

Index Financial Advisors LLC

Quarterly Market Analysis
June 30, 2008

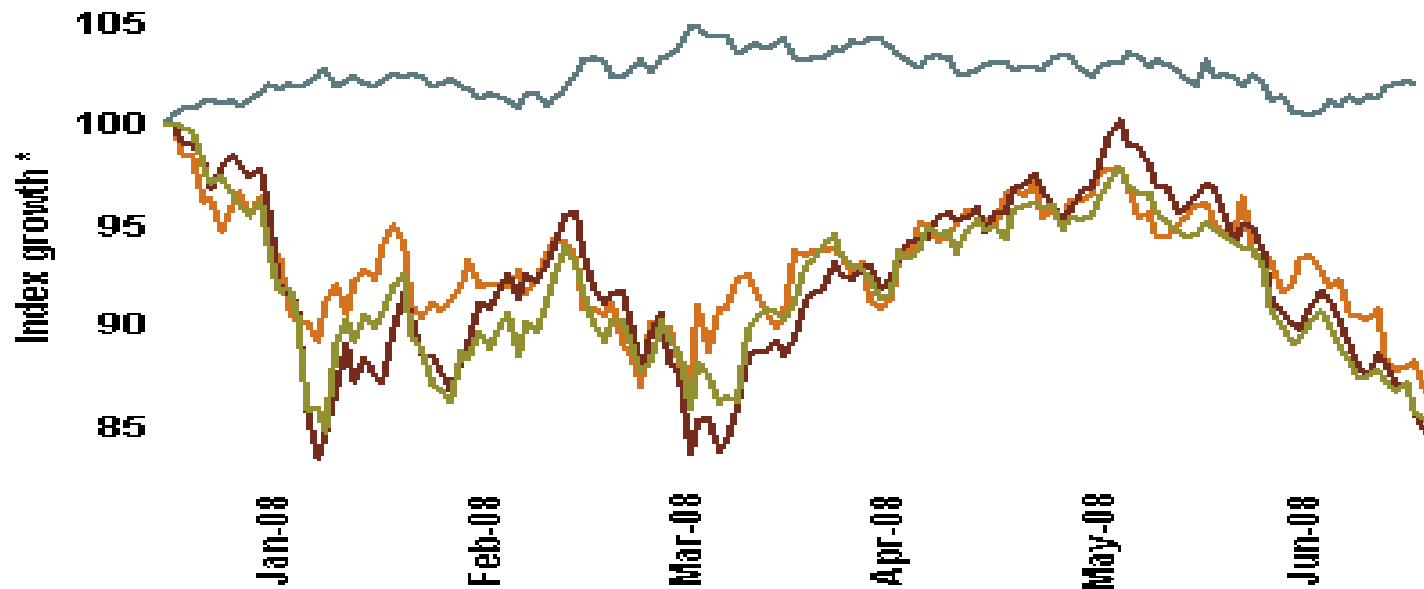
Market Commentary (2Q2008)

- ❑ US financial crisis begins to stabilize in late March
- ❑ Equity markets rebound in April/May, near positive for 2008
- ❑ But oil and commodity prices continue to rise dramatically
- ❑ Inflation becomes concern for central banks worldwide
- ❑ US housing, employment, consumer spending remain weak
- ❑ Fed holds interest rates steady at 2%
- ❑ Equity markets reverse course in June, establish new lows
- ❑ Dow Jones close to bear market (down 20% from Oct. high)
- ❑ Future of economy, equity markets tied to oil prices
- ❑ Potential tipping point could burst oil price bubble
- ❑ But risk of supply disruption (e.g. Iran) remains high
- ❑ Market volatility will likely continue in Q3 and beyond
- ❑ Focus on long term strategy, diversification, costs, taxes

Markets Recover and Fall Again

Stocks hit wall of worry over inflation and growth

- **S&P 500 Composite Index**
- **Lehman Brothers Aggregate Bond Index**
- **MSCI Emerging Markets Index**
- **MSCI EAFE Index**

