

Index Financial Advisors LLC

Quarterly Market Analysis

March 31, 2009

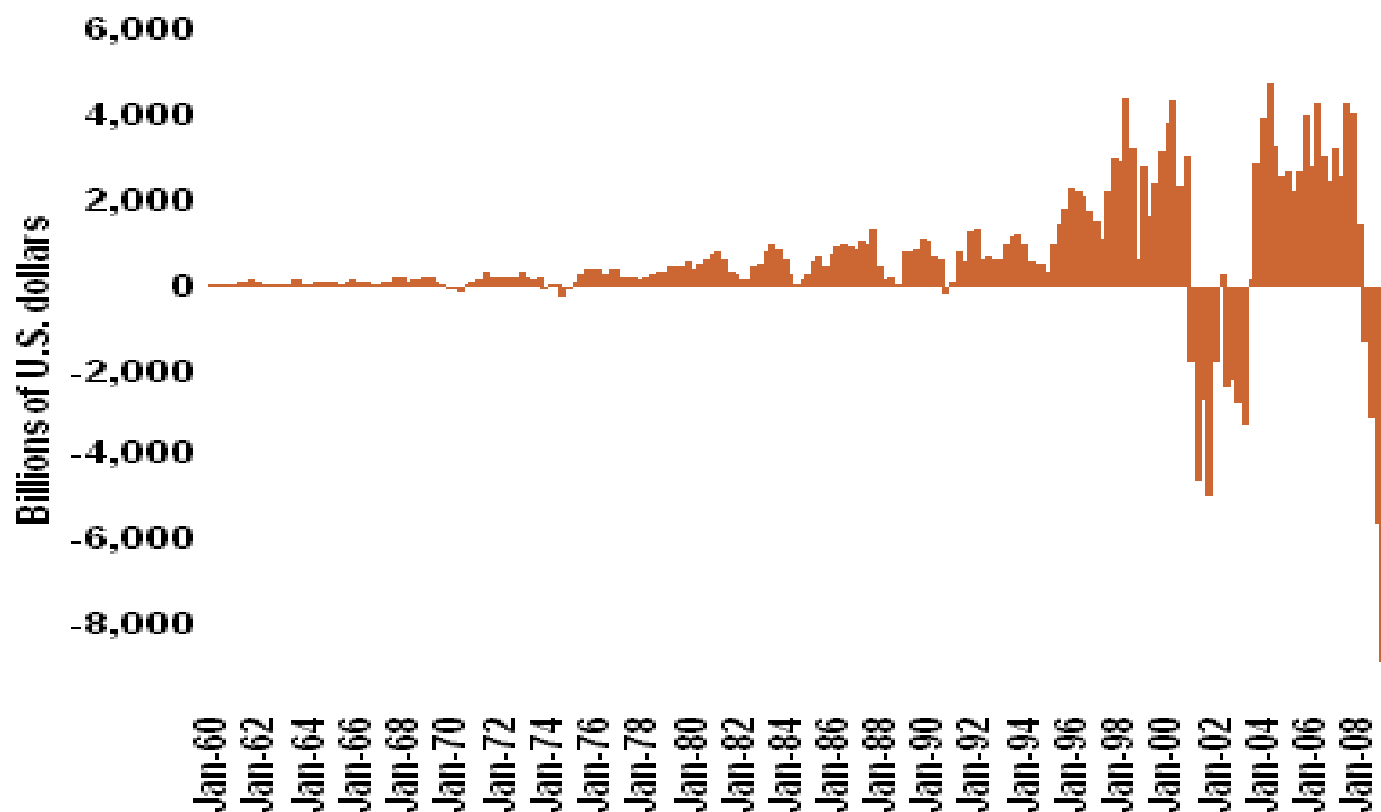
Market Commentary (1Q2009)

