

Index Financial Advisors LLC

Quarterly Market Analysis

June 30, 2009

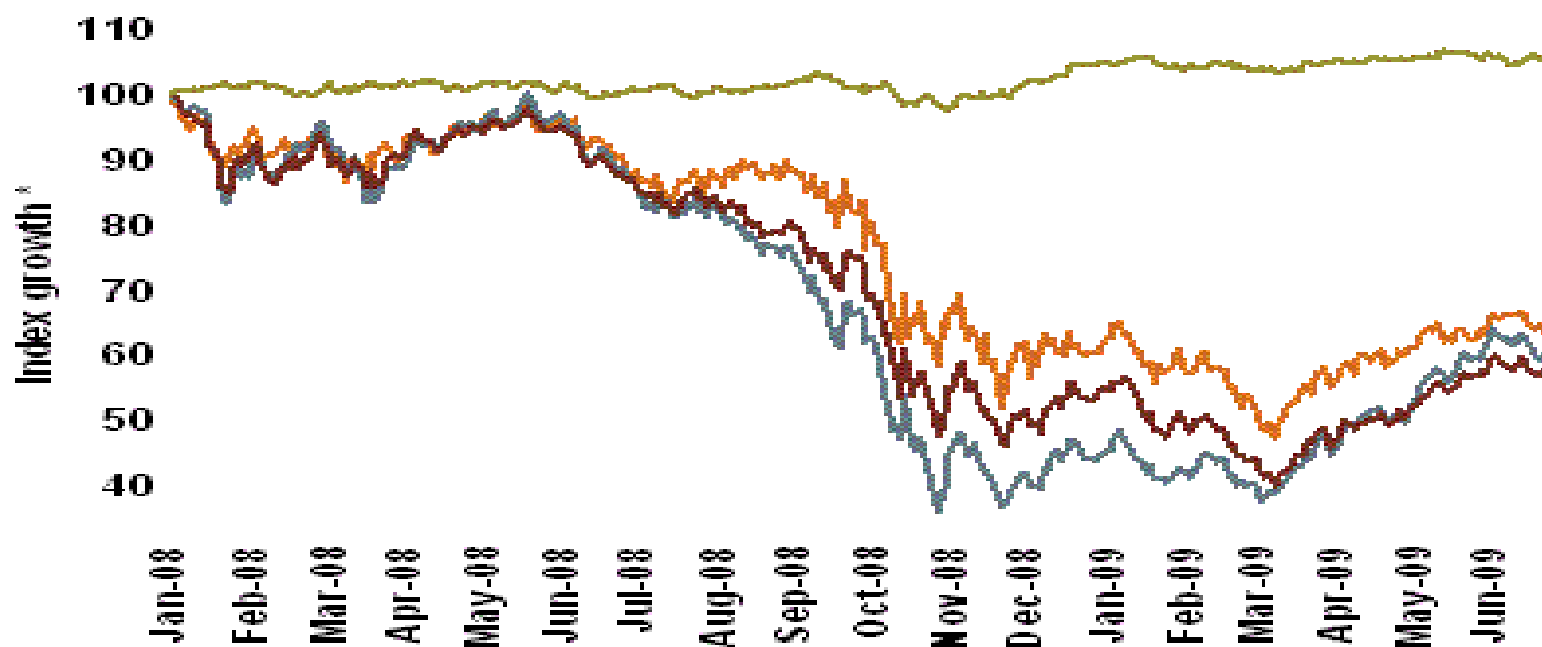
Market Commentary (2Q2009)

- Stock markets continue to recover from extreme lows in March
- Fears of financial collapse fade after bank stress test, new capital
- Unemployment rate grows to 9.5%, but w/ slower pace of job losses
- Index of leading economic indicators moves up in April & May
- Other economic data and earnings are better than expected
- Interest rates on Treasuries and mortgages increase slightly
- Inflation expectations increase to 2%, reducing deflation fears
- Corporate bond yields and risk premiums decrease to normal levels
- Consumers reduce spending, increase savings rate
- Stock markets consolidate gains in June, waiting for positive news
- Significant amounts of cash are still on sideline at low interest rates
- Current stock market valuations are still very attractive
- “New Normal” could mean slow growth in US, developed economies

Stocks Continue to Recover in April & May

Markets consolidating

- 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 24-JUN-09.

