

Index Financial Advisors LLC

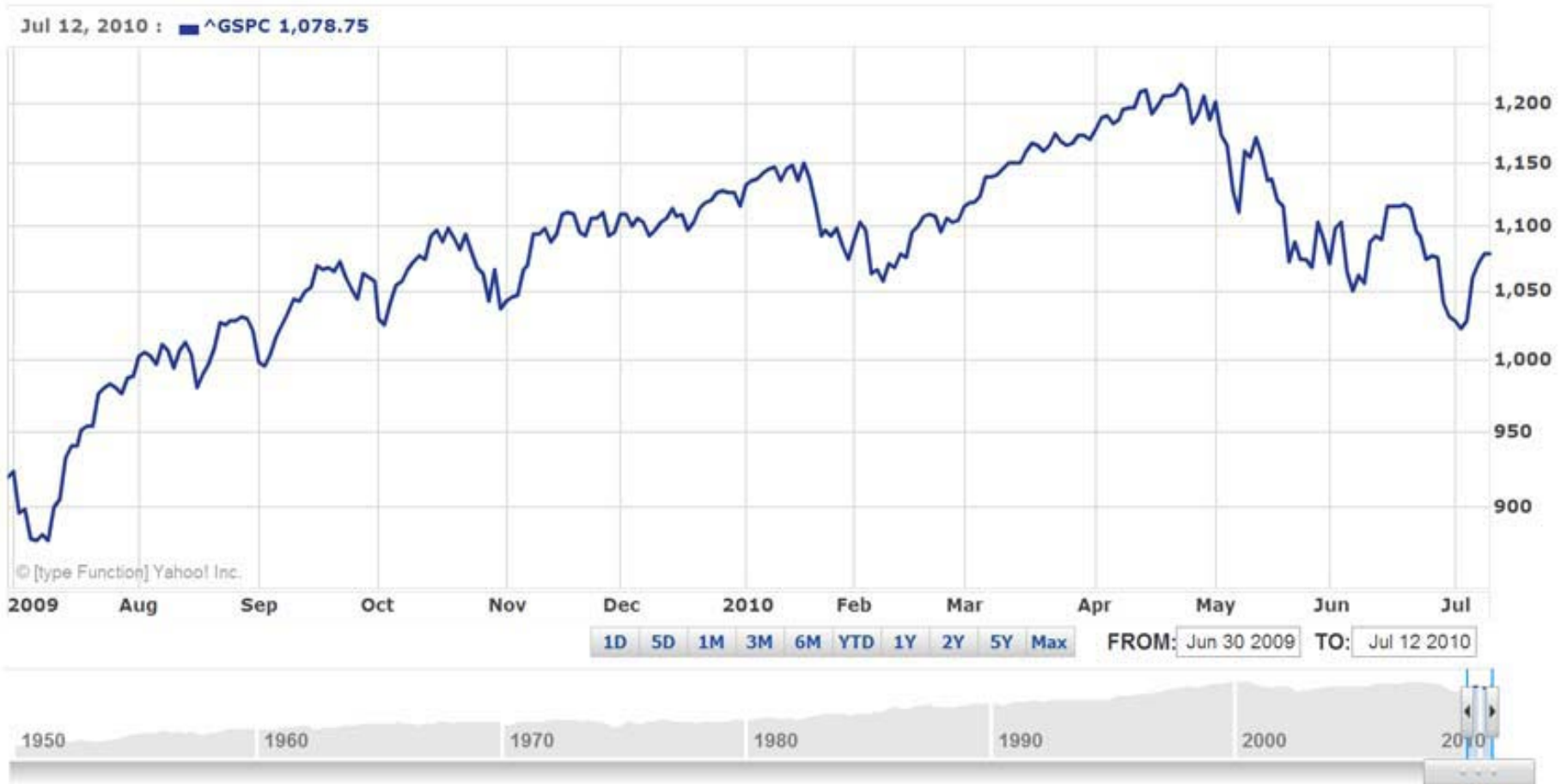
Quarterly Market Analysis

June 30, 2010

Market Commentary (2Q2010)