- ❑ Obama takes office in midst of "Great Recession"
- ❑ Congress approves \$787 billion stimulus package
- ❑ Unemployment continues to rise, consumer spending drops
- ❑ Banking crisis generates fear of complete nationalization
- ❑ Equity markets fall to new lows (S&P 677) on March 9th
- ❑ Federal Reserve expands TALF asset purchase program
- ❑ Geithner announces details of PPIP plan for toxic assets
- ❑ FASB provides flexibility in mark-to-market accounting rule
- ❑ Bank presidents discuss profitable operations in 1st quarter
- ❑ Some economic data, earnings are better than expected
- ❑ Stock markets recover strongly in late March and early April
- ❑ Current stock market valuations are still very attractive
- ❑ Significant cash remains on sideline earning low yield
- ❑ Economy and markets will likely take a long time to full recovery

Recession Destroys Household Wealth

Plunge in net worth pressures politicians

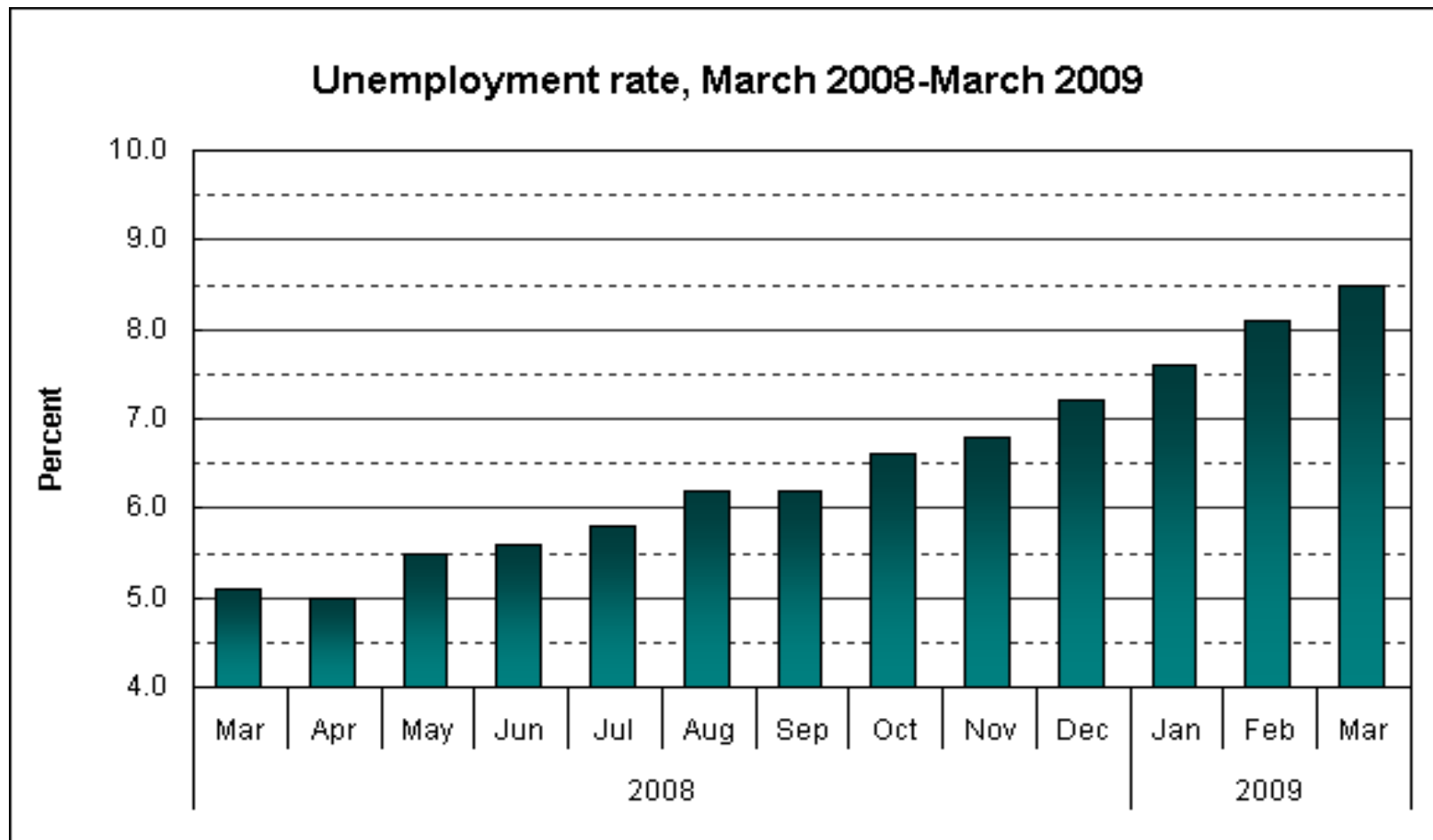
■ Household net worth (1-year difference)



Source: FactSet, Federal Reserve. As of 31-MAR-09.