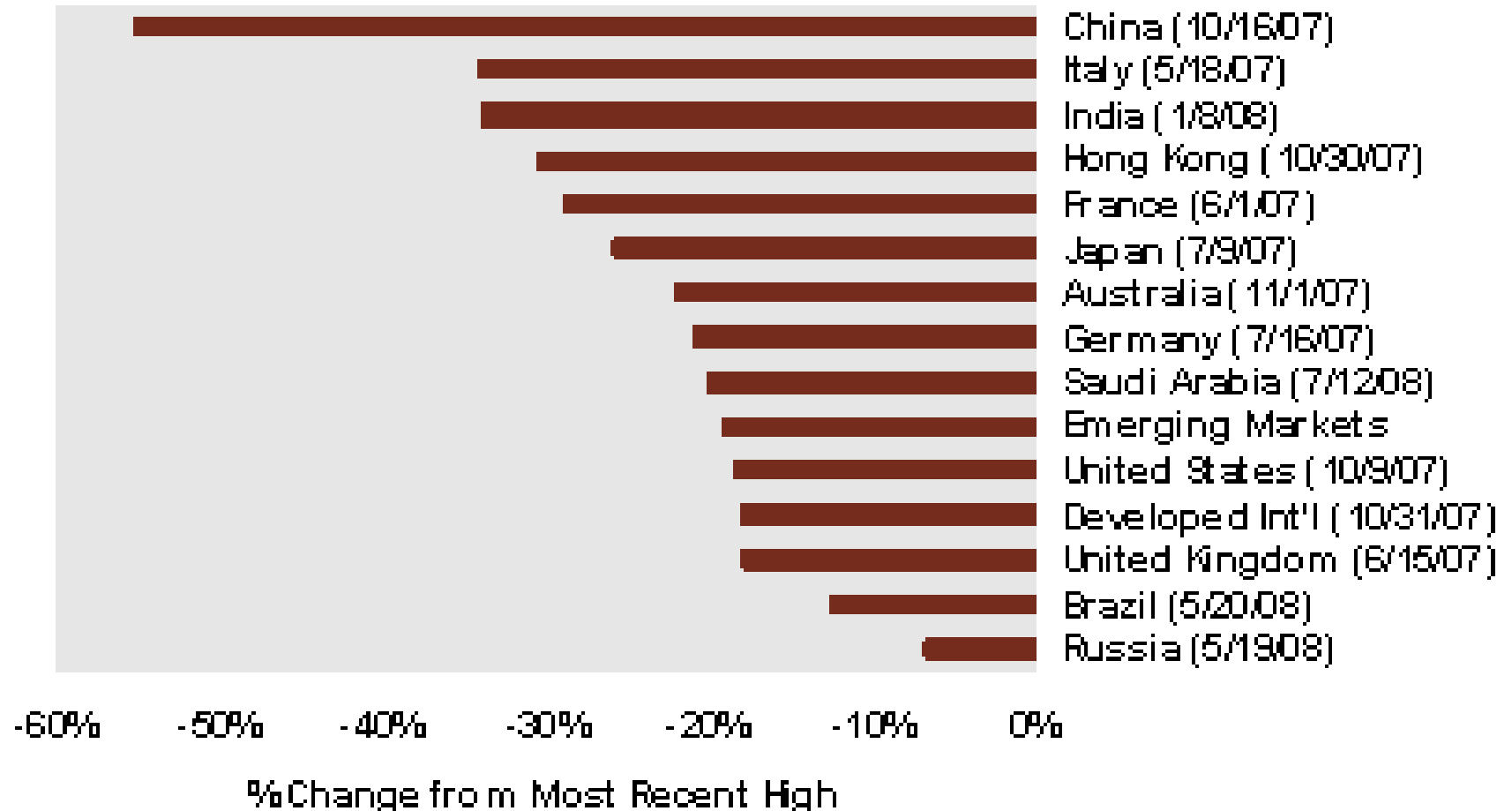


* Rebased to 12/31/2007 = 100

Source: FactSet, MSCI, Lehman, S&P.
As of 03-JUL-08.