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Unemployment Grows at Slower Pace

Chart 1. Unemployment rate, seasonally adjusted, June 2007 – June 2009

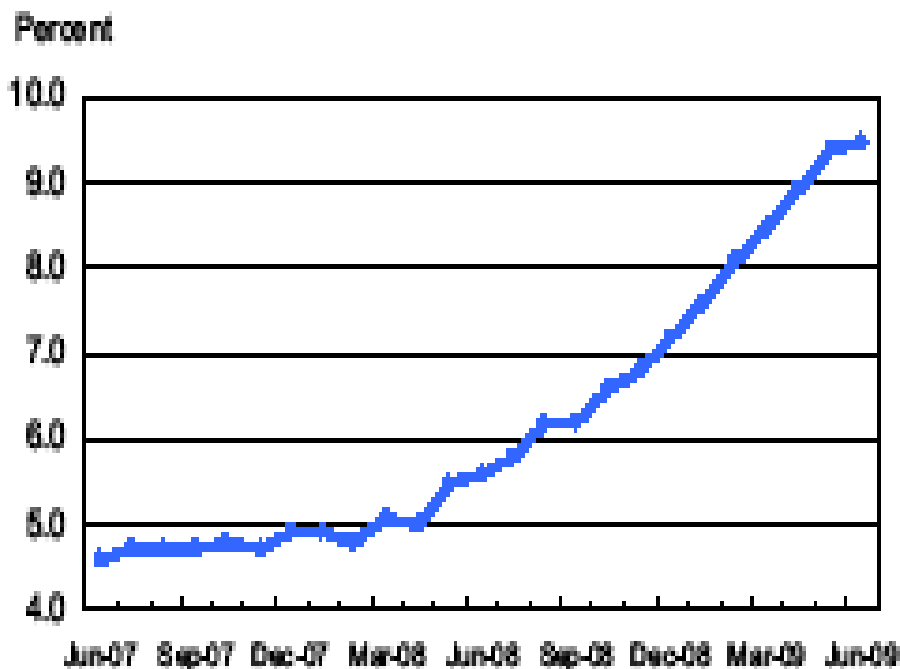
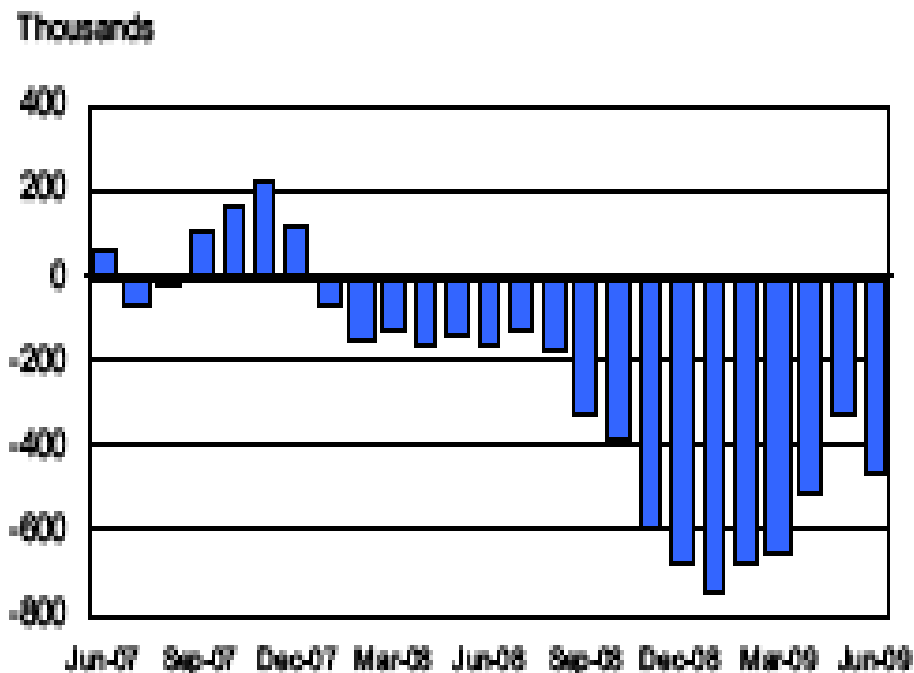