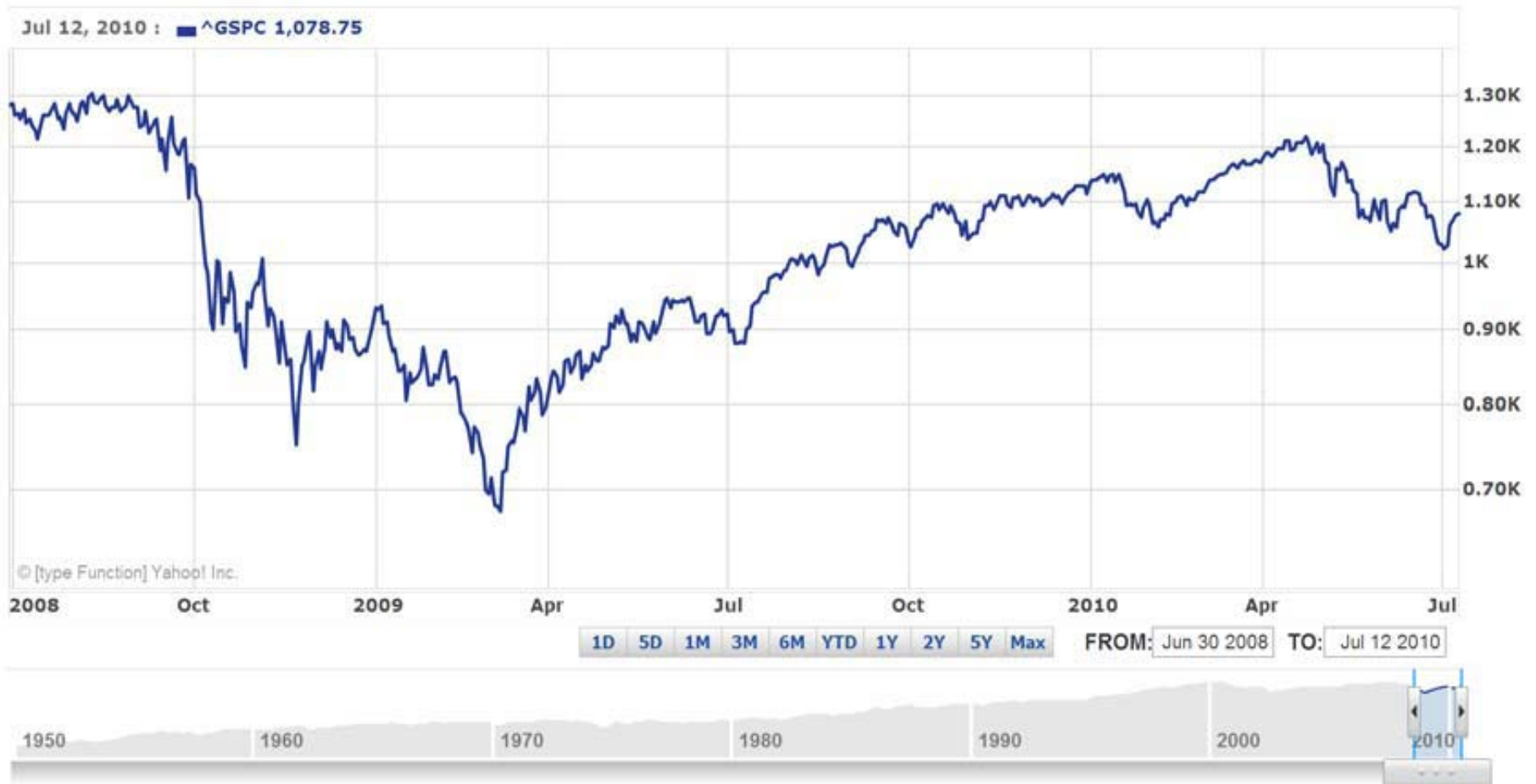
- Equity markets fall during quarter, still far above March lows
- Economic growth slows in US and developed economies
- Unemployment remains high at 9.5%, job growth is sluggish
- Corporate profits and balance sheets remain strong
- Inflation is moderate, deflation is now more significant risk
- Leading and coincident economic indicators continue to rise
- European debt crisis is major issue, leads to massive bailout
- Euro weakens dramatically against dollar in flight to safety
- Global production, exports, retail sales, jobs continue to grow
- Global inflation not a problem except in emerging economies
- Global recovery expected to continue in months, years ahead
- Equity markets, euro stabilize and begin to recover in July
- Future growth likely to be moderate, volatile, and fragile
- Emerging markets will outperform developed economies

Equity Markets Fall in Q2



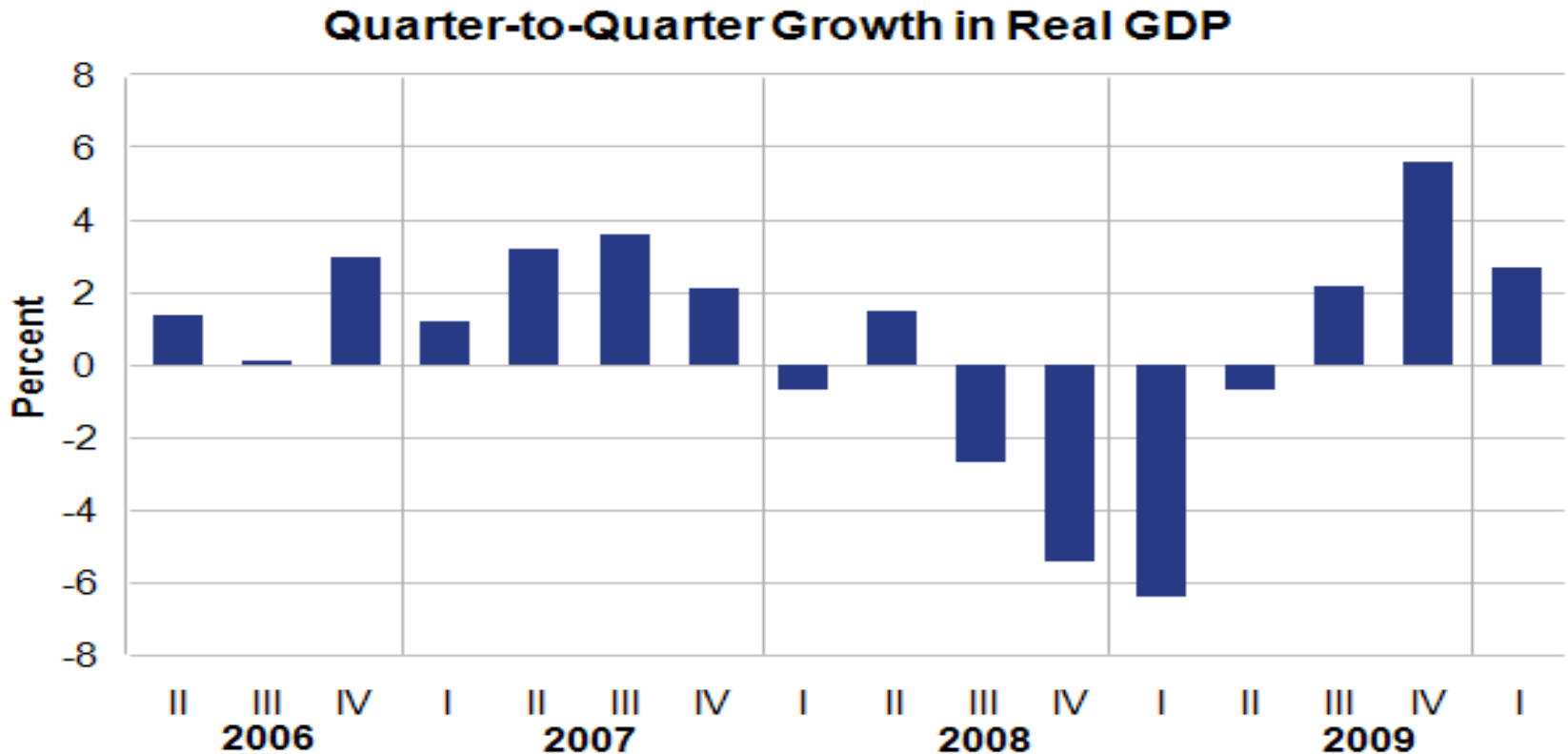
Source: Yahoo! Finance

But Still Far Above March Lows



Source: Yahoo! Finance

US Economic Growth Slows



Real GDP growth is measured at seasonally adjusted annual rates.