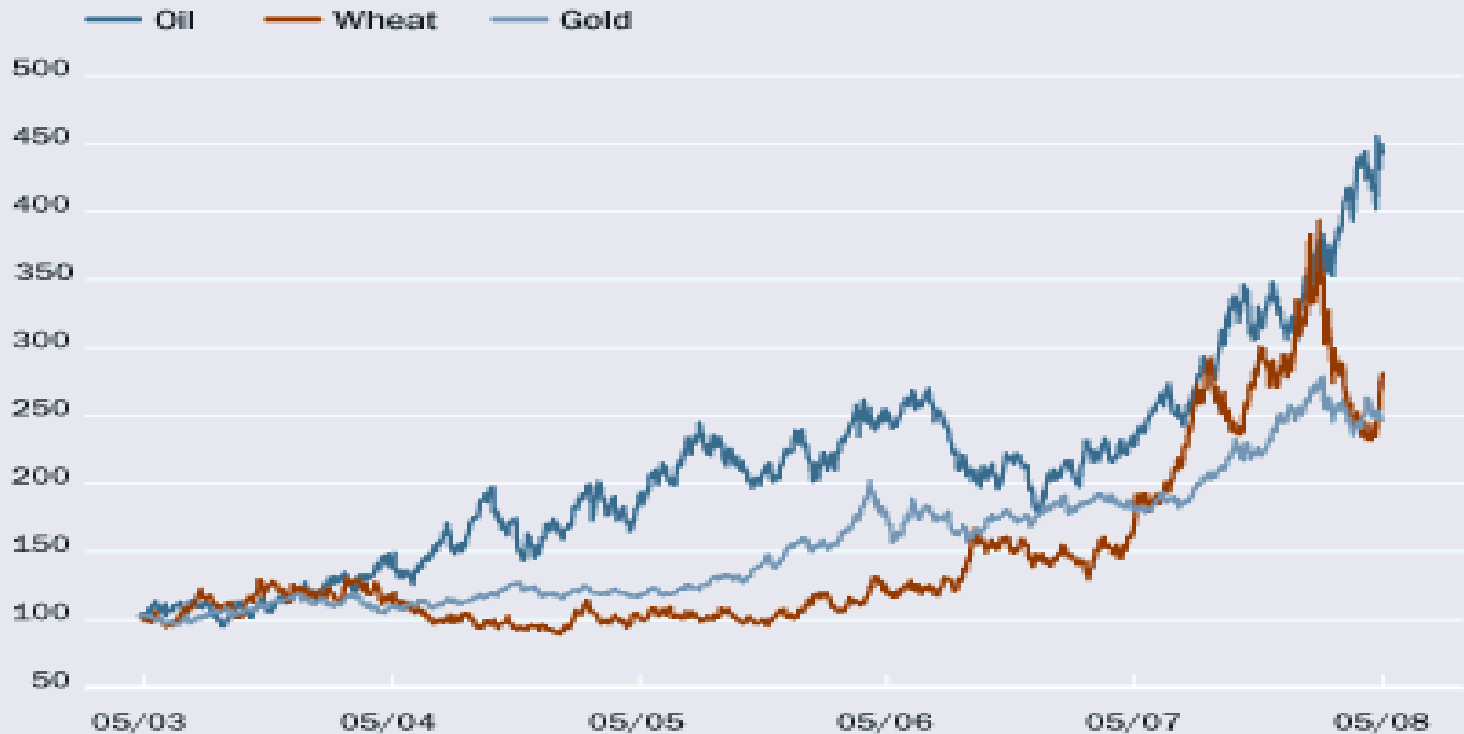
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New Lows for Global Equities



Oil & Commodity Prices Rise

Oil, Wheat and Gold: Bubbles Ready to Pop?