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Unemployment Continues to Rise



Source: US Bureau of Labor Statistics

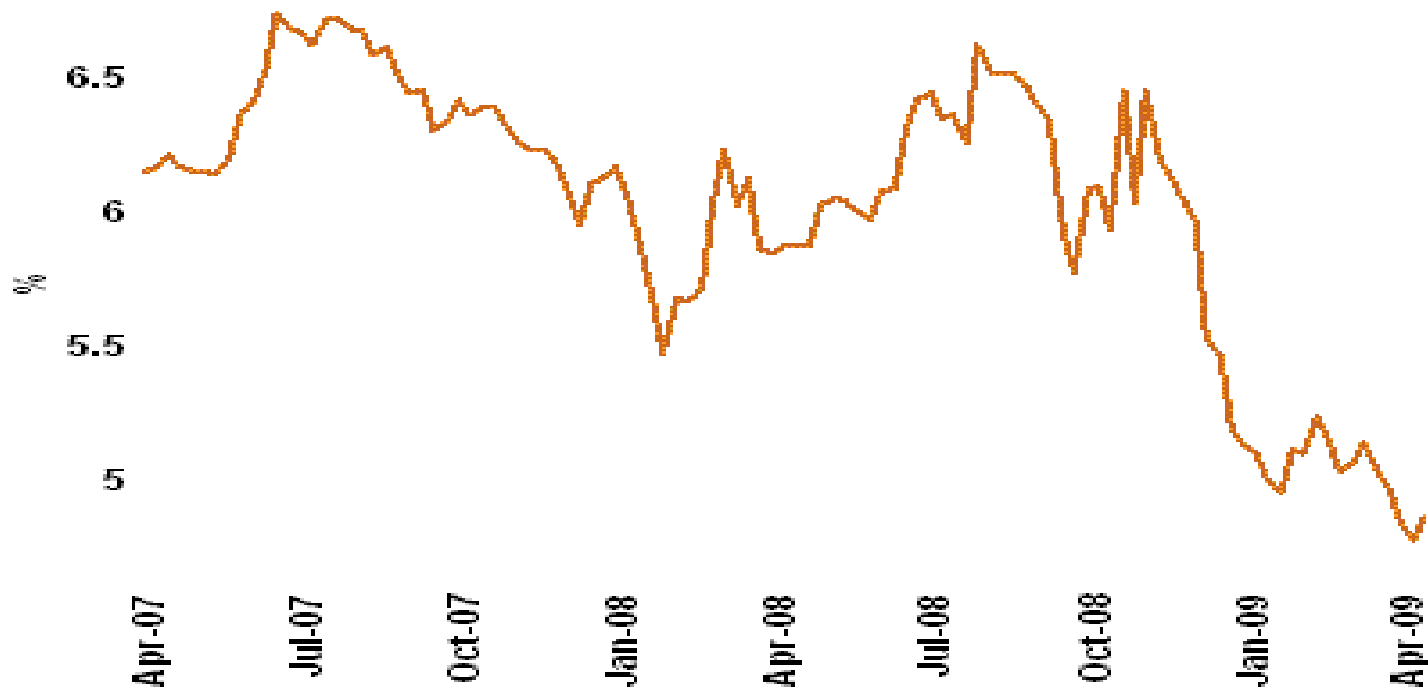
Obama Signs \$787B Stimulus Bill



Mortgage Rates Continue to Fall

Critical for recovery.

