

# Index Financial Advisors LLC

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Quarterly Market Analysis  
September 30, 2007

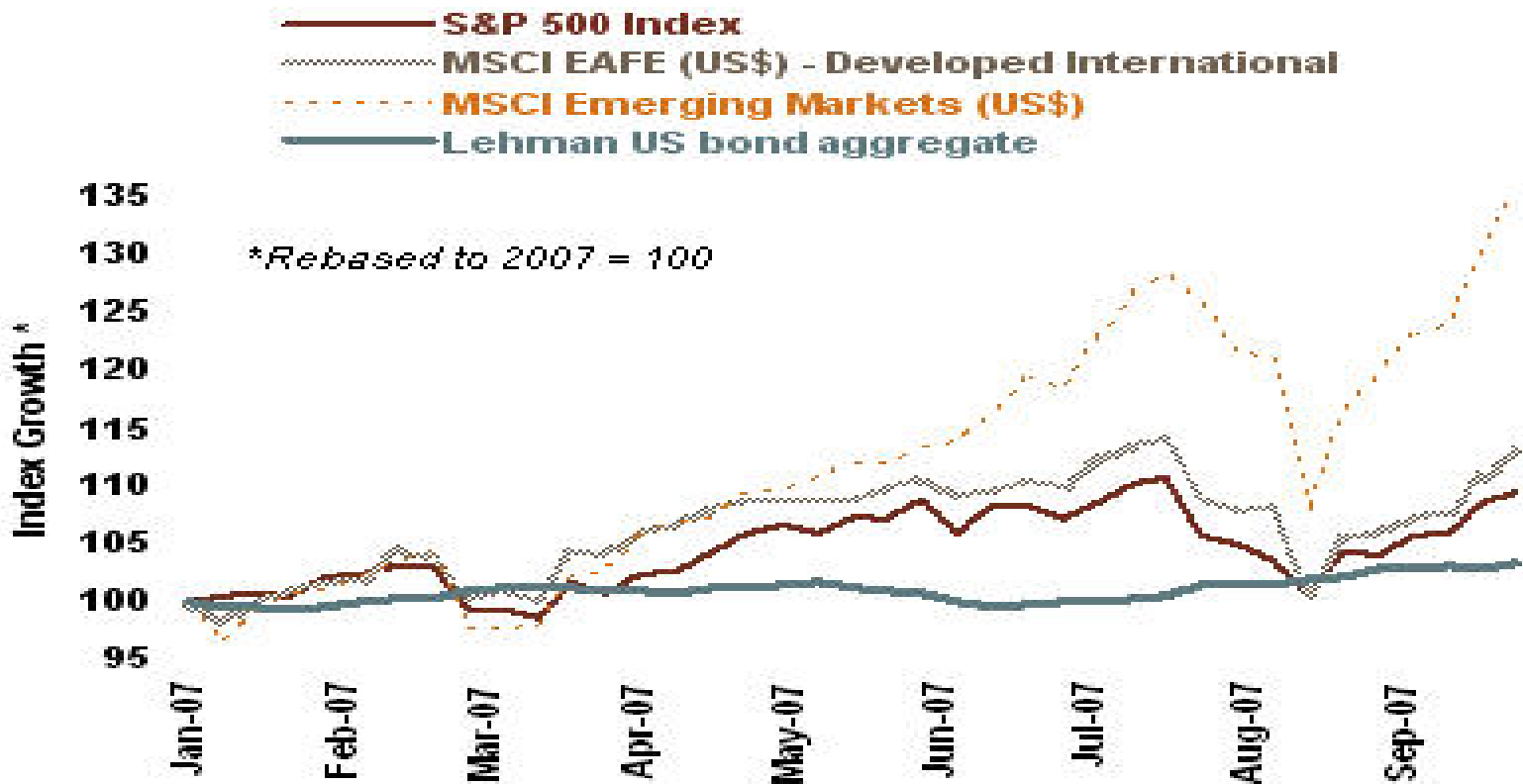
# Market Summary (3Q2007)