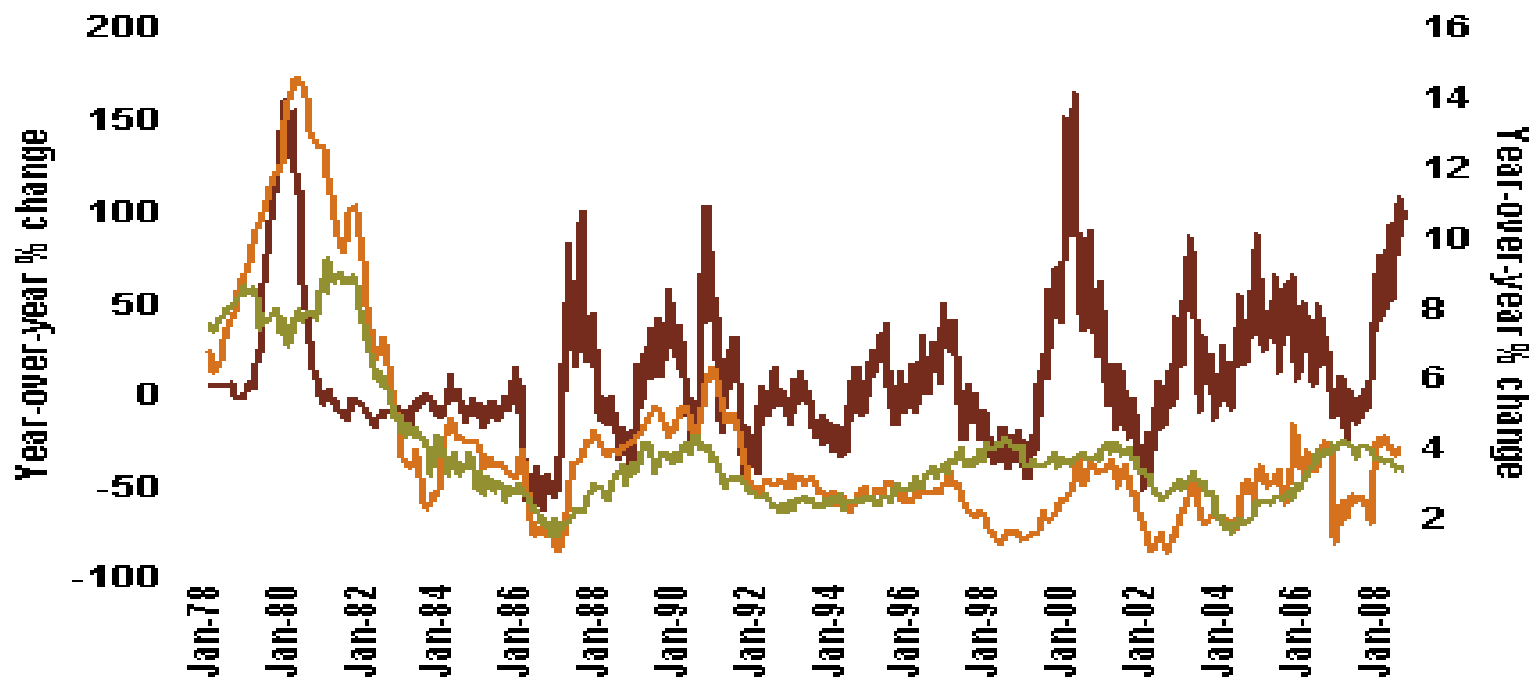


Data as of June 13, 2008, indexed to 100 on May 19, 2003. World spot indexes from FactSet, Reuters and Goldman Sachs. Oil is NYMEX Light Crude Oil.

US Inflation Rising but Restrained

Inflation held back by low wage gains

- Light sweet crude oil - spot (Left)
- Consumer Price Index (Right)
- Average hourly earnings (Right)



Source: FactSet, Reuters, U.S. Dept. of Labor.
As of 03-JUL-08.