Note. Real GDP growth is measured at seasonally adjusted annual rates.

US Unemployment Remains High

Chart 1. Unemployment rate, seasonally adjusted, June 2008 – June 2010

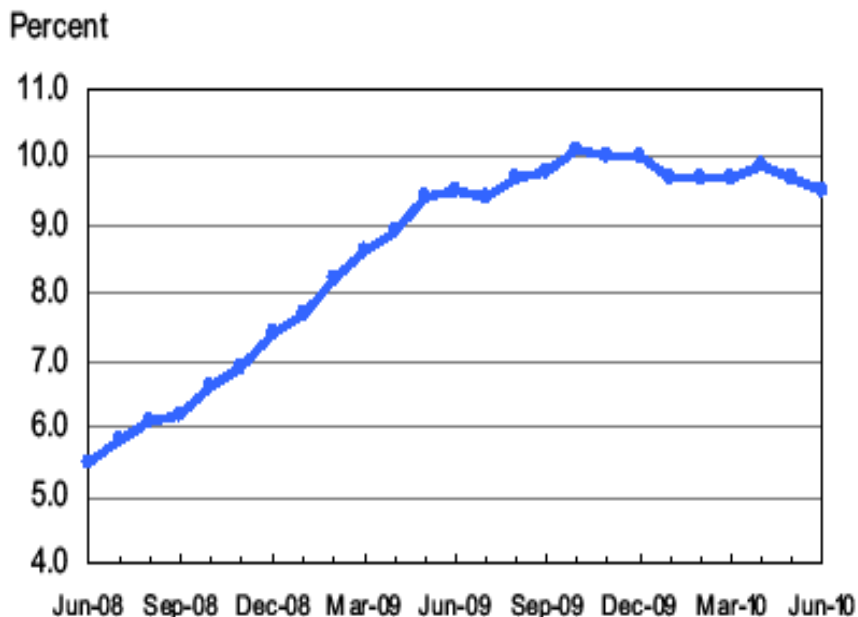
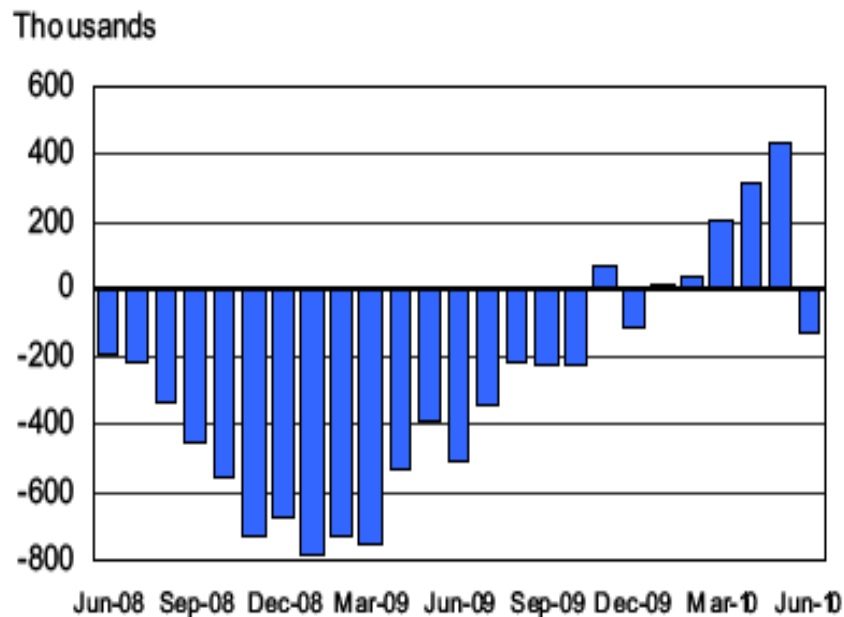