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2007 – June 2009



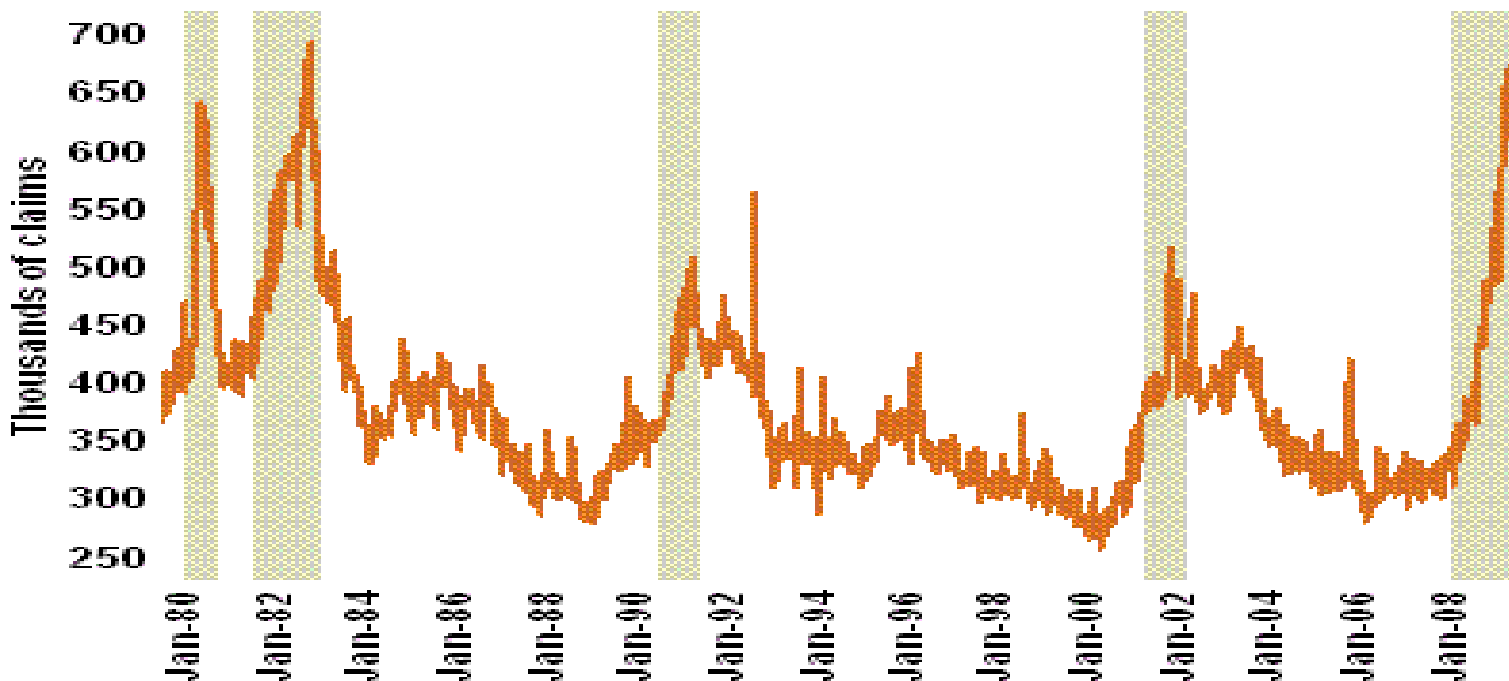
Source: US Bureau of Labor Statistics

Initial Jobless Claims Peak

Jobless claims tend to peak at the end of recessions

(shaded areas represent recessionary periods)

