



TO: U.S. Private Clients of Oliver Capital Management, Inc.
FROM: Mark K. Oliver, President - Senior Investment Advisor
DATE: October 17, 2008
RE: **Q3 - 2008 Quarterly Report**, including the model Strategically Engineered Portfolio Program (SEPP) Performance Report and related materials

Dear Oliver Capital Management Private Client:

The enclosed report contains three sections:

1. The model Strategically Engineered Portfolio Program (SEPP)
2. The Economy, the Markets, and Business in general
3. Oliver Capital Management and you

THE MODEL STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

During Q3-2008, the model Strategically Engineered Portfolio Program (SEPP) materially out performed the major market indices. **The model SEPP's Q3-08 return was -3.13% as compared to the major market average return of -7.40%** (consisting of the average of the S & P 500, the Dow Jones Industrial Average, NASDAQ, and the Russell 3000). **We'll take it! Year to date, the model Strategically Engineered Portfolio Program (SEPP) has also outperformed the average of these four major stock market indexes. As of the end of the third quarter, the model SEPP's year to date return was -14.69%, while the average of the aforementioned four major market indexes is down 18.98%.** Please take a moment to review the attached model SEPP Performance Spreadsheet for more detailed performance information.

Despite the negative sentiment and uncertainty surrounding the financial sector in 2008, the model SEPP's strategically selected index portfolio (i.e., the Financial Sector Index) was positive during the third quarter. The primary reason for the inverse movement of this index portfolio is that it was oversold in the previous two quarters. In addition, Wall Street investors started feeling that with the governmental intervention (both domestically and globally), there appears to be some light at the end of the tunnel.

Given the turbulent markets, I can understand why investors may be concerned and have questions. While the "boat" I have built around our clientele's investment assets (i.e., the Strategically Engineered Portfolio Program) is out in the ocean with all the other boats being tossed around in the present "storm," **the beauty of the SEPP is that it was designed to systematically "right itself" over time like a good Coast Guard ship. In other words, the indexes we own as part of the SEPP (i.e., S & P 500 Index, S & P 600 Small Cap Index, MSCI International Index, etc.), though not immune to market downturns, do not go bankrupt like individual companies or stocks, and have always seen their way through each and every storm of the past. I am confident that the SEPP, and its underlying well diversified indexes, will see us through this storm, and into calmer waters.**

As usual, I have also enclosed a listing of the TOP 20 HOLDINGS in each of the seven market indexes that make up our model SEPP as of the end of Q3-2008 (see attached).



Lastly, given the recent downturn and volatility in the market, and pursuant to the SEPP strategy, it is likely that we will go ahead and harvest losses for your benefit (as discussed when the SEPP was initially presented), and re-balance applicable SEPP portfolios prior to the end of the calendar year.

THE ECONOMY, THE MARKETS, AND BUSINESS IN GENERAL

Major highlights during the third quarter of 2008:

- Oil, gold and other commodity prices plummeted.
- Government seizures of banks, and corporate bankruptcies fundamentally transformed the U.S. financial landscape.
- The Federal Reserve left interest rates unchanged.
- U.S. economic growth continued to be weighed down by a weak housing market, the ongoing credit crunch, and rising unemployment.
- Domestic markets significantly outperformed both international and emerging markets.
- Financial sector and small-cap stocks significantly outperformed the overall market.
- Consumer confidence continued to drop but appeared to be stabilizing.

The third quarter of 2008 was relatively tame when compared to the more recent and unprecedented market gyrations that we have experienced since the end of the third quarter (September 30, 2008). Given what has recently transpired in the markets and economy since the end of the third quarter, I suspect most investors are a little more interested in the “here and now,” than in recapping what took place during the third quarter. During the first full week of the fourth quarter, the stock market experienced the largest weekly decline in U.S. history.