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2008 – June 2010



Source: Bureau of Labor Statistics, US Department of Labor

US Corporate Profits are Strong



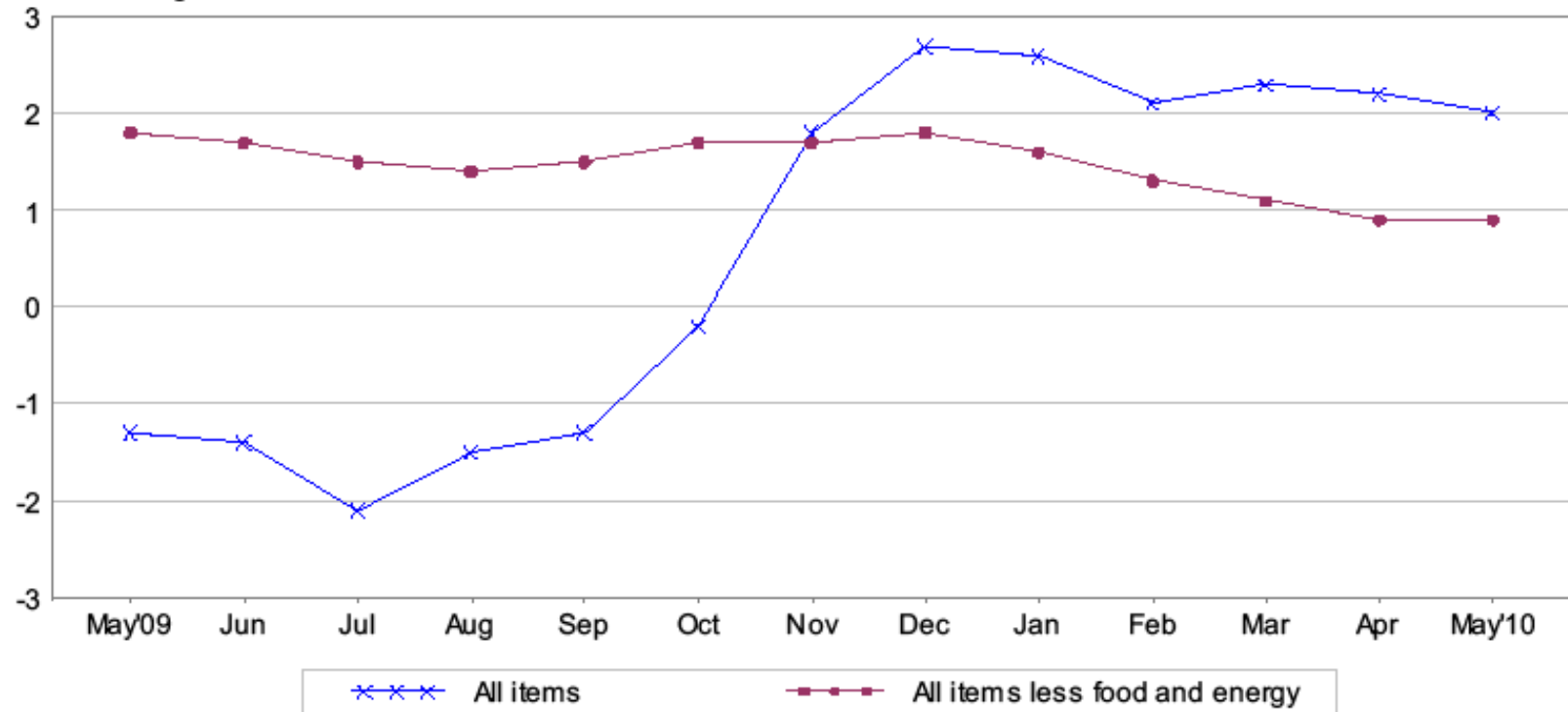
Corporate profits growth is measured as the percent change from the previous quarter.