— Initial Jobless Claims



Source: FactSet, U.S. Dept. of Labor. As of 24-JUN-09

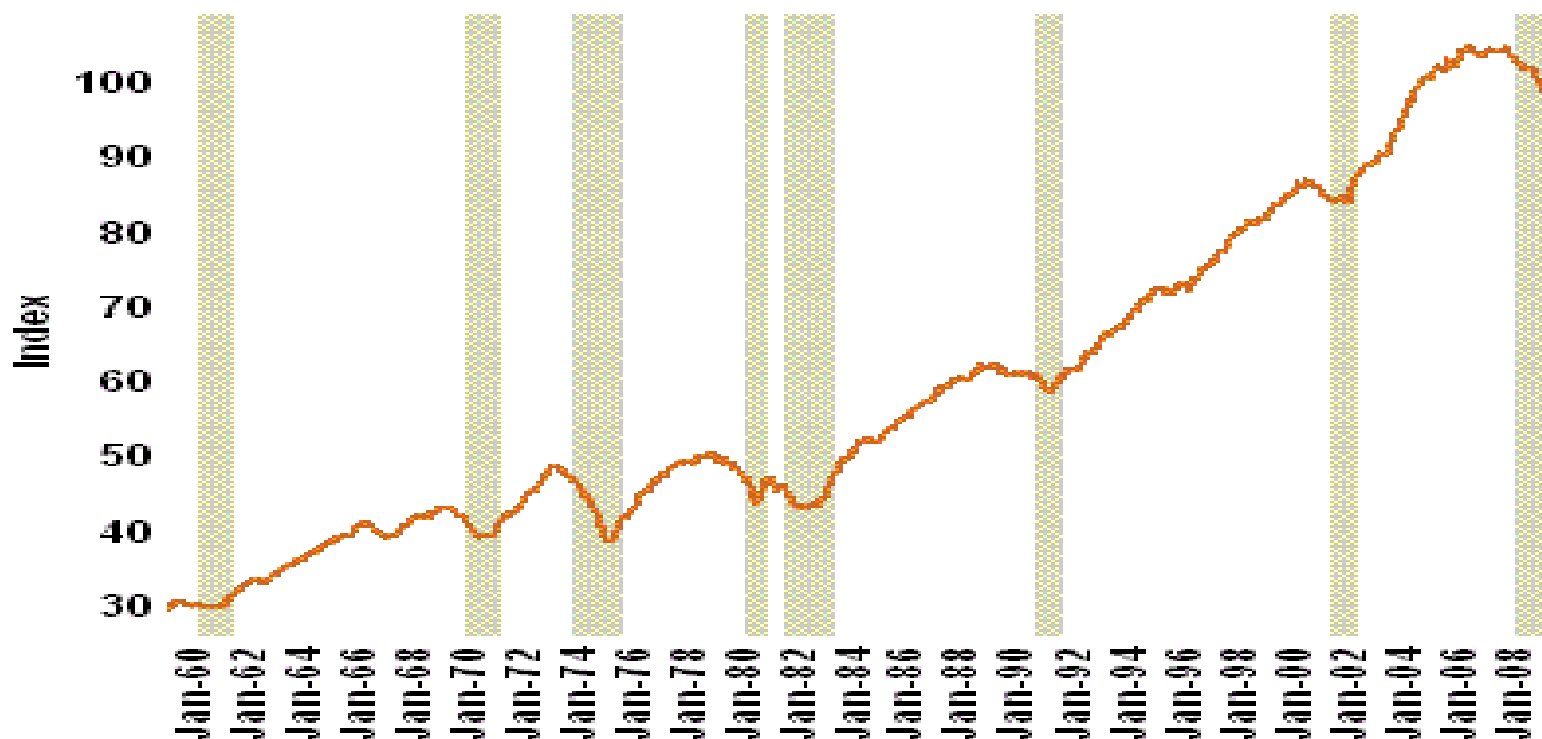
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Leading Economic Indicators Rise