— 30-yr mortgage yield



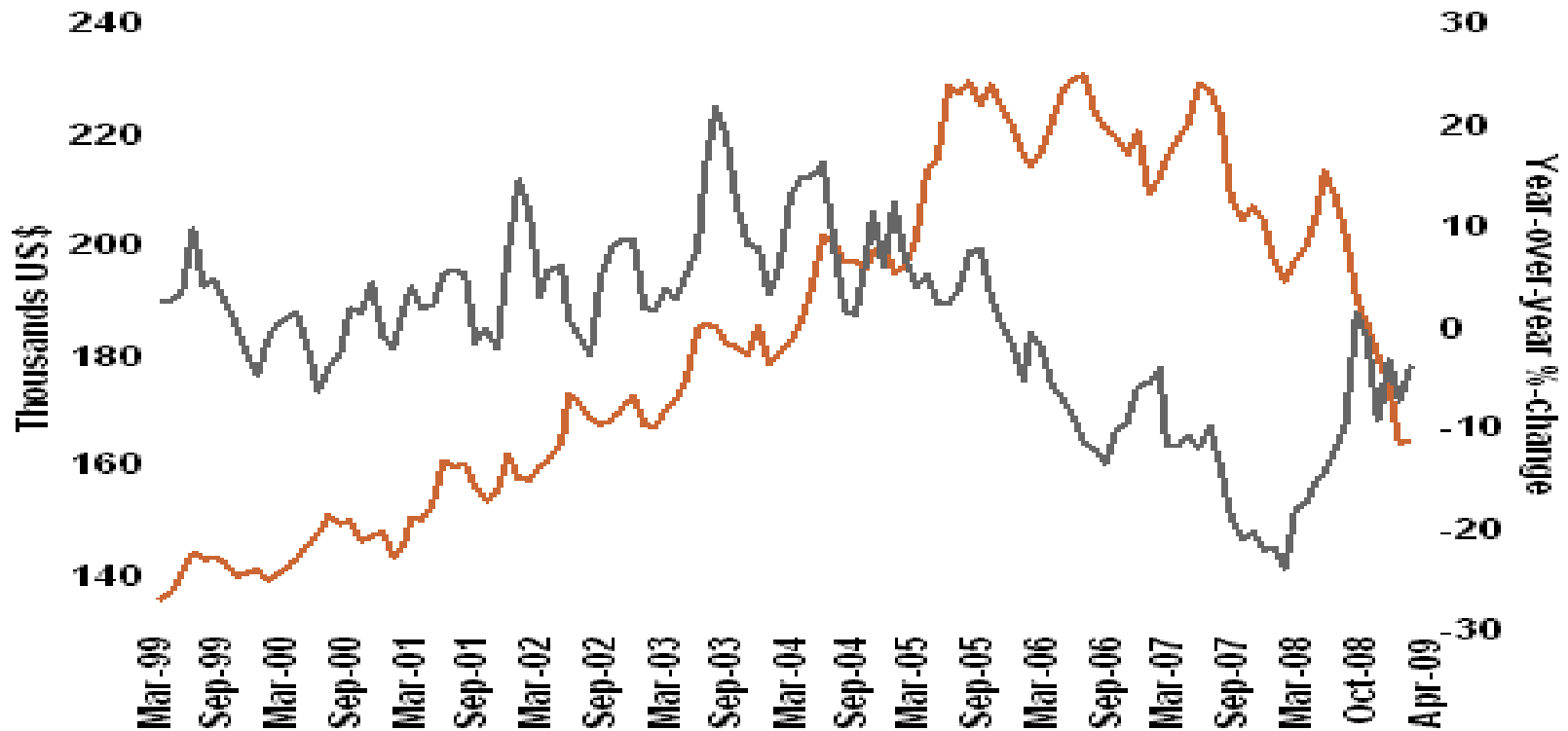
Source: FactSet, Freddie Mac. As of 15-APR-09.

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Home Sales Rise as Prices Fall

Glimmer of hope?