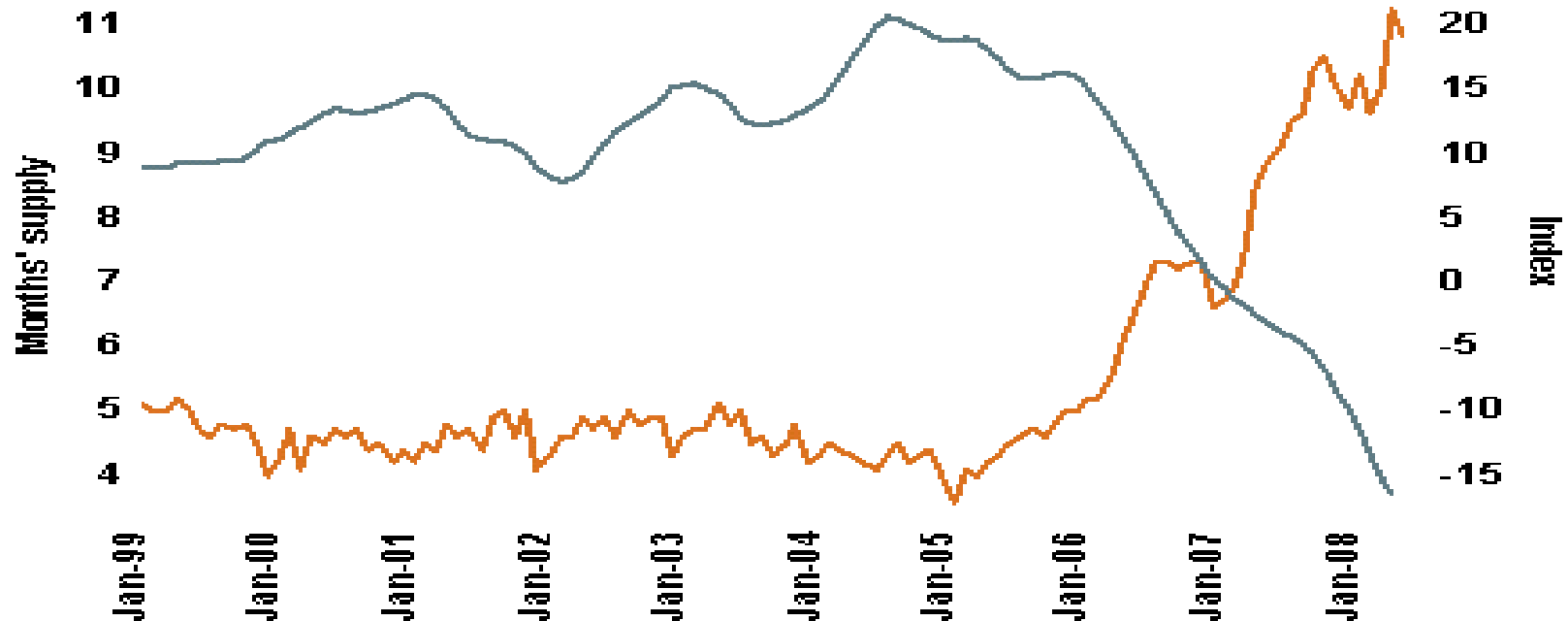
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Housing Correction Continues

House prices likely to fall until inventories decline

— Existing home sales - months' supply (Left)

— S&P/Case-Shiller Home Price index - 10-cities (Right)



