

Index Financial Advisors LLC

Quarterly Market Analysis

June 30, 2007

Market Summary (2Q2007)

- ❑ Global economic growth remains strong
- ❑ US economy rebounds despite housing issues
- ❑ Q1 earnings reports exceed expectations
- ❑ Robust merger & acquisition activity continues
- ❑ Fed leaves short term rates on hold
- ❑ Core inflation moderates but concerns remain
- ❑ Long term rates increase late in Q2
- ❑ Market volatility follows rate increases
- ❑ Equity valuations continue at reasonable levels
- ❑ Risk factors: oil prices, inflation, interest rates

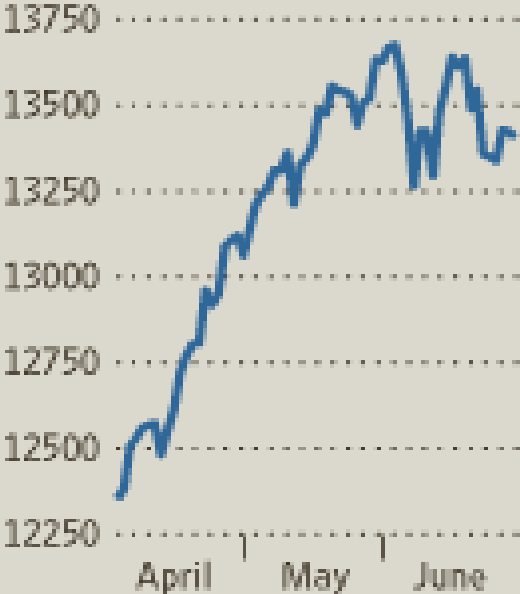
End of Quarter Volatility

A Bumpy Ride

Second-quarter performance; daily closes

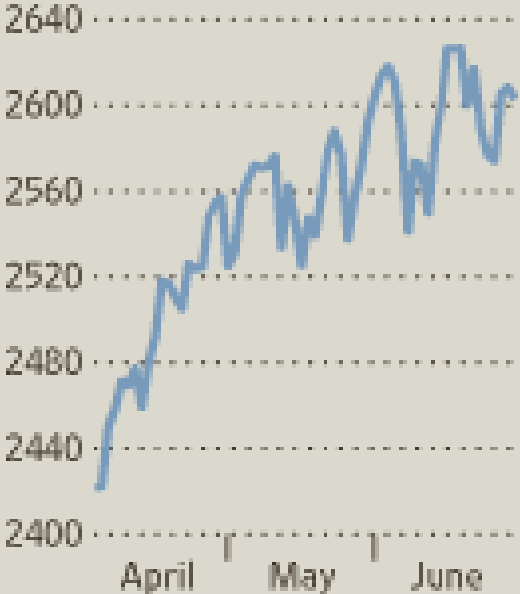
Dow Jones Industrials

2Q close: 13408.62, up 8.5%



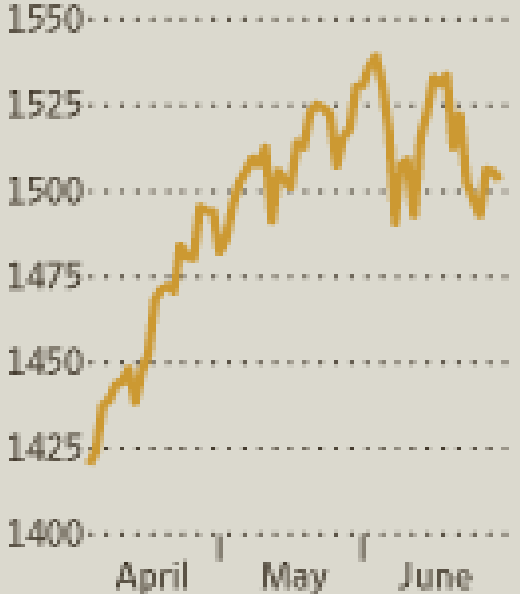
Nasdaq Composite

2Q close: 2603.23, up 7.5%



S&P 500