Source: Bureau of Economic Analysis, US Department of Commerce

US Inflation is Not an Issue

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, May 2009 - May 2010

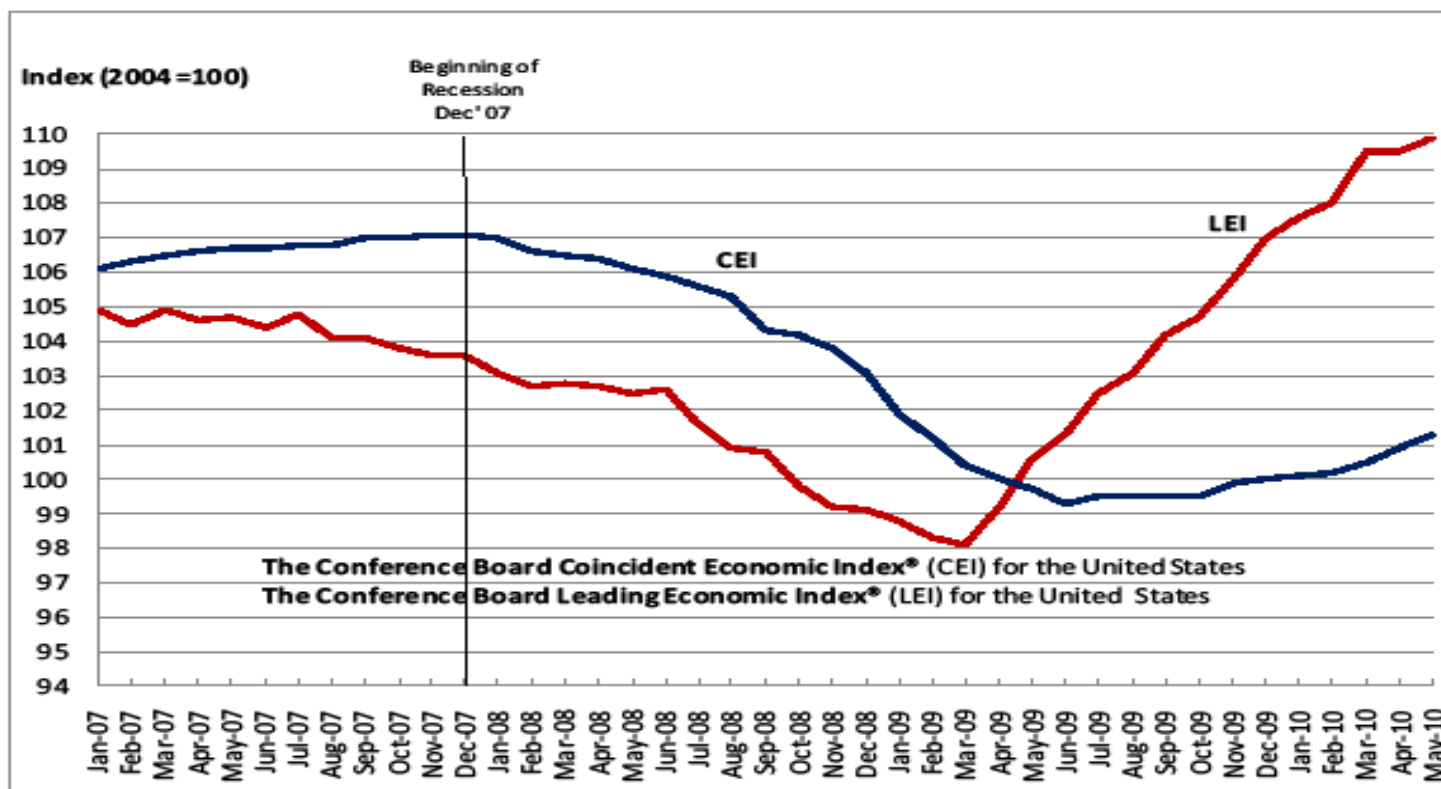
Percent change



Source: Bureau of Labor Statistics, US Department of Labor

US Economic Indicators Point Up

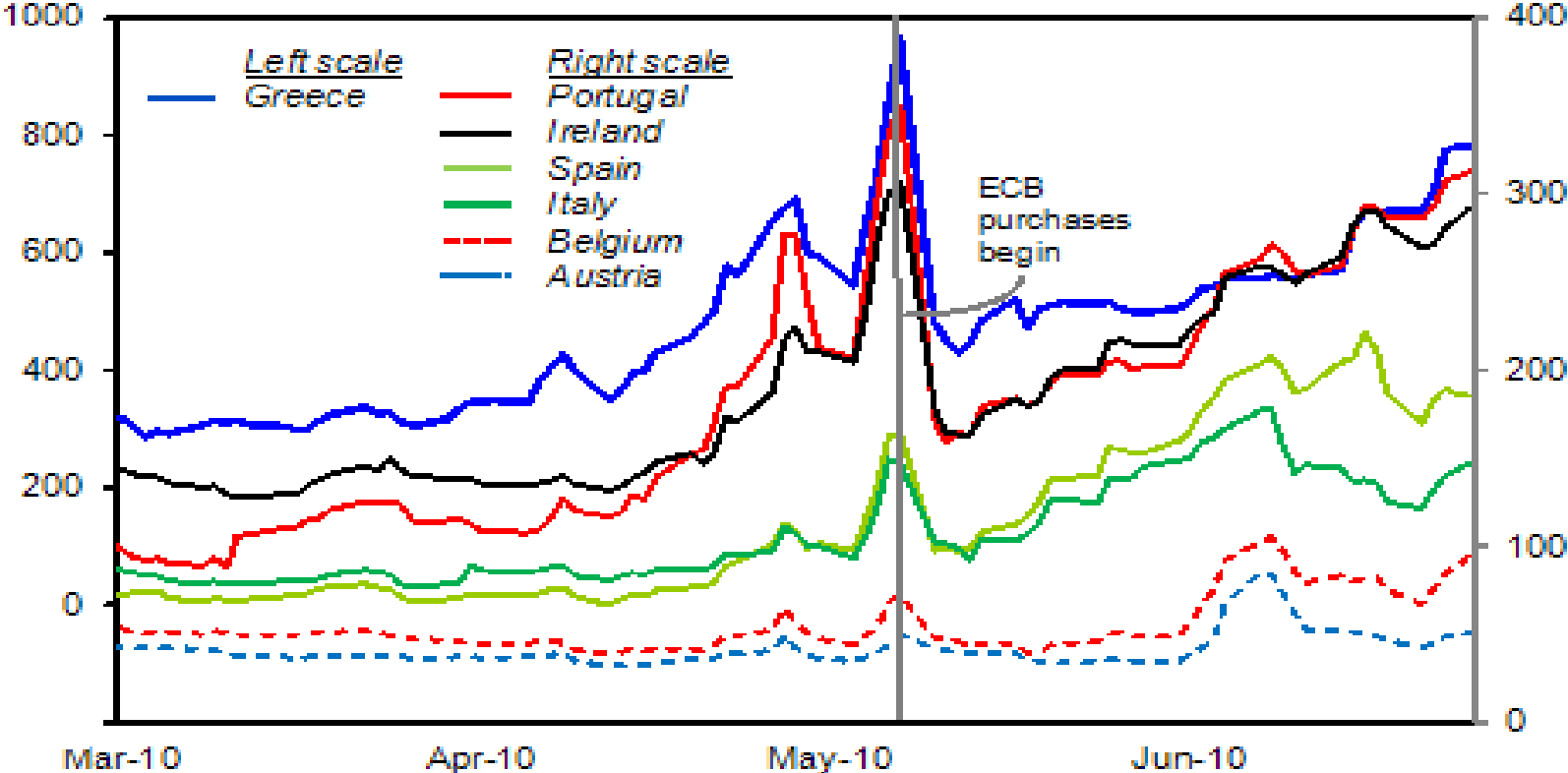
The Conference Board Leading Economic Index® (LEI) for the U.S. Increases