Source: FactSet, Standard & Poors,
Natl. Assoc. of Realtors.
As of 03-JUL-08

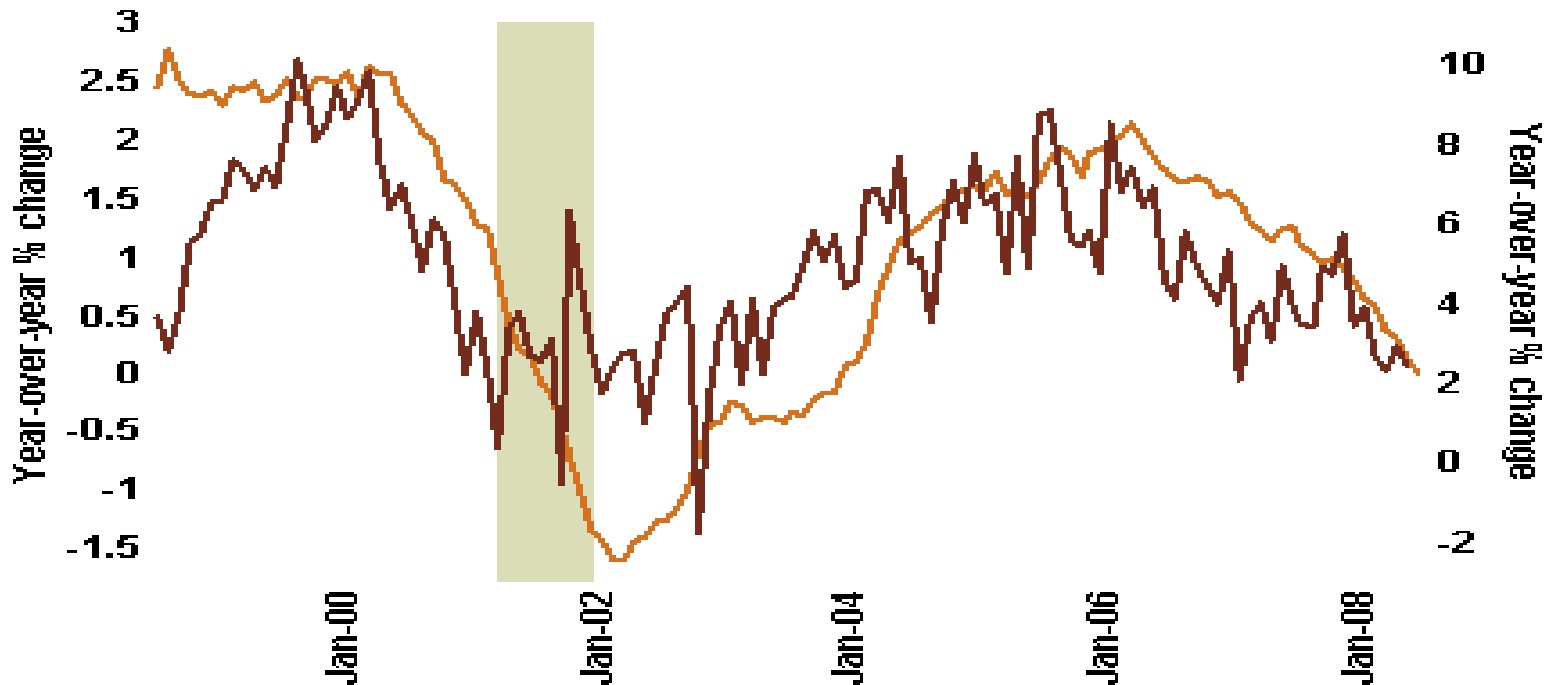
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Economic Weakness Continues

Jobs weighing on consumer spending

(Shaded area represents recession period)

— Nonfarm payrolls (Left)
— Retail sales (Right)



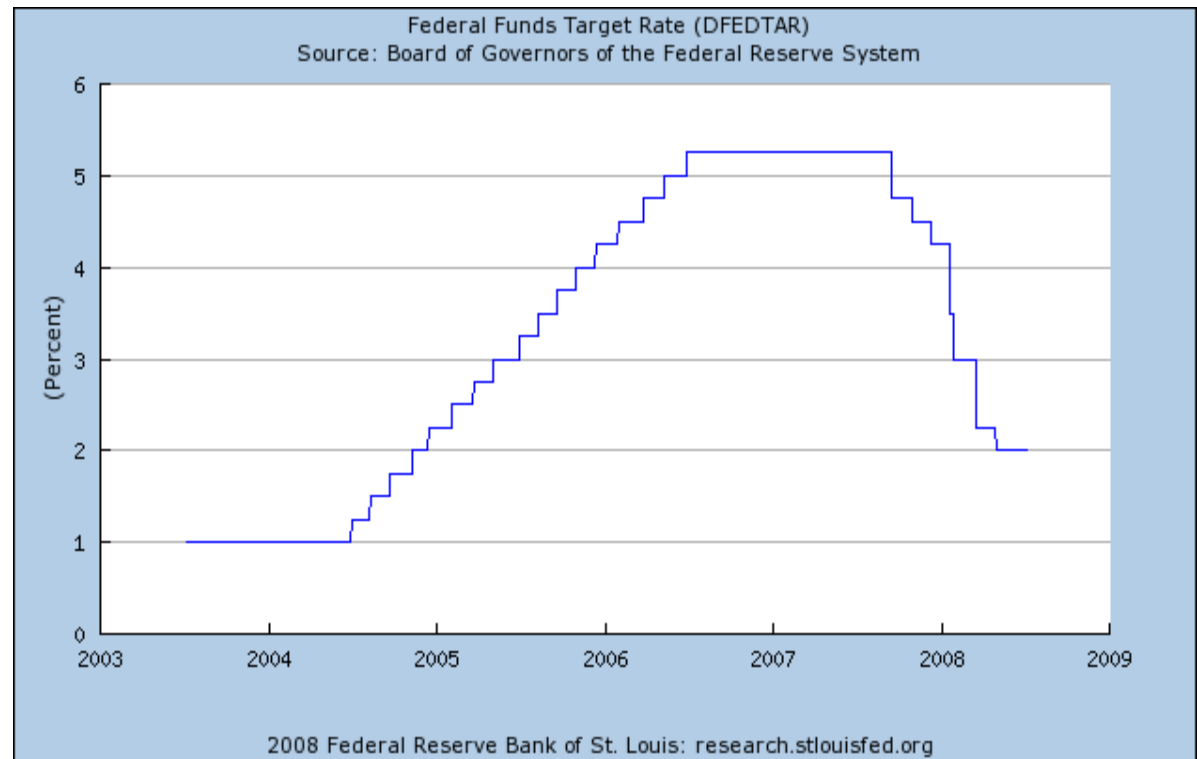
Source: FactSet, U.S. Dept. of Labor, U.S. Census Bureau. As of 03-JUL-08.