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- ❑ Subprime mortgage issues cause financial turmoil
- ❑ Fed takes aggressive action, adds liquidity, lowers rates
- ❑ Credit markets stabilize and markets rebound
- ❑ US economic growth slows due to housing issues
- ❑ Global economic growth remains strong despite US
- ❑ Dollar continues to weaken, driving export growth
- ❑ Oil prices climb driven by global demand, weak dollar
- ❑ Inflation under control despite oil prices, weak dollar
- ❑ Equity valuations continue at reasonable levels
- ❑ Risk factors: housing, oil prices, inflation, earnings

# Markets Rebound After Turmoil

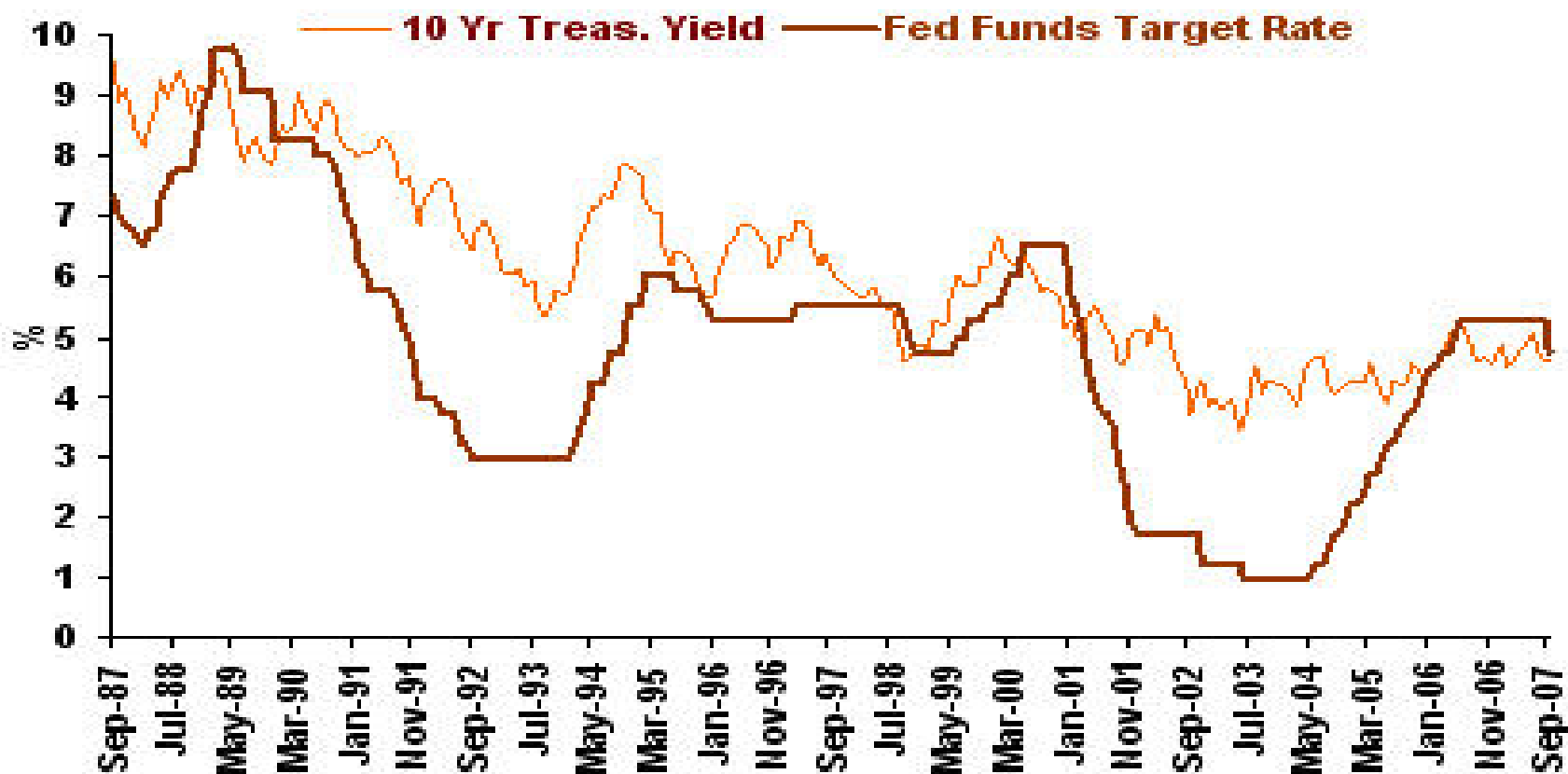
## Stocks resilient despite risks



Source: Datastream, Morgan Stanley Capital International, Lehman