Source: The Conference Board

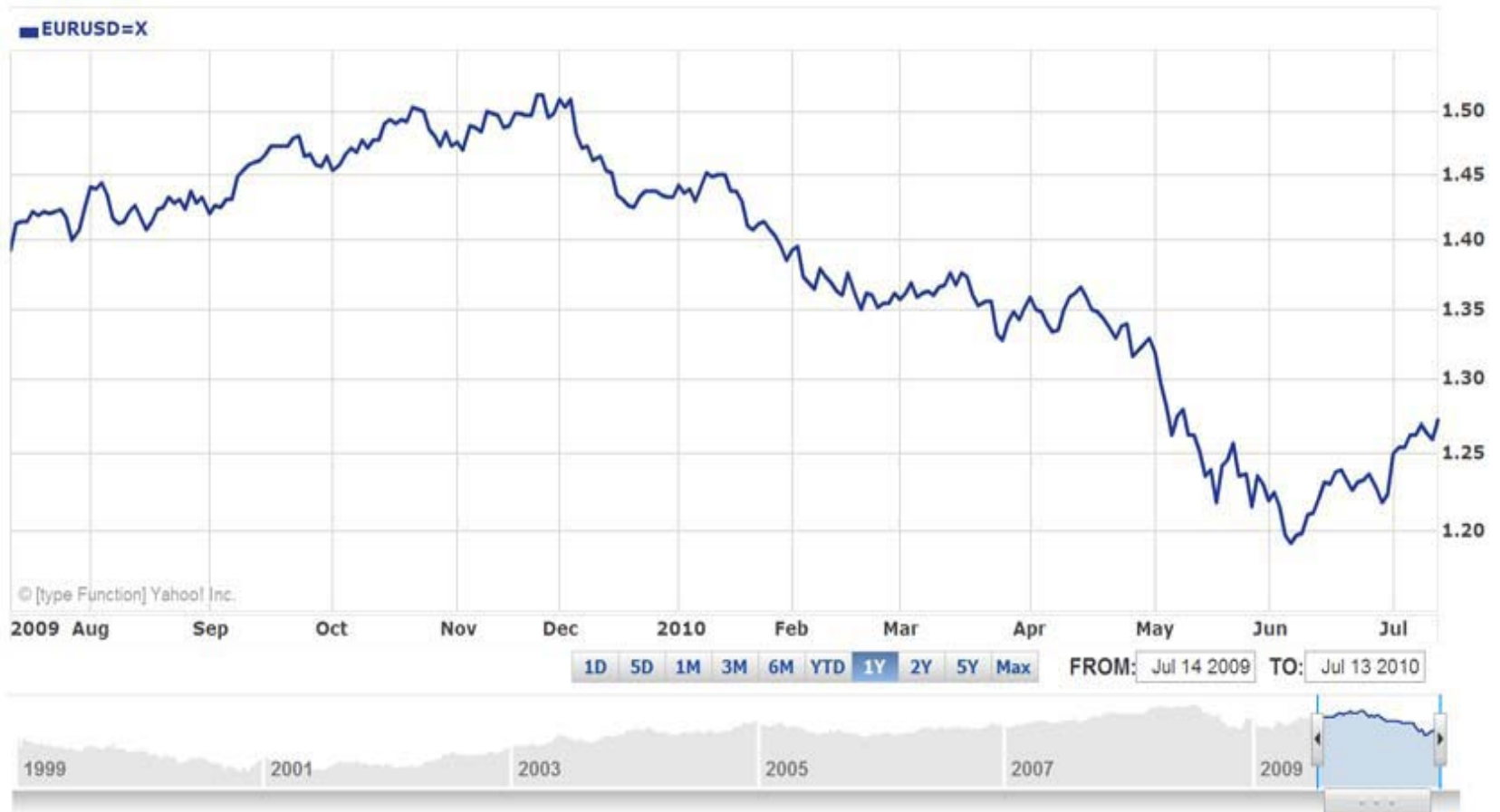
European Debt Crisis Erupts

Figure 2. Selected Euro Area Sovereign Spreads
(In basis points)



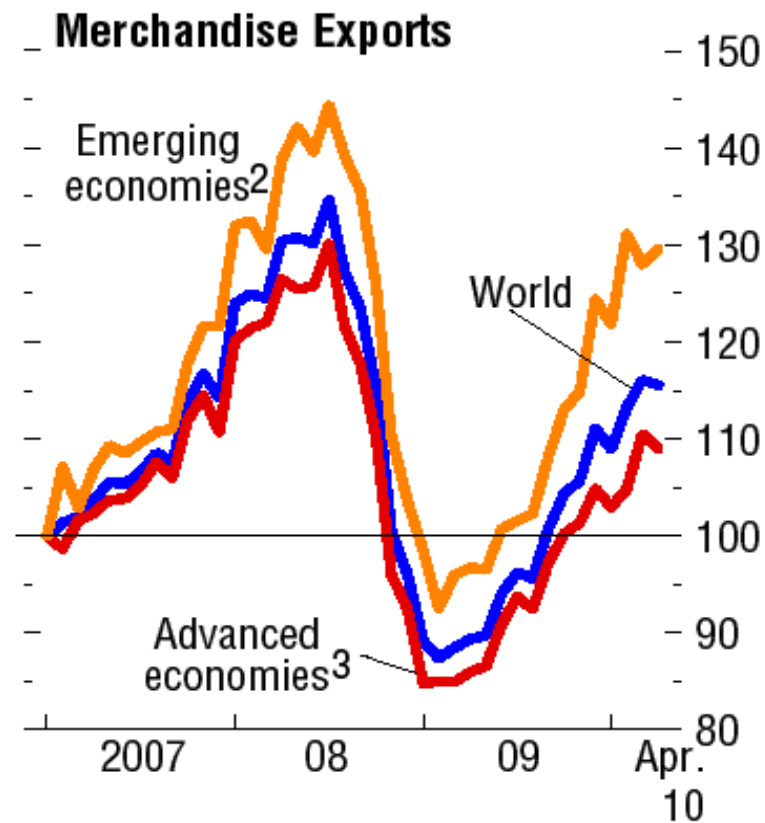
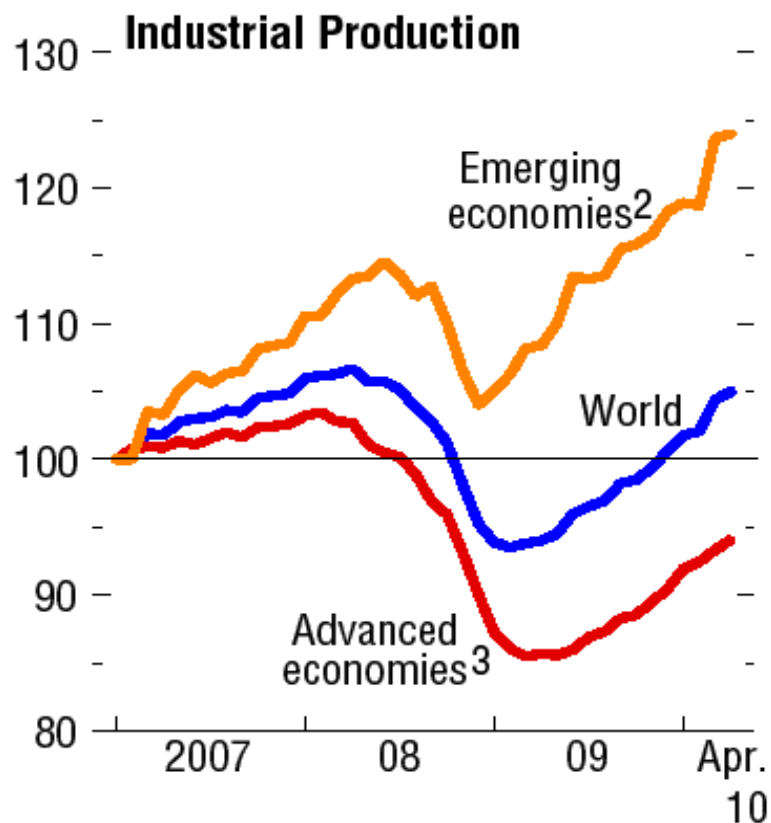
Source: Bloomberg.