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Federal Reserve on Hold for Now

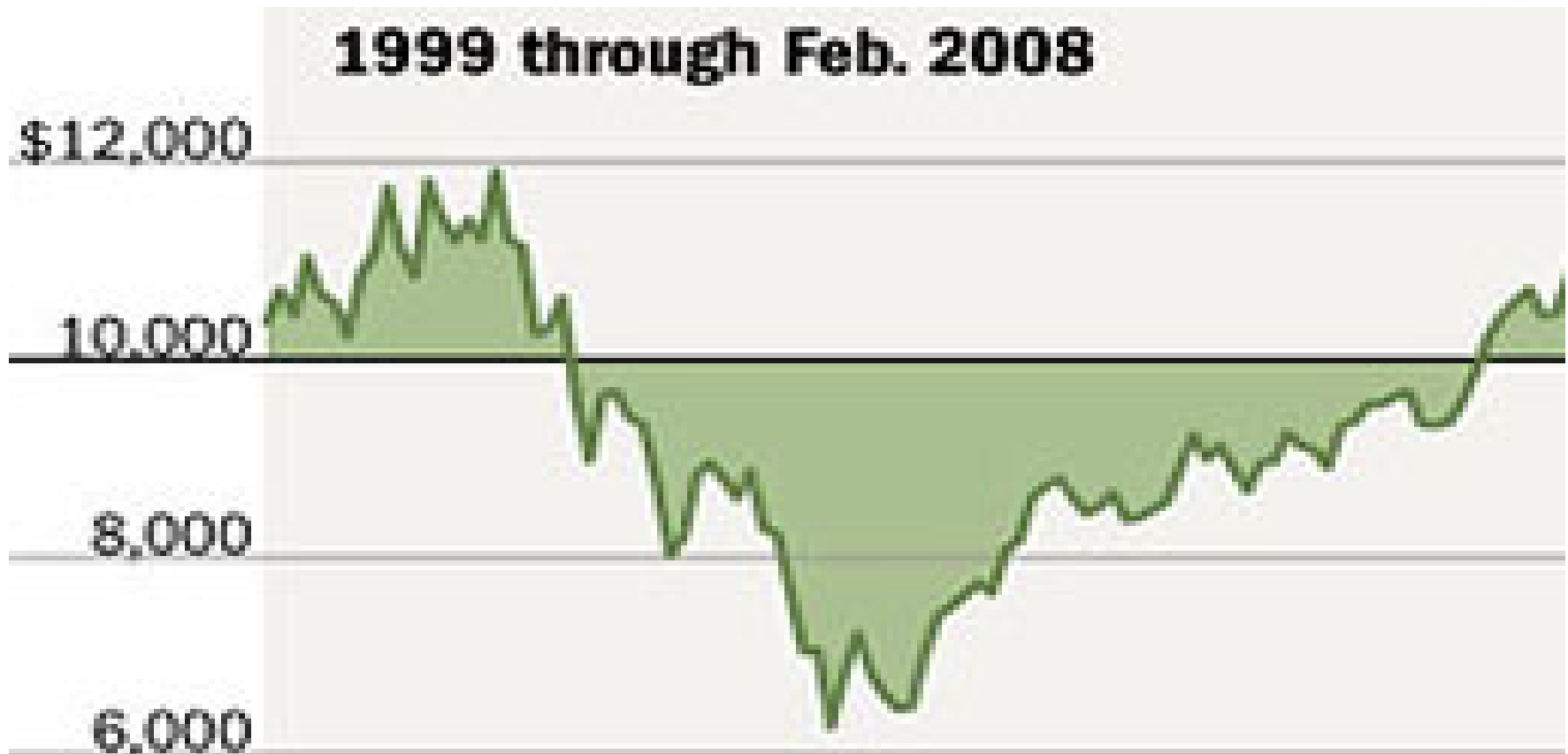


Ben Bernanke



Long Term Perspective: Past 10 Years

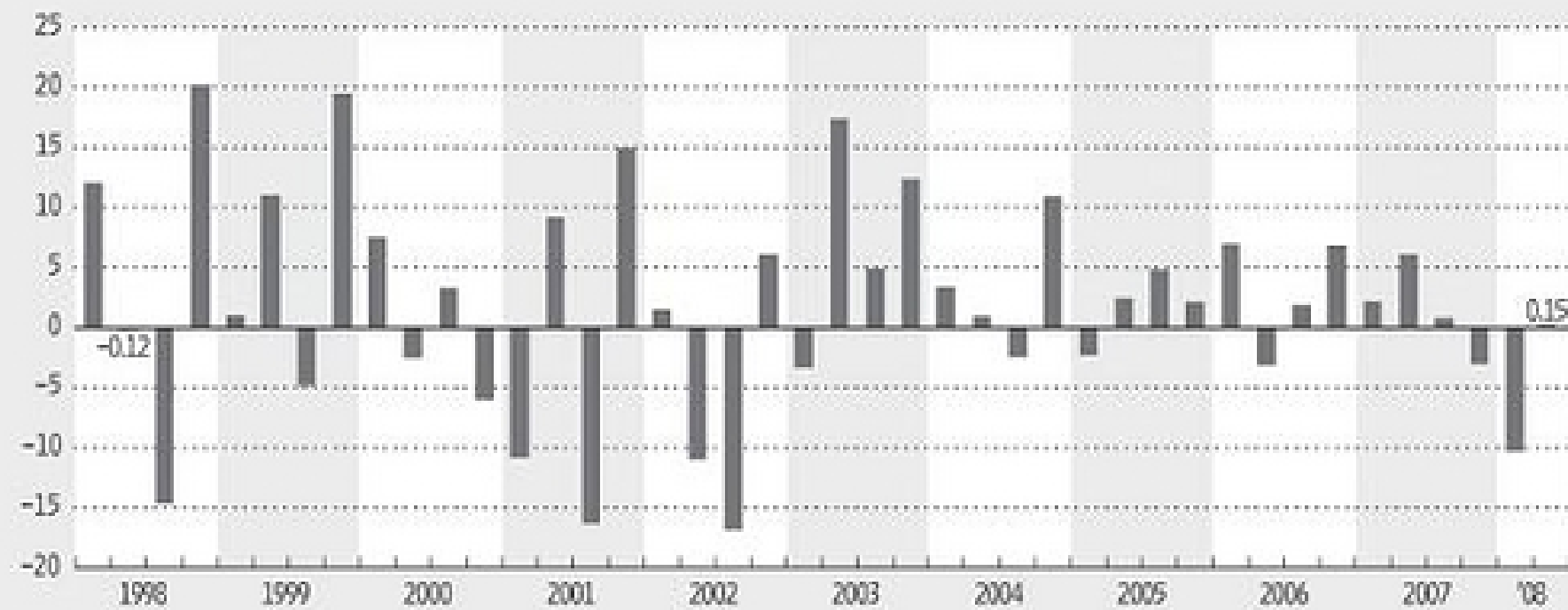
[SEE CHARTS](#) 



Long Term Perspective: Past 10 Years

The Score at the Quarter

Average total return of U.S. diversified stock mutual funds, by quarter



Source: Lipper

Market Index Returns (2008)

