

# Index Financial Advisors LLC

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Quarterly Investment Report

March 31, 2007

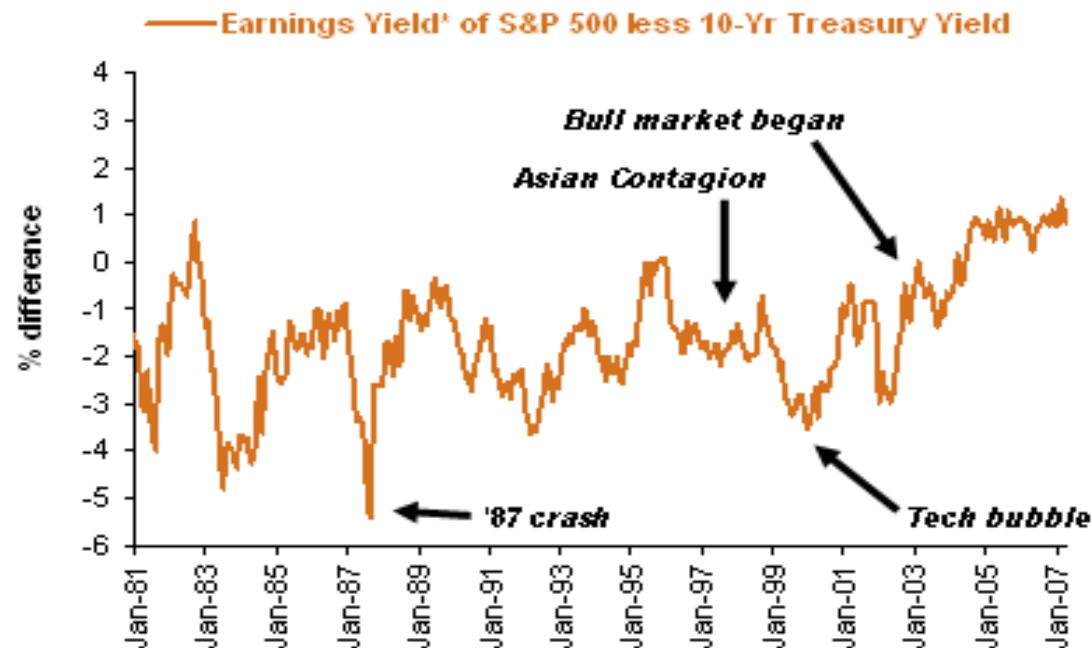
# Market Summary (1Q2007)

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- ❑ Fed leaves rates on hold, balancing inflation & recession risk
- ❑ Market volatility follows Greenspan remarks, China drop off
- ❑ Major market correction in late February/early March
- ❑ Fears of housing slow down and mortgage defaults spread
- ❑ Oil prices remain volatile, increase 8% during quarter
- ❑ US economic and earnings growth strong but slowing
- ❑ Global economy remains strong but interest rates rising
- ❑ Strong M&A activity driven by private equity, leverage
- ❑ Markets recover to positive territory by quarter end
- ❑ Rise continues in April based on strong 1Q earnings growth

# US Equity Valuations

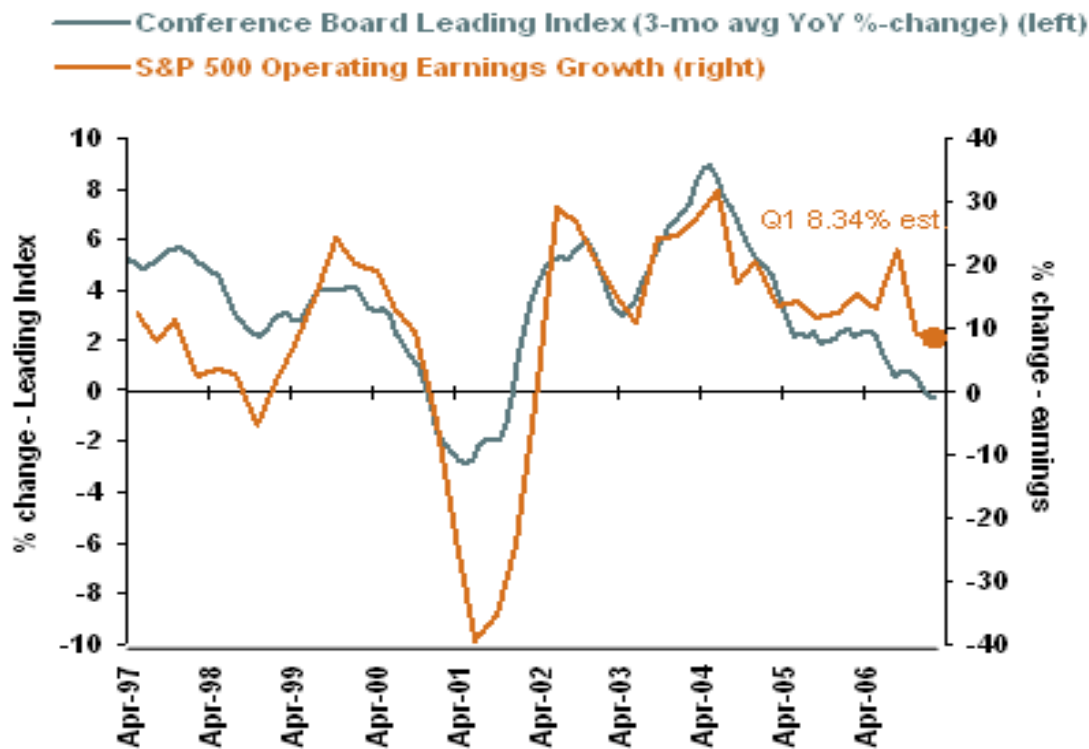
High earnings yield relative to Treasury yield  
reflects decent value for U.S. stocks



Source: Datastream. \* Earnings Yield equals the inverse of the Price-Earnings ratio

# US Earnings Growth

S&P earnings growth slowing with economy



Source: Datastream, Standard & Poors

# Market Index Returns (1Q2007)