- Median price of existing homes sold (Left)
- Existing home sales - single-family (Right)



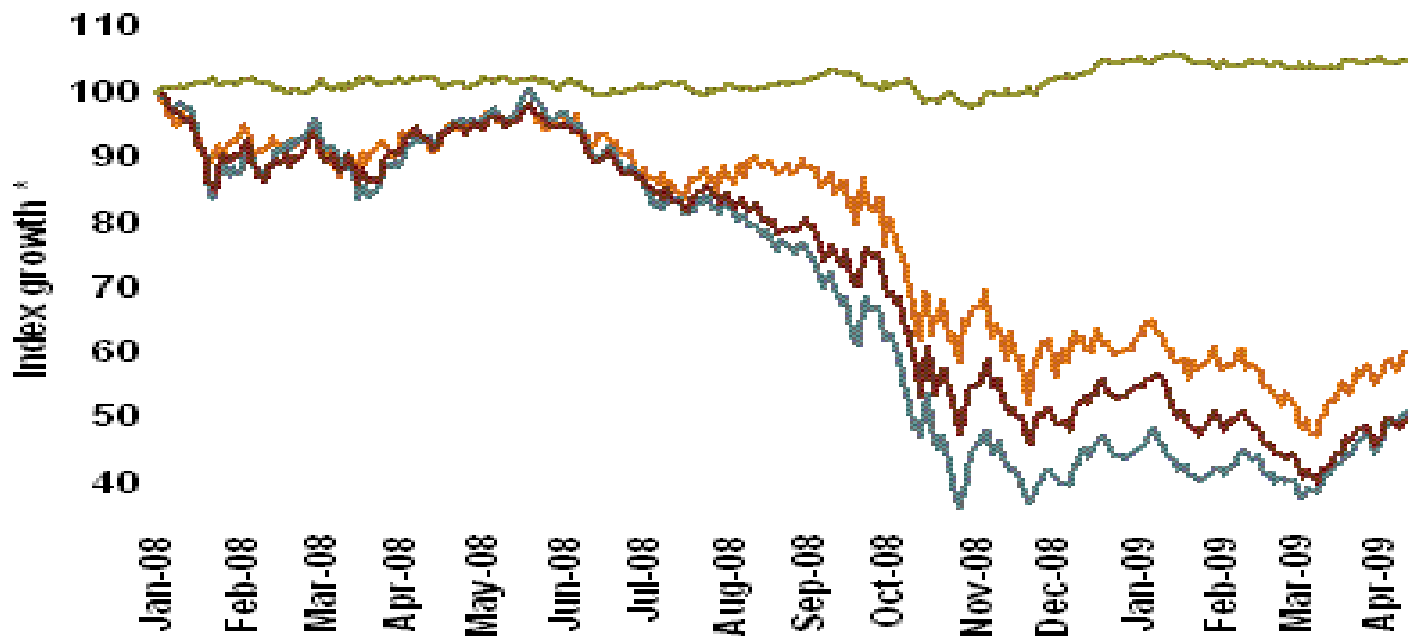
Source: FactSet, Nat'l Assoc. of Realtors. As of 31-MAR-09.

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Stocks Recover From New Lows

Can the rebound continue?

- S&P 500 Composite Index
- MSCI Emerging Markets Index
- MSCI EAFE Index
- Total Bond Market Index



* Rebased to 12/31/2007 = 100

Source: FactSet, MSCI, Vanguard, S&P.