The fourth and final quarter of 2008 is now well underway, and most investors are on the edge of their seats, anxiously waiting to see how the “Fed Bailout,” now formally known as the “Emergency Economic Stabilization Act” or EESA, will play out. With the recent Federal Reserve rate cut (lowered by one half of one percent at an unscheduled Fed meeting on October 8th), and the smorgasbord of other measures being thrown at the present financial and economic challenges both domestically and globally, coupled with the fact that there is literally over \$3.5 trillion in cash on the sidelines looking for higher returns, **I expect these measures will eventually take root and gain traction. While this will not happen overnight, I am confident that once this does occur, the market will rally as a result, and remove much of the uncertainty surrounding the markets and economy.**

I know this is a difficult time for many investors, and times like these can be very stressful. **While we acknowledge that market downturns and crises are never exactly alike, there is one common thread to ALL of them: they *do* end. The economy and financial markets do recover, and history has rewarded those investors who have had the fortitude to step forward in this kind of environment.**

Lastly, I have enclosed an opinion piece written by **Warren Buffett** (Op-Ed featured in The New York Times on October 17th, 2008). In short, **he clearly expresses his opinion that now is the time to be investing in US stocks, and that cash and bonds will likely significantly underperform the U.S. stock market over the coming years.** Please take the time to read it through in its entirety. It is a very worthwhile read, in my opinion.



OLIVER CAPITAL MANAGEMENT AND YOU

As an additional layer of security, I thought you would be pleased to hear that the custodians of our client assets (Fidelity Institutional and Schwab Institutional) recently announced that they will participate in the U.S. Treasury Department's guarantee program for money markets, ensuring your money market fund holdings will not "break the buck." This added layer of security should add to your peace of mind with regard to the safety of your assets.

As always, please call or e-mail me if you wish to discuss this Quarterly Report in more detail, or if you have any other financial concerns or questions. In times like these, I am here for you more than ever, even if it is simply to act as a rational sounding board, and to re-instill any potentially lacking confidence in the markets and economy.

Again, and in closing, I want to state that while we acknowledge that market downturns and crises are never exactly alike, there is one common thread to ALL of them: **they do end**. The economy and financial markets do recover, and history has rewarded those investors who have had the fortitude to step forward in this kind of environment.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark K. Oliver".

Mark K. Oliver
President - Senior Investment Advisor



STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

Third Quarter Performance Report as of September 30, 2008

Model SEPP Portfolio Component	Weight	Third Quarter Total Return as of 9/30/2008	Year to Date Return as of 9/30/2008	One Year Total Return as of 9/30/2008	Three Year Average Annual Return as of 9/30/2008	Five Year Average Annual Return as of 9/30/2008	Ten Year Average Annual Return as of 9/30/2008
Large Cap Portfolio	10.00%	-8.36%	-19.28%	-21.98%	0.16%	5.09%	2.97%
Mid-Cap Portfolio	20.00%	-10.86%	-14.37%	-16.67%	1.64%	8.51%	10.09%
Small-Cap Portfolio	20.00%	-0.87%	-7.86%	-13.80%	1.89%	9.76%	9.85%
International Portfolio	10.00%	-20.51%	-29.18%	-30.53%	1.00%	9.50%	4.72%
Aggregate Bond Portfolio	10.00%	-0.60%	0.64%	3.64%	3.92%	3.53%	5.00%
Select Dividend Portfolio	20.00%	9.74%	-14.52%	-19.17%	-1.41%	6.74%	8.23%
Strategically Selected Portfolio (Financials)*	10.00%	2.18%	-25.61%	-28.49%	-1.50%	2.29%	7.21%
Oliver Capital Management Model SEPP Portfolio		-3.13%	-14.69%	-17.66%	0.78%	7.04%	7.62%
Index / Benchmark	Weight						
S&P 500	100.00%	-8.36%	-19.28%	-21.98%	0.16%	5.09%	2.97%
Dow Jones Industrial Average	100.00%	-3.78%	-16.80%	-20.13%	3.07%	5.88%	5.18%
NASDAQ	100.00%	-8.67%	-20.85%	-22.21%	-0.42%	3.68%	2.39%
Russell 3000	100.00%	-8.80%	-19.02%	-21.80%	-0.02%	5.43%	3.53%
Average of all Four (4) Major Market Indexes		-7.40%	-18.98%	-21.53%	0.70%	5.02%	3.51%

* In 2002 through 2007, the Strategically Selected Sector Portfolios were technology, technology, telecommunications, technology, telecommunications, and healthcare respectively. In 2008, the Strategically Selected Sector Portfolio is the financial sector index.

ALL DATA IS BASED ON INDEX VALUES. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Unless otherwise stated, all performance data above reflects the reinvestment of all dividends and interest, and do not represent the returns one would receive if shares were traded at other times than that of the Model SEPP. Performance numbers above have not been reduced by Oliver Capital Management fees. The Model SEPP is intended for investors seeking long-term growth of capital. Comparisons to broad stock market indexes, such as the unmanaged indexes listed above, may not be appropriate. Client accounts may be invested in securities that are not included in these indexes, and one cannot invest directly in an index. The model SEPP involves investment risk, including possible loss of principal.