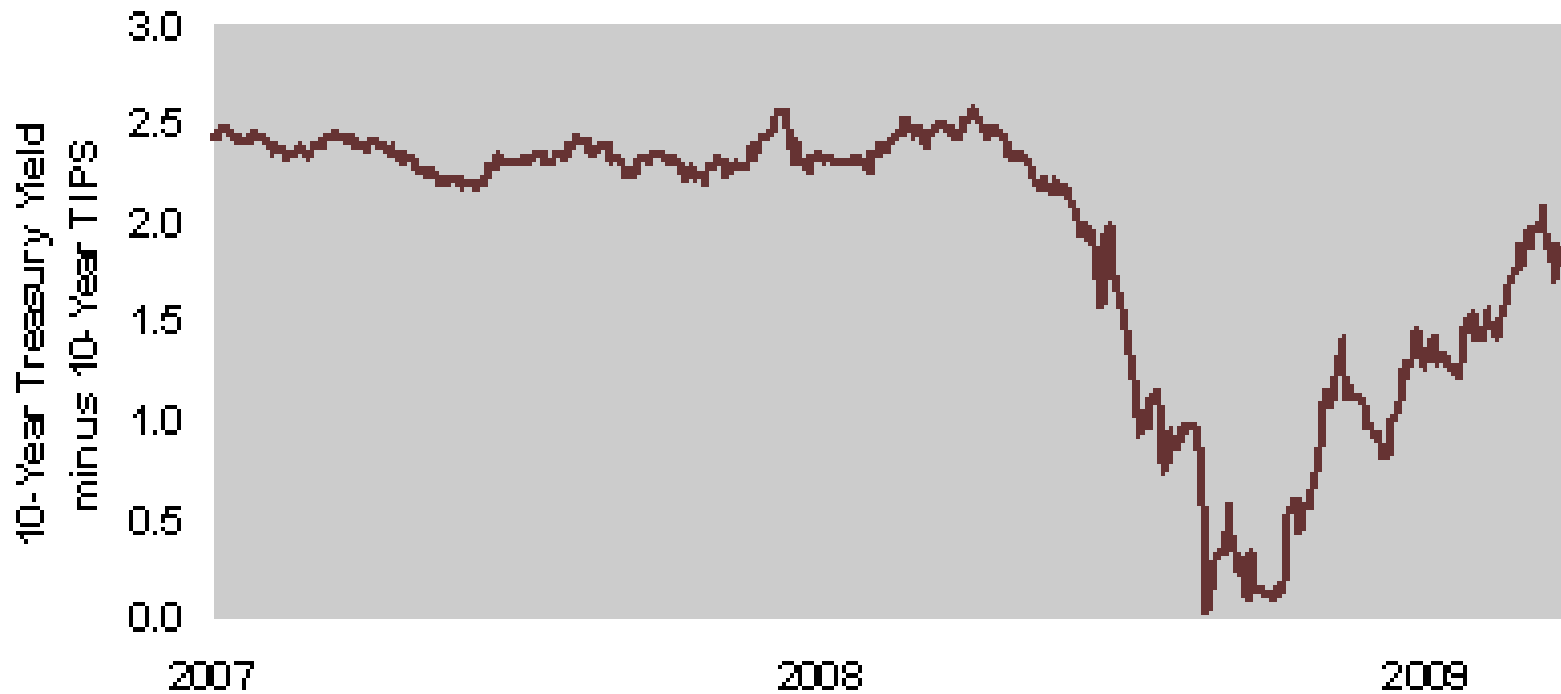
Leading indicators rise as recessions end

(shaded areas represent recessionary periods)