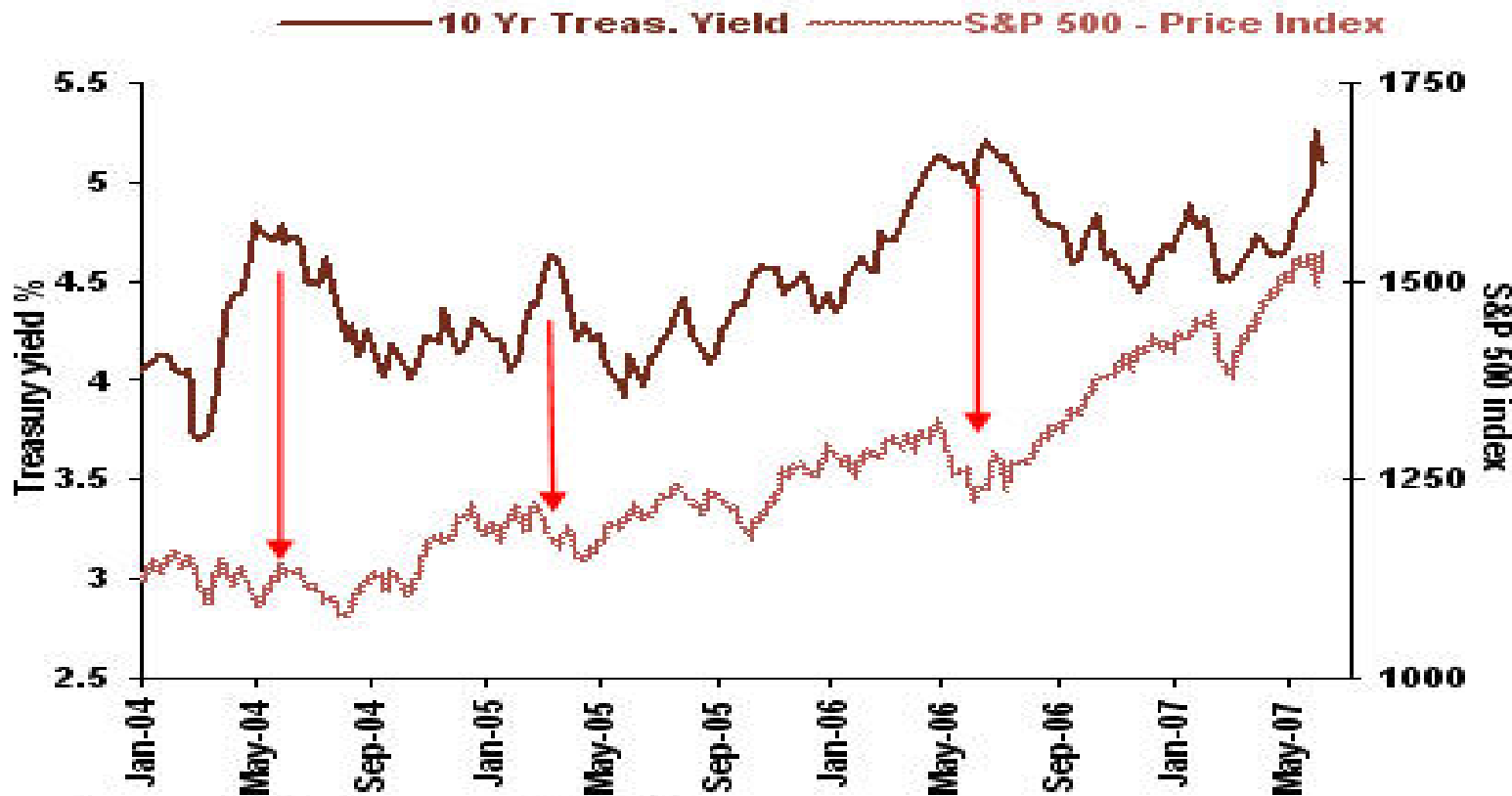
2Q close: 1503.35, up 5.8%



Source: WSJ Market Data Group

Interest Rate Impact

Stocks generally struggle with higher Treasury yields

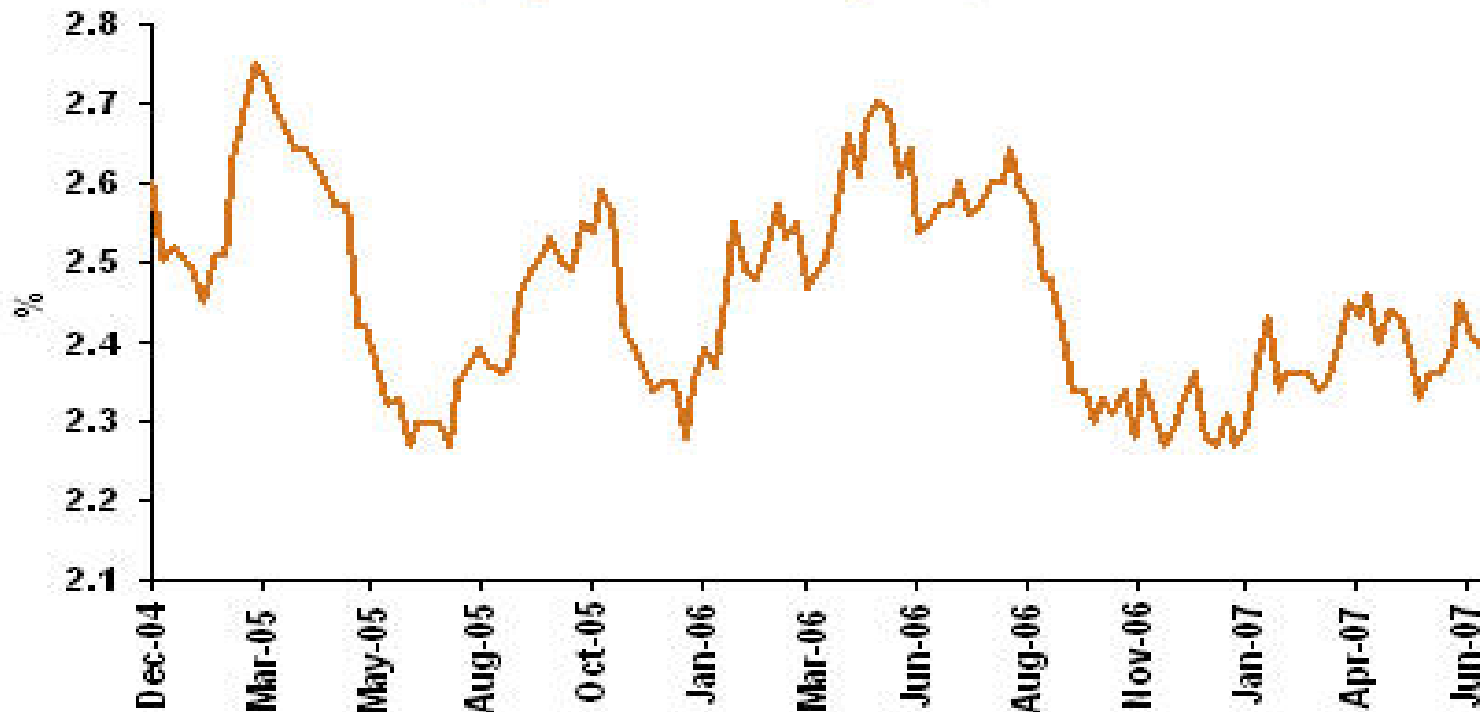


Source: Datastream as of 6/20/07

Inflation Expectations

Inflation expectations have remained tame

— 10 Yr Treas. Yld less 10 Yr TIPS Yld
(Implied Inflation Spread)



Source: Datastream

Market Index Returns (2007)