The results and conclusions made herein do not necessarily reflect that of any OCM client portfolio and are not intended to recommend any specific investment or type of investment. Fund and Indexes, minus applicable iShare expense ratios, were used when actual iShare funds did not exist. Before making any investment, all aspects associated with it, including, but not limited to, applicable fees, charges, expenses and tax implications, should be considered. The information and results contained herein are based upon data obtained from sources we believe to be reliable (including, but not limited to, Ibbotson Associates, Barclays Global Investors, SEI); however, Oliver Capital Management, Inc., and/or its affiliates, do not guarantee the completeness or accuracy thereof.



Warren Buffett's NY Times Op-Ed: Buy American. I Am.

The New York Times

| 16 Oct 2008 | 11:31 PM ET

This is the text of an opinion piece written by Warren Buffett and published in the New York Times on Friday, October 17, 2008:

Buy American. I Am.

By Warren E. Buffett

The financial world is a mess, both in the United States and abroad. Its problems, moreover, have been leaking into the general economy, and the leaks are now turning into a gusher. In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary.

So ... I've been buying American stocks. This is my personal account I'm talking about, in which I previously owned nothing but United States government bonds. (This description leaves aside my Berkshire Hathaway holdings, which are all committed to philanthropy.) If prices keep looking attractive, my non-Berkshire net worth will soon be 100 percent in United States equities.

Why?

A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful. And most certainly, fear is now widespread, gripping even seasoned investors. To be sure, investors are right to be wary of highly leveraged entities or businesses in weak competitive positions. But fears regarding the long-term prosperity of the nation's many sound companies make no sense. These businesses will indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10 and 20 years from now.

Let me be clear on one point: I can't predict the short-term movements of the stock market. I haven't the faintest idea as to whether stocks will be higher or lower a month — or a year — from now. What is likely, however, is that **the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up.** So if you wait for the robins, spring will be over.

A little history here: During the Depression, the Dow hit its low, 41, on July 8, 1932. Economic conditions, though, kept deteriorating until Franklin D. Roosevelt took office in March 1933. By that time, the market had already advanced 30 percent. Or think back to the early days of World War II,



when things were going badly for the United States in Europe and the Pacific. The market hit bottom in April 1942, well before Allied fortunes turned. Again, in the early 1980s, the time to buy stocks was when inflation raged and the economy was in the tank. In short, bad news is an investor's best friend. It lets you buy a slice of America's future at a marked-down price.

Over the long term, the stock market news will be good. In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497.

You might think it would have been impossible for an investor to lose money during a century marked by such an extraordinary gain. But some investors did. **The hapless ones bought stocks only when they felt comfort in doing so and then proceeded to sell when the headlines made them queasy.**

Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value. **Indeed, the policies that government will follow in its efforts to alleviate the current crisis will probably prove inflationary and therefore accelerate declines in the real value of cash accounts.**

Equities will almost certainly outperform cash over the next decade, probably by a substantial degree. Those investors who cling now to cash are betting they can efficiently time their move away from it later. In waiting for the comfort of good news, they are ignoring Wayne Gretzky's advice: "I skate to where the puck is going to be, not to where it has been."

I don't like to opine on the stock market, and again I emphasize that I have no idea what the market will do in the short term. Nevertheless, I'll follow the lead of a restaurant that opened in an empty bank building and then advertised: "Put your mouth where your money was." Today my money and my mouth both say equities.

Warren E. Buffett is the chief executive of Berkshire Hathaway, a diversified holding company.