Euro Weakens Dramatically



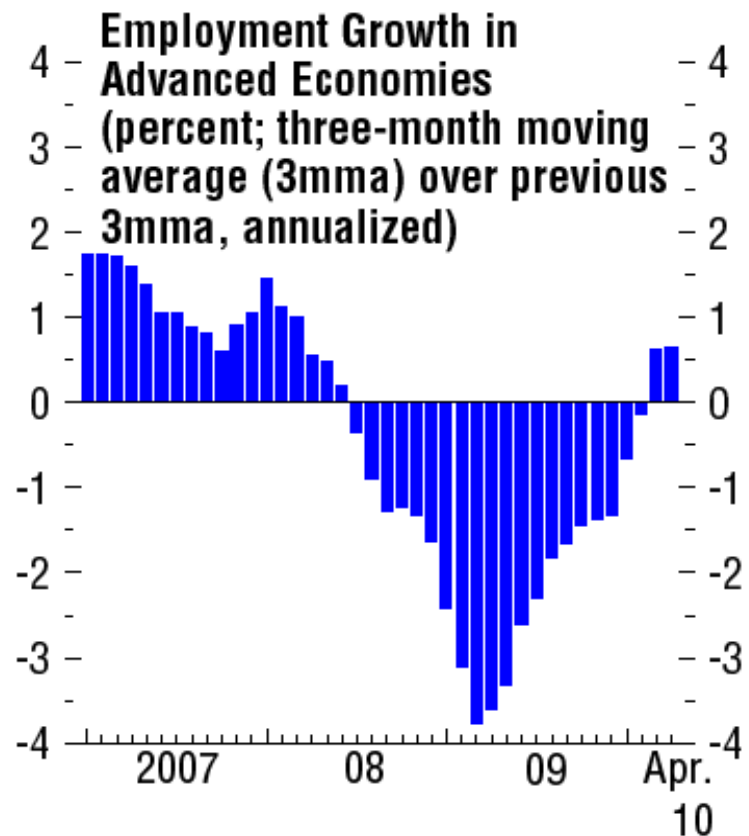
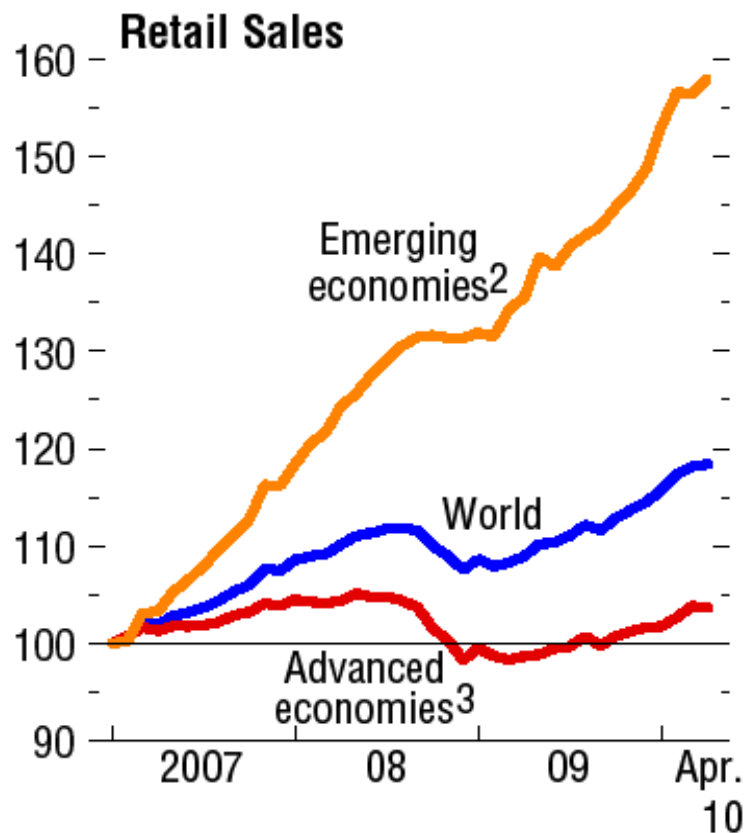
Source: Yahoo! Finance