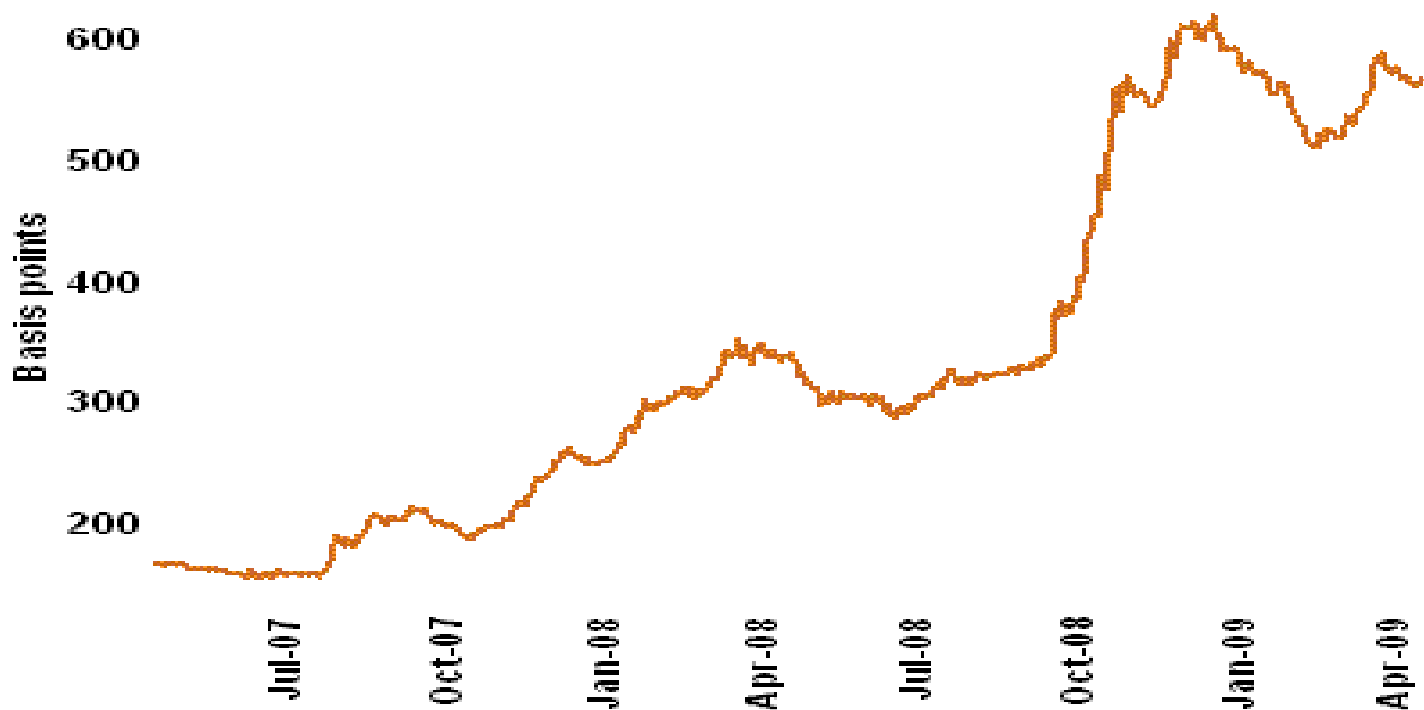
As of 15-APR-09.

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Corporate Bond Yields Attractive