Copyright © 2008 The New York Times

URL: <http://www.cnbc.com/id/27231171/>



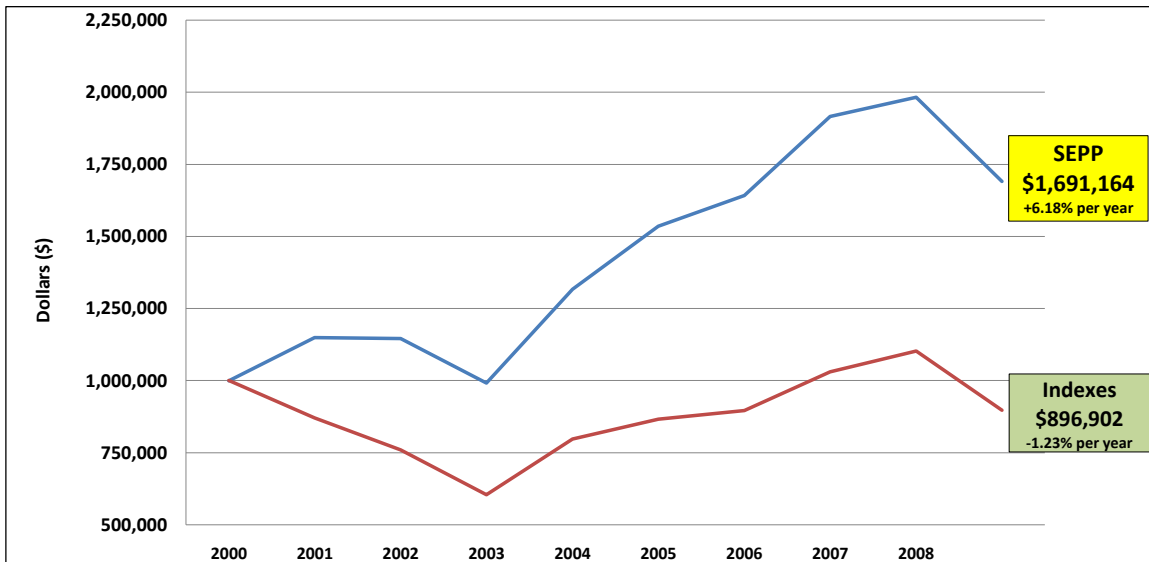
STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

\$1,000,000 Invested in the Model SEPP

VS.

Major Market Indexes

January 1, 2000 through September 30, 2008



	Model SEPP Portfolio	
	SEPP Return (%)	\$1,000,000 Invested in the SEPP on January 1, 2000
Year 2000	14.92%	\$ 1,149,200
Year 2001	-0.24%	\$ 1,146,442
Year 2002	-13.49%	\$ 991,787
Year 2003	32.82%	\$ 1,317,291
Year 2004	16.55%	\$ 1,535,303
Year 2005	6.91%	\$ 1,641,393
Year 2006	16.72%	\$ 1,915,801
Year 2007	3.48%	\$ 1,982,375
YTD 2008*	-14.69%	\$ 1,691,164

* Through 09/30/2008

	Indexes	
	Index Return (%)	\$1,000,000 invested in Indexes on January 1, 2000
Year 2000	-12.97%	\$ 870,263
Year 2001	-12.67%	\$ 759,989
Year 2002	-22.76%	\$ 604,747
Year 2003	34.28%	\$ 797,095
Year 2004	8.95%	\$ 866,529
Year 2005	3.32%	\$ 896,480
Year 2006	14.28%	\$ 1,029,786
Year 2007	7.36%	\$ 1,102,305
YTD 2008*	-18.98%	\$ 896,902

Compound Annual Growth Rate	
Model SEPP Portfolio	6.18% per year
Indexes	-1.23% per year
From January 1, 2000 through September 30, 2008	

ALL DATA IS BASED ON PRICE RETURN. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Unless otherwise stated, all performance data above reflects the reinvestment of all dividends and interest and have been reduced by applicable iShare expense ratios, and do not represent the returns one would receive if shares were traded at other times than that of the Model SEPP. Performance numbers above have not been reduced by Oliver Capital Management fees. The Model SEPP is intended for investors seeking long-term growth of capital. Comparisons to broad stock market indexes, such as the unmanaged indexes listed above, may not be appropriate. Client accounts may be invested in securities that are not included in these indexes, and one cannot invest directly in an index. The model SEPP involves investment risk, including possible loss of principal. The Major Market Indexes used in the analysis above is the average of the S&P 500, Dow Jones Industrial Average, NASDAQ, and the Russell 3000 for the same period.

The results and conclusions made herein do not necessarily reflect that of any OCM client portfolio and are not intended to recommend any specific investment or type of investment. Fund Indexes, minus applicable iShare expense ratios, were used when actual iShare funds did not exist. Before making any investment, all aspects associated with it, including, but not limited to, applicable fees, charges, expenses and tax implications, should be considered. The information and results contained herein are based upon data obtained from sources we believe to be reliable (including, but not limited to, Ibbotson Associates, Barclays Global Investors, SEI); however, Oliver Capital Management, Inc., and/or its affiliates, do not guarantee the completeness or accuracy thereof.