— Composite of Leading Economic Indicators

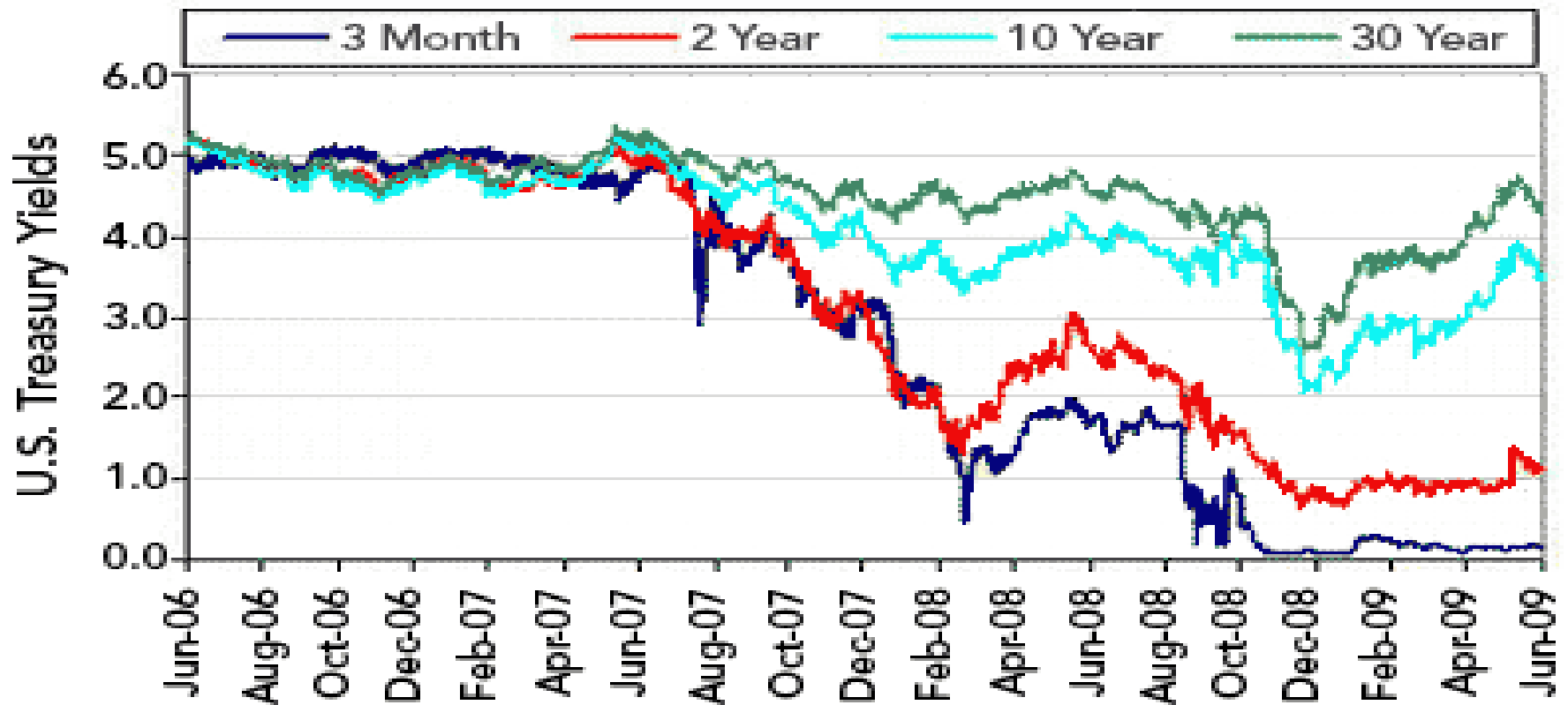


Long Term Inflation Expectations Rise



Treasury Rates Increase

U.S. Treasury Yields (6/30/06 to 6/30/09)



Source: FactSet, as of 07/02/09.

Mortgage Rates Increase

As increased mortgage rates could crush housing hope

— 30-yr mortgage yield



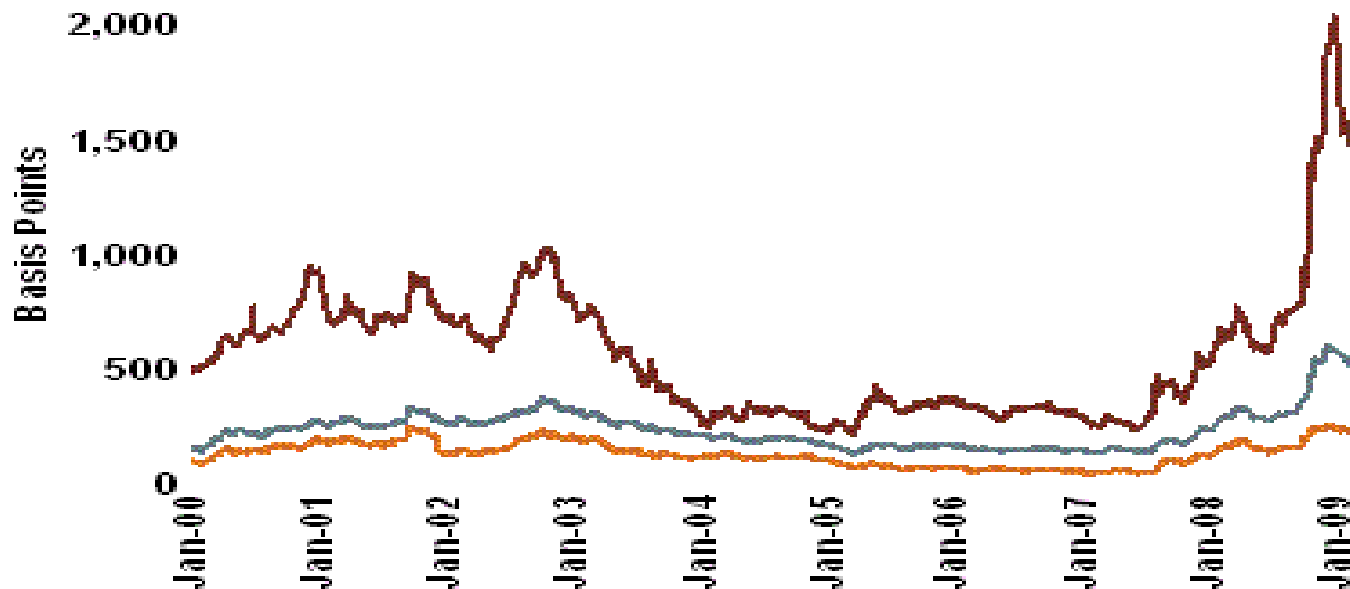
Source: FactSet, Freddie Mac. As of 24 JUN-09.

