



Claremont Financial Group, Inc.
Registered Investment Adviser

This message is in reference to Schwab accounts ONLY

October 9, 2008

Dear Valued Client,

As many of you have seen, the markets experienced yet another perilous drop today with the major indexes off approximately 7%. That's the bad news! The good news is that we at Claremont Financial Group, Inc (CFG) are sitting on a current allocation of:

- 20% U.S. Government securities-only money market (no market exposure)
- 57% US Treasury Bills, Notes, Bonds and TIP's
- 25% (Only!) blue-chip stocks, with an emphasis away from financial companies

So while the bottom is dropping out of the stock market, we are largely sitting it out.

To give you an idea of the effectiveness of our late September reallocation I think we should look at the numbers a little closer. Since 9/29/08 when we shifted away from stocks, the DOW Jones Industrial Average and S&P 500 have lost approximately 20%, while the NASDAQ is down more than 21%---We are down about approximately 3%! (The precise numbers will not be in until about 6pm PDT).

I know that there is a lot of fear out there right now, just talk to a neighbor or turn on a financial channel. But at CFG, we are viewing this a bit more opportunistically. Market rebounds can be a very effective source of return in these types of environments, and when the bottom does reveal itself, we believe we will be seeing once in a lifetime prices. To that end, we have an all-afternoon meeting with Wilshire Associates Friday to analyze in-depth a variety of strategies moving forward. **WE WILL PROCEED CAUTIOUSLY!** I will follow up with another communication summarizing the essence of that meeting.

On that note, I want to ask for your patience. We are inundated with calls from inquisitive investors checking on their accounts and allocations. We will get back to you as soon as humanly possible. So far, only a few calls have lingered overnight. It is because of this call volume that we have temporarily suspended in-person reviews. Now is the time you want us doing our analysis, managing your money and taking your calls, rather than being out of pocket sitting in individual reviews.

In the meantime, you should all be able to sleep at night knowing you have moved to a much safer position and that you are in good hands. In these types of environments, people deserve top-notch investment advice and grade A service. If anyone you care about needs help getting their arms around their financial situation, go ahead and give them my number and have them give me a call at (800) 357-1911.

Yours truly,

Nick Scalzo
CEO-CFG, Inc.

P.S. Your reply e-mail commentaries have been extremely helpful. Please keep them coming.