**2008 Strategically Engineered Portfolio Program (SEPP)
 Top Twenty Holdings Report As of 9/30/2008**

**LARGE CAP PORTFOLIO
 TOP 20 HOLDINGS AS OF 9/30/2008**

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 Exxon Mobil Corp	XOM	NYSE
2 General Electric Co	GE	NYSE
3 Procter & Gamble Co	PG	NYSE
4 Microsoft Corp	MSFT	NASDAQ
5 Johnson & Johnson	JNJ	NYSE
6 JPMorgan Chase & Co	JPM	NYSE
7 Chevron Corp	CVX	NYSE
8 AT&T Inc	T	NYSE
9 Bank Of America Corp	BAC	NYSE
10 Intl Business Machines	IBM	NYSE
11 Wal-Mart Stores Inc	WMT	NYSE
12 Cisco Systems Inc	CSCO	NASDAQ
13 Pfizer Inc	PFE	NYSE
14 Wells Fargo & Company	WFC	NYSE
15 Hewlett-Packard Co	HPQ	NYSE
16 Citigroup Inc	C	NYSE
17 Pepsico Inc	PEP	NYSE
18 Conocophillips	COP	NYSE
19 Intel Corp	INTC	NASDAQ
20 Coca-Cola	KO	NYSE

**MID CAP PORTFOLIO
 TOP 20 HOLDINGS AS OF 9/30/2008**

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 FMC Technologies Inc	FTI	NYSE
2 New York Community Bancorp	NYB	NYSE
3 Cleveland-Cliffs Inc	CLF	NYSE
4 Dentsply International Inc	XRAY	NASDAQ
5 Covance Inc	CVD	NYSE
6 Health Care Reit Inc	HCN	NYSE
7 Flir Systems Inc	FLIR	NASDAQ
8 Everest Re Group Ltd	RE	NYSE
9 Mdu Resources Group Inc	MDU	NYSE
10 Cephalon Inc	CEPH	NASDAQ
11 Wisconsin Energy Corp	WEC	NYSE
12 Dun & Bradstreet Corp	DNB	NYSE
13 McAfee Inc	MFE	NYSE
14 Pride International Inc	PDE	NYSE
15 Roper Industries Inc	ROP	NYSE
16 Flowserve Corp	FLS	NYSE
17 Federal Realty Invs Trust	FRT	NYSE
18 Stericycle Inc	SRCL	NASDAQ
19 Vertex Pharmaceuticals	VRTX	NASDAQ
20 Hologic Inc	HOLX	NASDAQ

**S&P SMALL CAP PORTFOLIO
 TOP 20 HOLDINGS AS OF 9/30/2008**

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 Itron Inc	ITRI	NASDAQ
2 UGI Corp	UGI	NYSE
3 Senior Housing Prop	SNH	NYSE
4 Waste Connections Inc	WCN	NYSE
5 Southern Union Co	SUG	NYSE
6 Pediatrix Medical Group Inc	PDX	NYSE
7 Atmos Energy Corp	ATO	NYSE
8 Unit Corp	UNT	NYSE
9 Flowers Foods Inc	FLO	NYSE
10 Piedmont Natural Gas Co	PNY	NYSE
11 Landstar System Inc	LSTR	NASDAQ
12 LKQ Corp	LKQX	NASDAQ
13 Longs Drug Stores Corp	LDG	NYSE
14 Immucor Inc	BLUD	NASDAQ
15 Penn Virginia Corp	PVA	NYSE
16 St Mary Land	SM	NYSE
17 Micros Systems Inc	MCRS	NASDAQ
18 Watson Wyatt	WW	NYSE
19 Kirby Corp	KEX	NYSE
20 Curtiss-Wright Corp	CW	NYSE