Yields remain high

— Moody's Baa corp. yield less 10-year Treasury yield

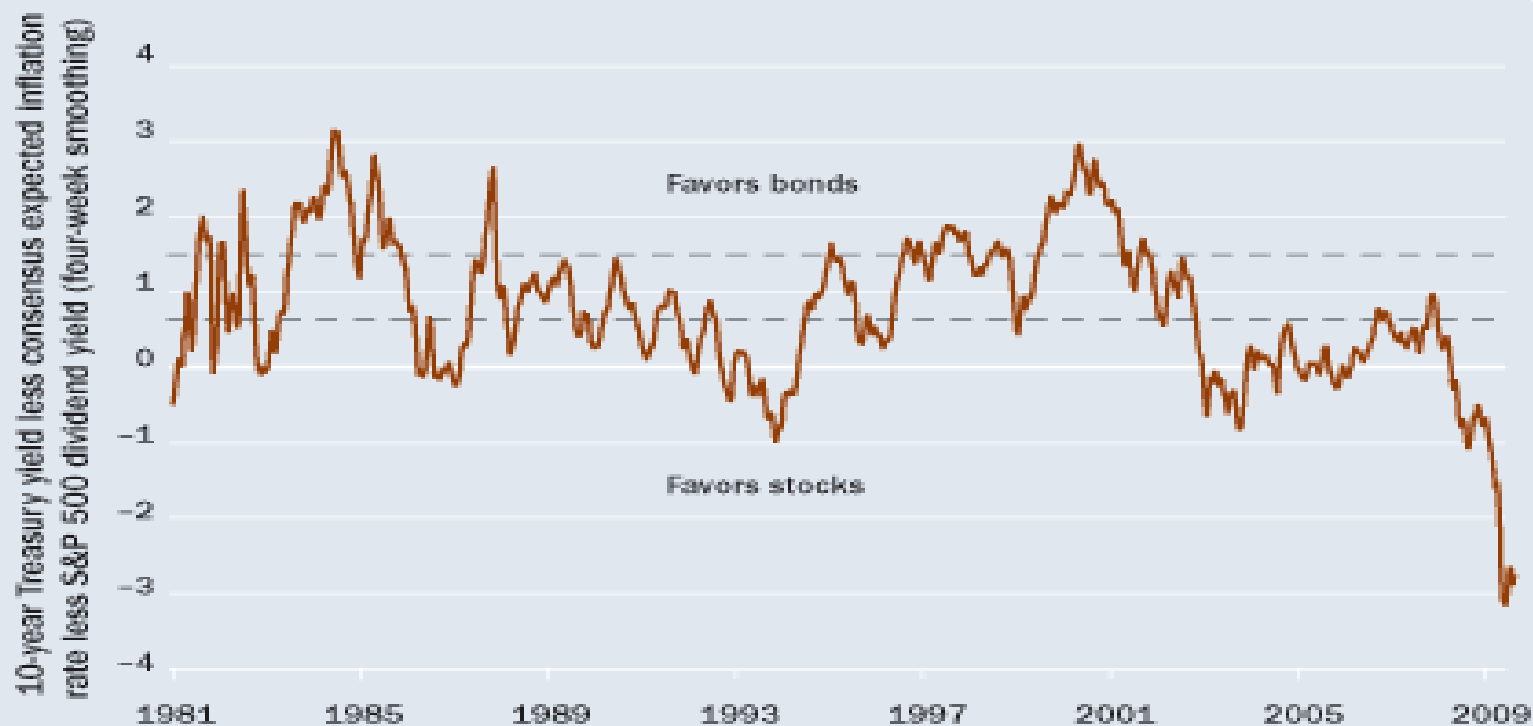


Source: FactSet, Moody's, Federal Reserve.
As of 15-APR-09.

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Stock Dividend Yields Attractive

Stocks Favored When Yields Compared



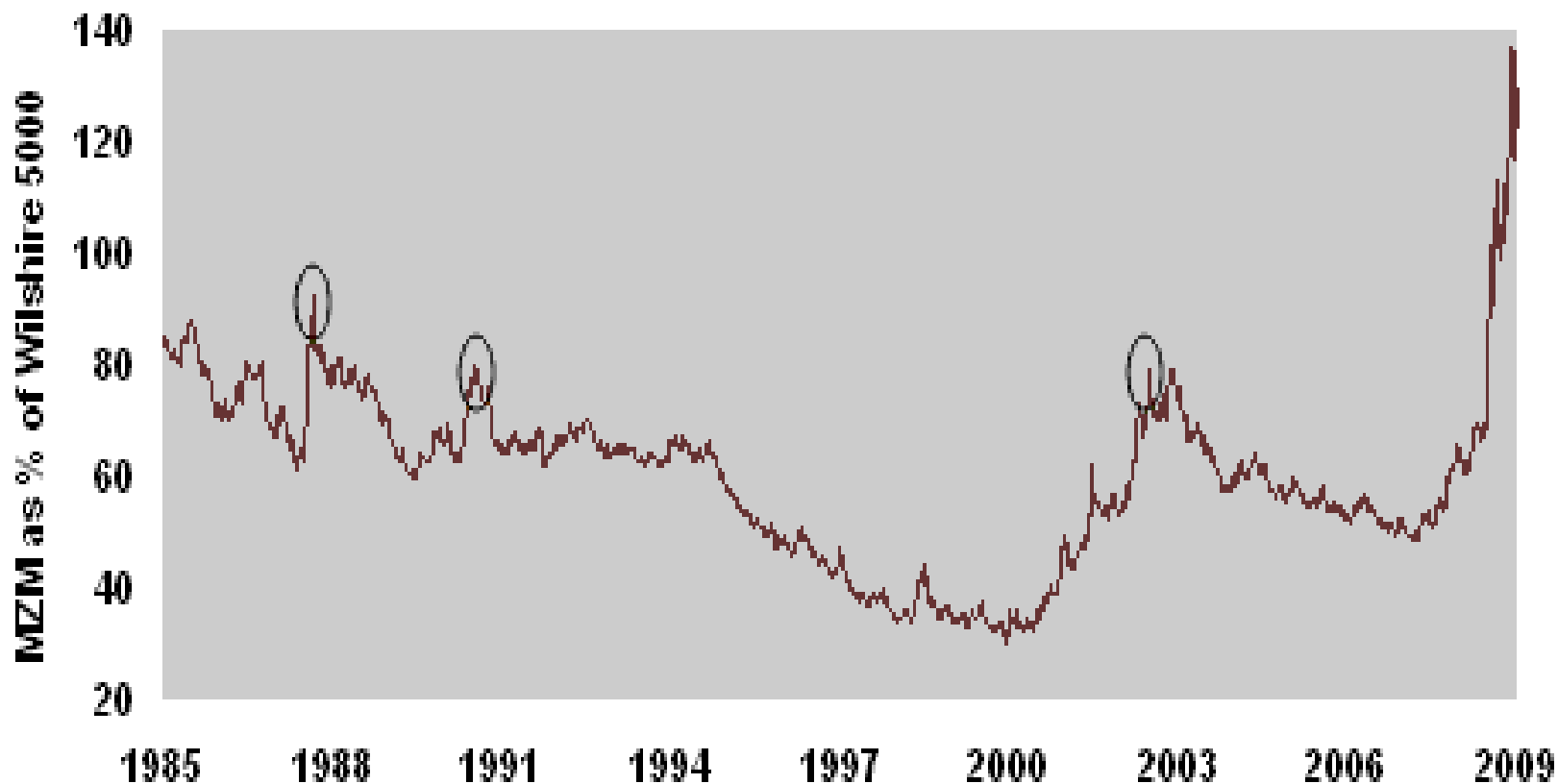
Source: Ned Davis Research, as of March 27, 2009.

