to-date through September 30, 2008. The performance of your portfolios is reported net of fees. Also illustrated is the performance of 5 major indexes and a portfolio benchmark for the same comparable periods.
- The **Position Performance Summary** illustrates the performance of your individual holdings from January 1, 2008 through September 30, 2008, assuming your investments have been held at Schwab during that period.

MARKET RECAP

As we have all witnessed, what happened these past few weeks was unfathomable to say the least. At times, events were moving so quickly it was hard to keep up. Every hour saw a new development of some sort. Some of our country's most revered financial institutions have either failed or been taken over by the U.S. Government. Goldman Sachs and Morgan Stanley changed corporate charters and became bank holding companies. The government took over AIG to avoid the worst collapse in history of the United States' largest insurer. Money market funds, which have always been considered safe, came under pressure. All this prompted the U.S. Congress to pass the historic \$700 billion financial bailout package.

GLOBAL BANKING CRISIS AVERTED

To avoid a global crisis precipitated by the Lehman Bros bankruptcy, the Federal Reserve, along with the world's largest central banks, poured unprecedented amounts of money into the banking system. Following the lead of the Bank of England toward bank nationalization, U.S. Treasury Secretary Paulson convened an emergency meeting this month with the heads of the nine largest U.S. banks who agreed to sell preferred stock to the U.S. Government in return for an emergency injection of \$250 billion.

KEY STATISTICS

All the major indices have fallen significantly this year with the Dow falling more than 32% through October 21st of this year. Oil has fallen almost 50% from its peak of \$147 reached in July and the U.S. dollar has rallied to its highest level against the euro in nearly a year and a half.

No one knows what the future holds, however, the markets have proven time and time again that those who are willing to buy when valuations are low and the outlook is bleak have been rewarded.

WHAT DOES THIS MEAN TO YOU

The investment plan that we developed for your portfolio(s) includes an allocation to stocks, bonds and cash based on your unique financial situation and goals. Our investment philosophy at FWM is to maintain a disciplined investment approach. We continue to believe that to successfully reach your long-term financial goals, you should stick with your plan during both upswings and downswings in the market.

Additionally, at FWM, we understand that the events of the past few weeks may have caused a change in your overall risk tolerance. However, these events do provide opportunities, including recognizing valuable tax losses, increasing your exposure to undervalued equities and/or buying mutual funds with built-in tax losses. We will be contacting you before year end to discuss these opportunities.

I have also enclosed an article titled "20 Common Investing Mistakes" that was published in the September 2008 issue of Morningstar FundInvestor for your review.

WEBSITE

If you have not done so already, please view our website at www.filomenowealth.com. As a client you can log into your Schwab accounts directly through our website and can stay abreast of any new information that we post to the site.

THANK YOU

We recognize that our success is directly attributable to how well we serve you through your continued business and referrals and we thank you for your trust and faith in our services. We value your thoughts and input and encourage you to call us anytime should you have any questions or suggestions.

Sincerely,

Author

Enclosures

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