**INTERNATIONAL PORTFOLIO
 TOP 20 HOLDINGS AS OF 9/30/2008**

<u>Name</u>	<u>Ticker</u>
1 HSBC Holdings Plc	HSBA
2 Nestle SA	NESN
3 BP Plc	BP
4 Total SA	FP
5 Novartis Ag-Reg	NOVN
6 GlaxoSmithKline Plc	GSK
7 Vodafone Group Plc	VOD
8 Toyota Motor Corp	TM
9 Roche Holding	ROG
10 Telefonica SA	TEF
11 Royal Dutch Shell	RDSA
12 E.On Ag	EOAN
13 Banco Santander SA	SAN
14 Mitsubishi Ufj Financial	MTU
15 BHP Billiton Ltd	BHP
16 Siemens Ag	SIE
17 Royal Dutch Shell	RDSB
18 NP Paribas	BNP
19 Eni Spa	ENI
20 Sanofi-Aventis	SAN



2008 Strategically Engineered Portfolio Program (SEPP) Top Twenty Holdings Report As of 9/30/2008

AGGREGATE BOND PORTFOLIO TOP 20 HOLDINGS AS OF 9/30/2008

<u>Name</u>	<u>Credit Rating (S&P)</u>
1 FGOLD 30 Yr TBA (REG A)	Aaa / AAA
2 FNMA 30 Yr TBA (REG A)	Aaa / AAA
3 Treasury Note	TSY / TSY
4 FGOLD 30 Yr TBA (REG A)	Aaa / AAA
5 FNMA 30 Yr TBA (REG A)	Aaa / AAA
6 Treasury Note	TSY / TSY
7 Fannie MAE	TSY / TSY
8 Treasury Note	TSY / TSY
9 FNMA 30 Yr TBA (REG A)	Aaa / AAA
10 Treasury Note	TSY / TSY
11 FGOLD 30 Yr TBA (REG A)	Aaa / AAA
12 TREASURY BOND	TSY / TSY
13 Treasury Note	TSY / TSY
14 Freddie MAC	TSY / TSY
15 Treasury Note	TSY / TSY
16 FGOLD 15 Yr TBA (REG B)	Aaa / AAA
17 TREASURY BOND	TSY / TSY
18 FNMA 15 Yr TBA (REG B)	Aaa / AAA
19 FGOLD 15 Yr TBA (REG B)	Aaa / AAA
20 FNMA 15 Yr TBA (REG B)	Aaa / AAA

SELECT DIVIDEND PORTFOLIO TOP 20 HOLDINGS AS OF 9/30/2008

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 PNC Financial Services	PNC	NYSE
2 FirstEnergy Corp	FE	NYSE
3 Pinnacle West Capital	PNW	NYSE
4 DTE Energy Company	DTE	NYSE
5 Nicor Inc	GAS	NYSE
6 Comerica Inc	CMA	NYSE
7 Bank Of America	BAC	NYSE
8 Chevron Corp	CVX	NYSE
9 PPG Industries Inc	PPG	NYSE
10 Genuine Parts Co	GPC	NYSE
11 Eastman Chemical	EMN	NYSE
12 BB&T Corporation	BBT	NYSE
13 Zions Bancorporation	ZION	NASDAQ
14 JPMorgan Chase & Co	JPM	NYSE
15 Lincoln National Corp	LNC	NYSE
16 FirstMerit Corp	FMER	NASDAQ
17 Universal Corp	UVV	NYSE
18 Wells Fargo & Company	WFC	NYSE
19 Watsco Inc	WSO	NYSE
20 People's United Financial	PBCT	NASDAQ

US FINANCIAL SECTOR PORTFOLIO TOP 20 HOLDINGS AS OF 9/30/2008

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 JPMorgan Chase & Co	JPM	NYSE
2 Bank Of America	BAC	NYSE
3 Wells Fargo & Company	WFC	NYSE
4 Citigroup Inc	C	NYSE
5 US Bancorp	USB	NYSE
6 Goldman Sachs Group	GS	NYSE
7 Bank Of New York Mellon	BK	NYSE
8 American Express Co	AXP	NYSE
9 Merrill Lynch & Co	MER	NYSE
10 Prudential Financial	PRU	NYSE
11 CME Group Inc	CME	NYSE
12 Aflac Inc	AFL	NYSE
13 Visa Inc.	V	NYSE
14 Travelers Cos	TRV	NYSE
15 PNC Financial Services	PNC	NYSE
16 Allstate Corp	ALL	NYSE
17 State Street Corp	STT	NYSE
18 Schwab (Charles) Corp	SCHW	NASDAQ
19 Morgan Stanley	MS	NYSE
20 Metlife Inc	MET	NYSE