# Federal Reserve Lowers Funds Rate

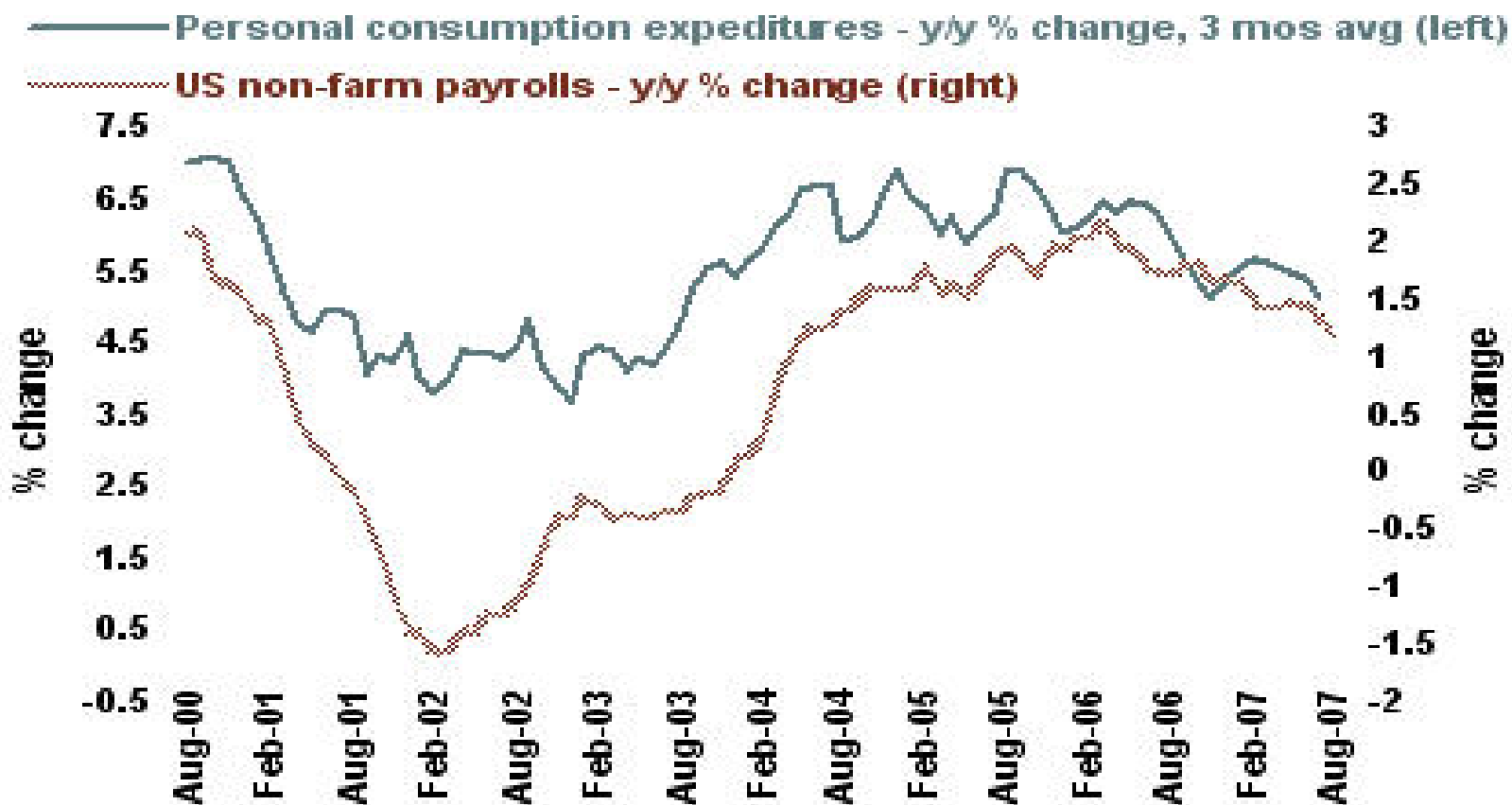
Federal Reserve cuts the fed funds rate



Source: Datastream

# Employment/Spending Growth Slows

**Employment and consumer spending both softening**



Source: BLS, Commerce

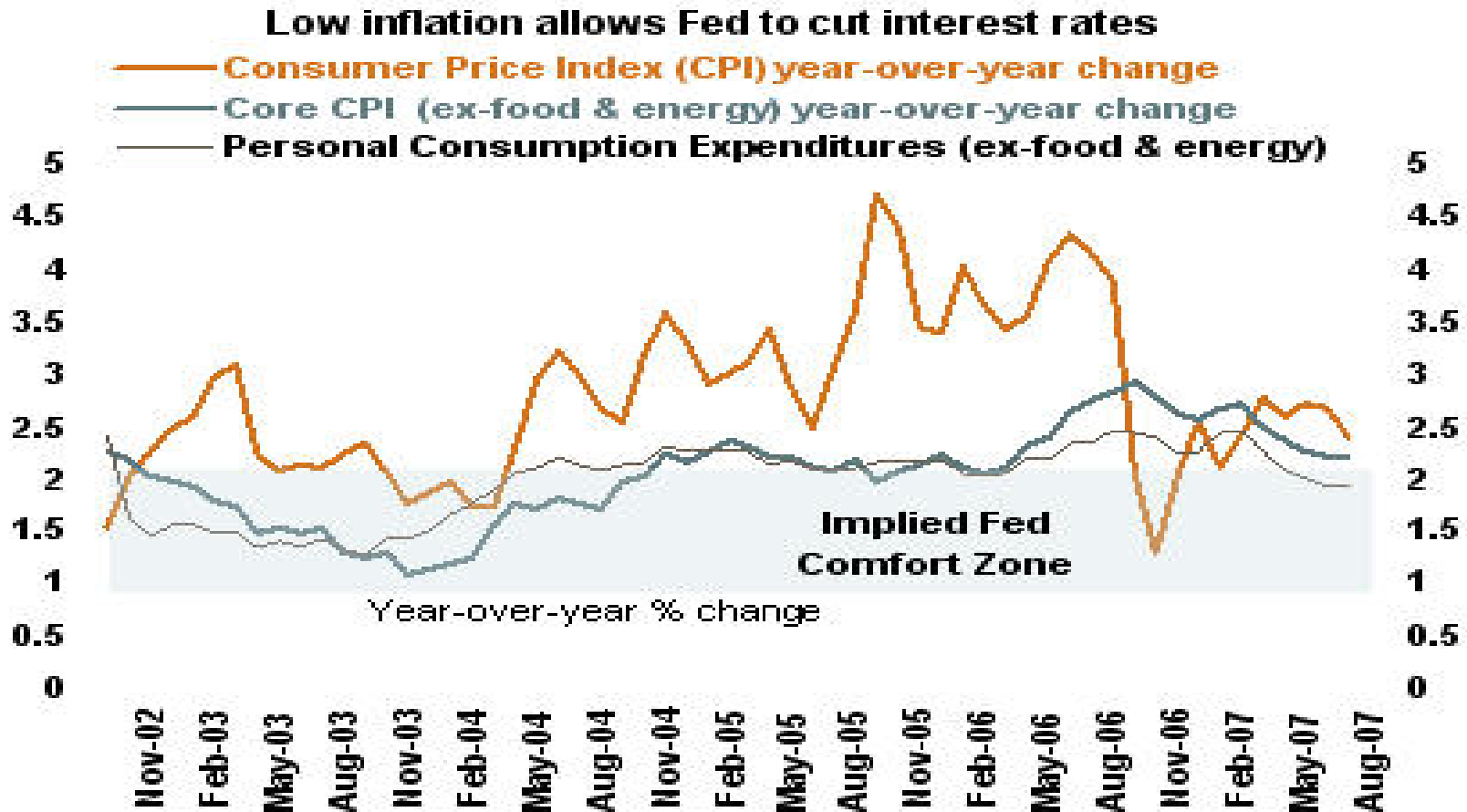
# Dollar Weakness Helps Exports

Dollar weakness beginning to support exports