Global Production, Exports Grow



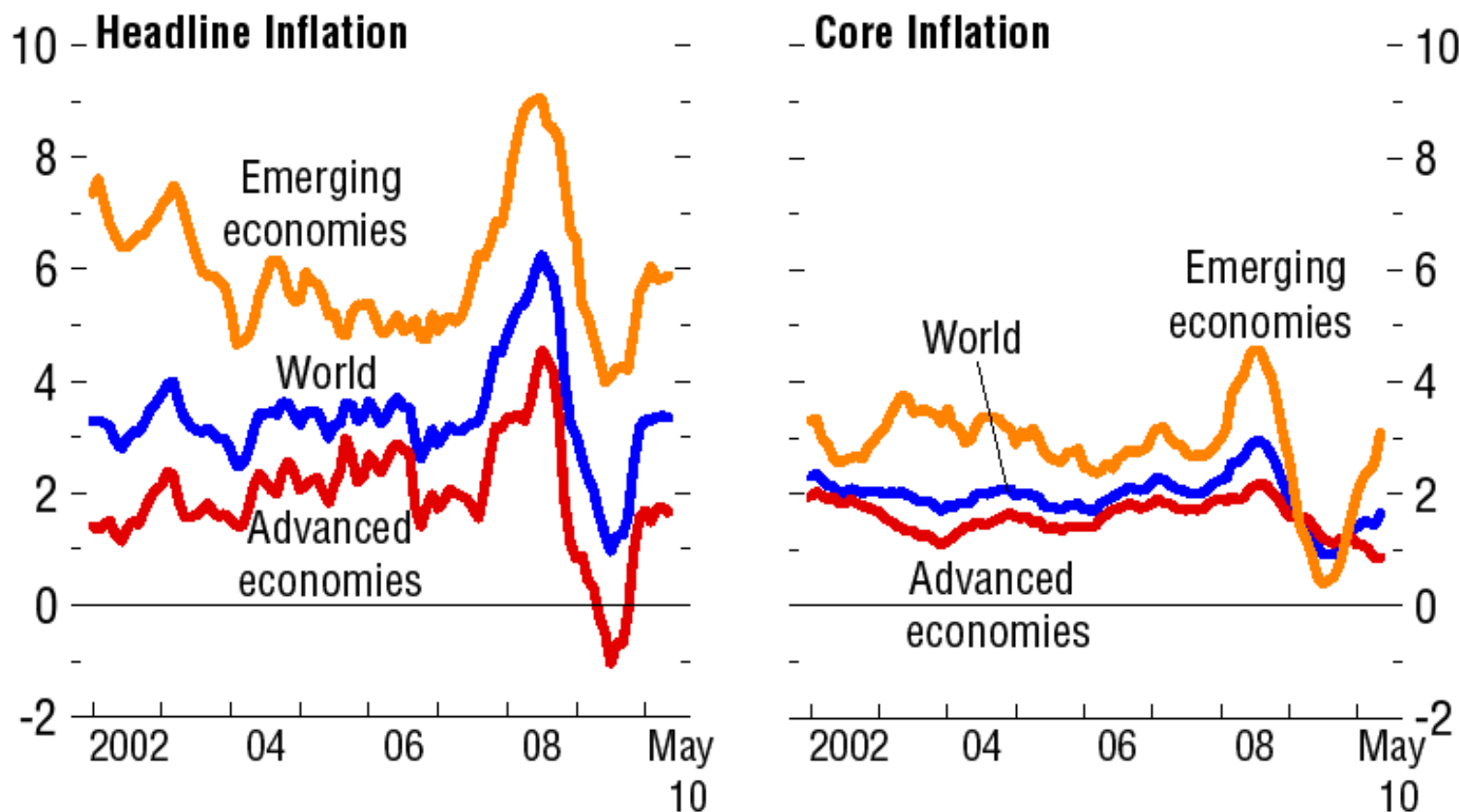
Source: International Monetary Fund

Global Retail Sales & Jobs Grow



Source: International Monetary Fund

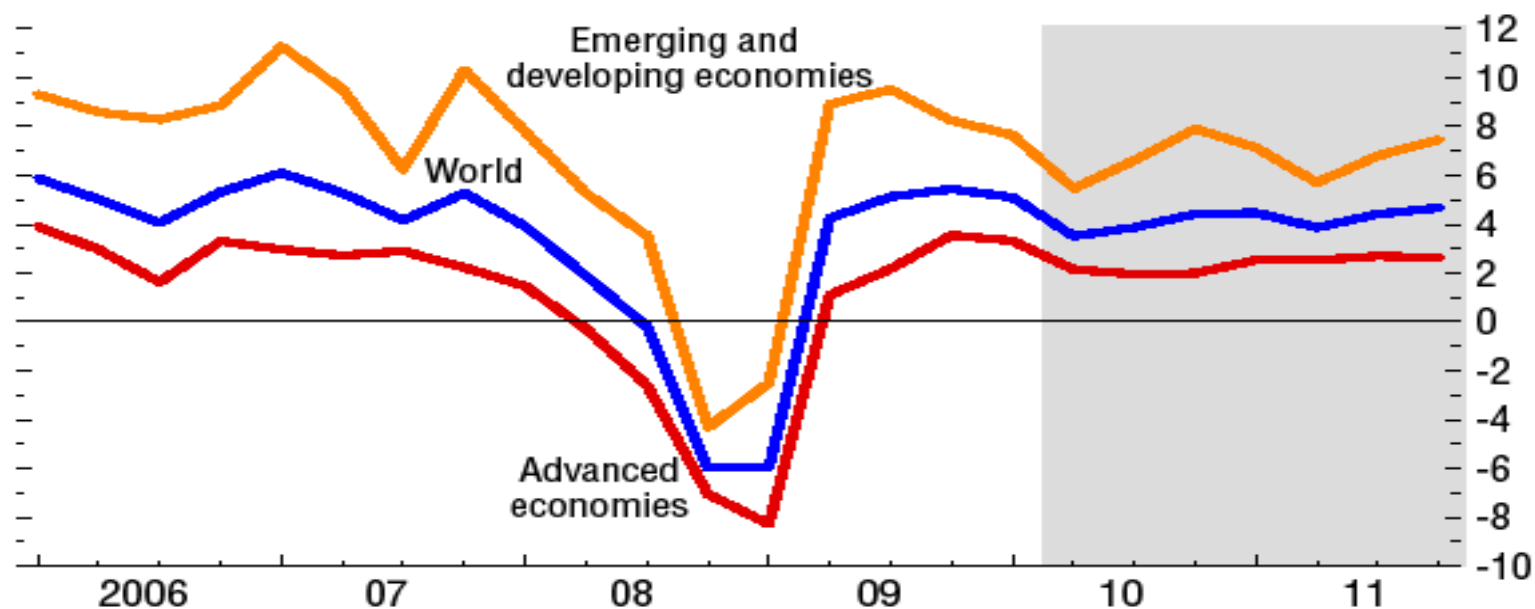
Global Inflation Rates are Moderate



Source: International Monetary Fund

Global Economic Growth Continues

Figure 1. Global GDP Growth
(Percent; quarter-over-quarter, annualized)



Source: IMF staff estimates.

Source: International Monetary Fund

Market Index Returns (2020)