Stock Valuations Attractive

Historical Valuation Comparisons				
S&P 500 @ 677 (03/09/09 low)	Current Base Estimate	Valuation at 3/9/09 Low	1957 to Date Historical Median	Implied Median S&P Level
Normalized *Adjusted EPS*	\$64	10.5	18.6	1156
Non-Normalized Operating EPS	\$57	11.9	16.5	938
Return on Equity	\$66	10.3	17.8	1175
Cash Flow	\$129	5.2	9.3	1202
Book Value	\$468	1.4	2.1	974
S&P 500 @ 677 (03/09/09 low)	Gain From 03/09/09 Low to Median	1957 to Date Bottom Quartile	Implied Bottom Quartile Level	Gain From 03/09/09 Low to Median
Normalized *Adjusted EPS*	77%	14.3	920	36%
Non-Normalized Operating EPS	39%	12.0	682	1%
Return on Equity	74%	13.8	911	36%
Cash Flow	78%	6.9	890	31%
Book Value	44%	1.8	820	21%

Source: The Leuthold Group.

Massive Cash Balance on Sidelines



Source: Charles Schwab & Co. MZM = Money Zero Maturity

Complete Recovery Will Take Time

Since 1926, there have been 10 major bear markets (a decline in excess of 20%). Assuming an investor stayed fully invested and reinvested all dividends and distributions, the table below shows how long it took to get back to breakeven.

Major U.S. bear markets	Decline	Time to break even
Sept. 1941 to April 1942	-79.6%	4.6 years
March 1937 to March 1938	-50%	6 years
Sept. 2000 to Sept. 2002	-44.7%	4.1 years
Jan. 1973 to Sept. 1974	-42.6%	1.8 years
Sept. 1932 to Feb. 1933	-29.8%	2 months
Dec. 1968 to June 1970	-29.2%	9 months
Sept. 1941 to April 1942	-22.4%	8 months
Jan. 1962 to June 1962	-22.3%	10 months
June 1946 to Nov. 1946	-21.8%	2.9 years
Feb. 1934 to March 1935	-20.7%	1 year

Given the current drop and the historical record of past recoveries, it will be no surprise if the (eventual) recovery takes at least a few years to break even, as measured by the peak before the bear market.

Market Index Returns (1Q2009)