Source: Factset

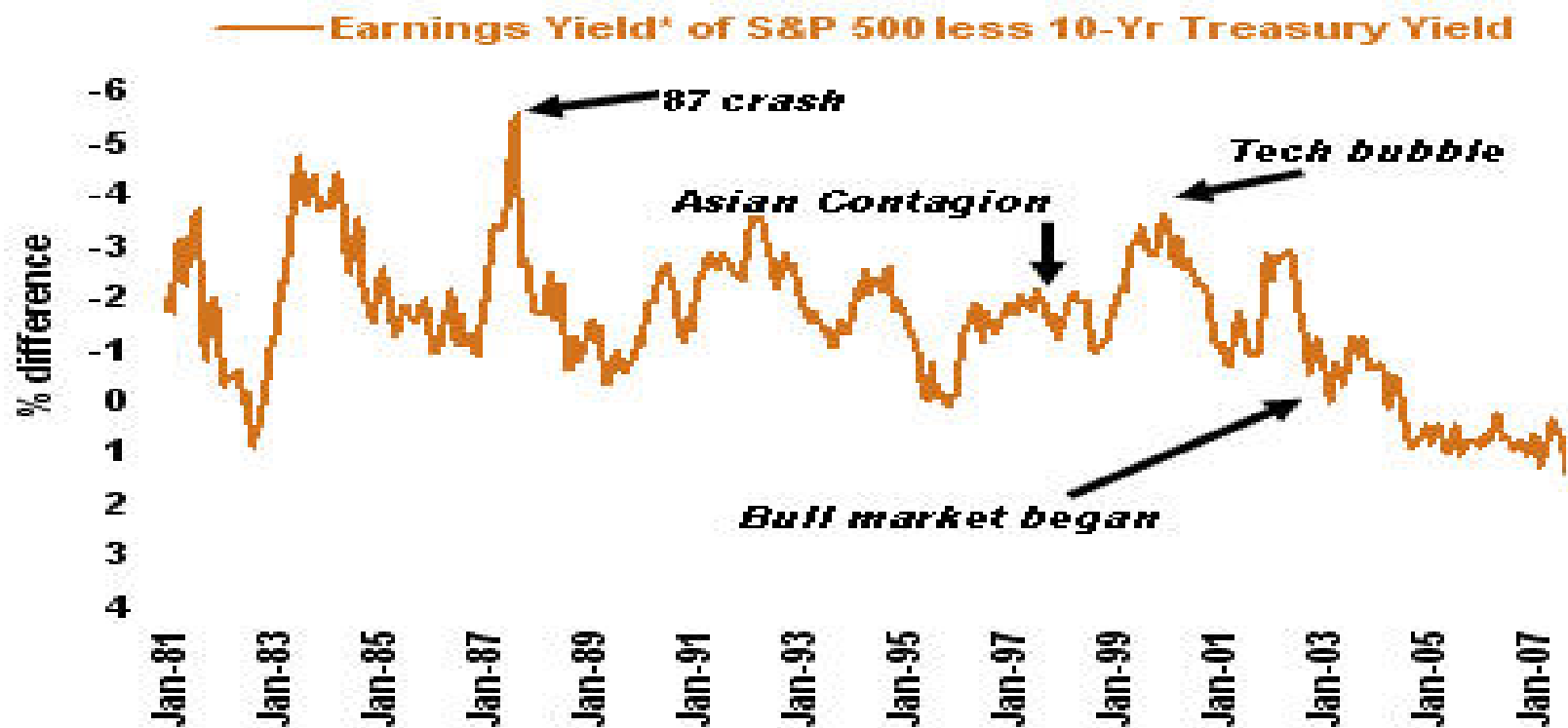
# Inflation Remains Moderate



Source: Datastream, Bureau of Labor Statistics

# US Equity Valuations Reasonable

Earnings yield relative to Treasury yield reflects decent value for U.S. stocks



Source: Datastream. \* Earnings Yield equals the inverse of the Price-Earnings ratio



# Market Index Returns (3Q2007)