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Corporate Bond Yields Improve

Corporate Yield Spreads *

- Corporate Aaa spread
- Corporate Baa spread
- Corporate High-Yield spread



Source: FactSet, Moody's, Barclays, Federal Reserve. As of 24-JUN-09.

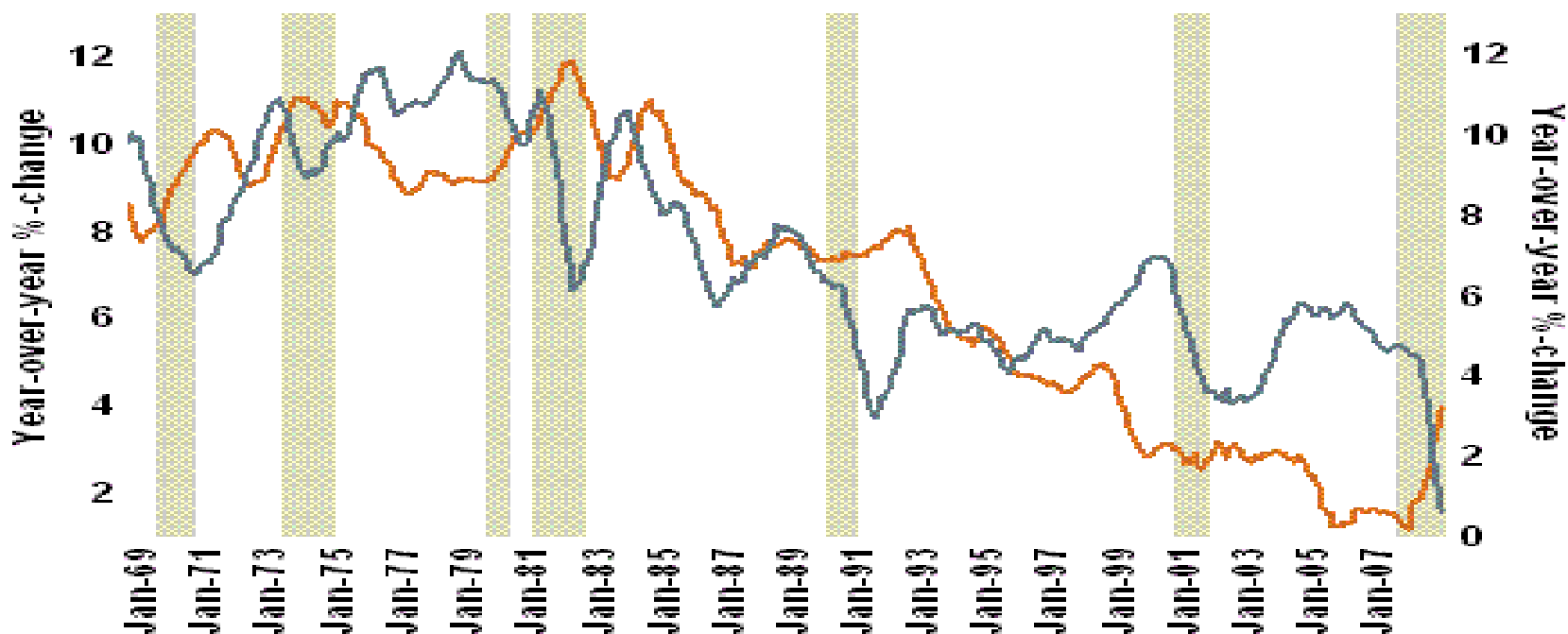
* spread equals respective bond yield less 10-yr Treasury yield in basis points.

Consumers Spending Less, Saving More

Spending falling, savings rising

(shaded areas represent recessionary periods)

— Personal consumption expenditures (1-year moving avg.) (Left)
— Personal saving rate (1-year moving avg.) (Right)



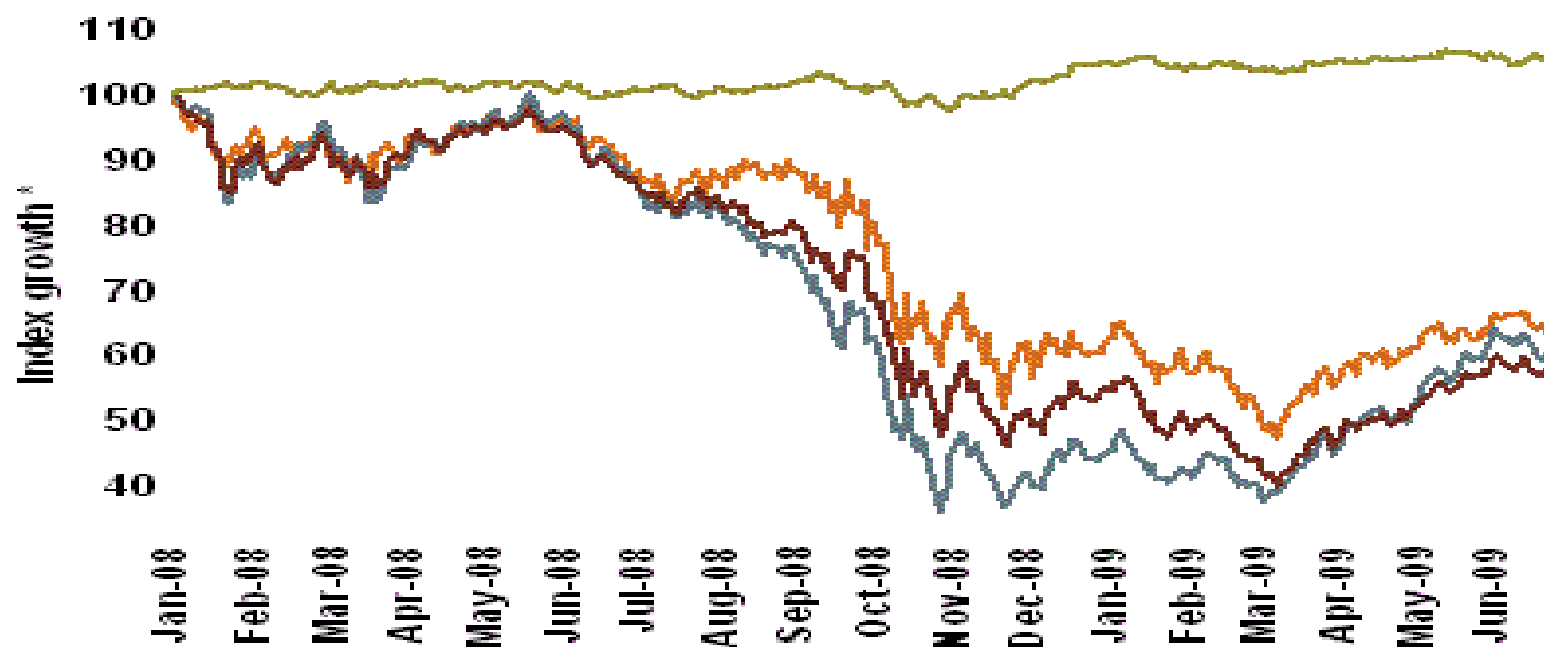
Source: FactSet, Federal Reserve, U.S. Conference Board. As of 24-JUN-09.

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Stocks Consolidate Gains in June

Markets consolidating

- 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 24-JUN-09.

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Stock Valuations Still 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	1196
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

Valuation for S&P 500	Current (6/09)	Normalized (?)
2009 Full Year EPS Estimates	\$59	\$64
Price/Earnings Ratio	15.6	18.6
S&P 500 Price	919	1196

Still Lots of Cash on Sidelines

Still alot of sidelined cash

— MZM (Money Zero Maturity) as % of Wilshire 5000



Source: FactSet, Federal Reserve, Reuters.

As of 24-JUN-09.

* MZM equals M2 - time deposits + money market funds

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

Market Index Returns (2Q2009)

