

Index Financial Advisors LLC

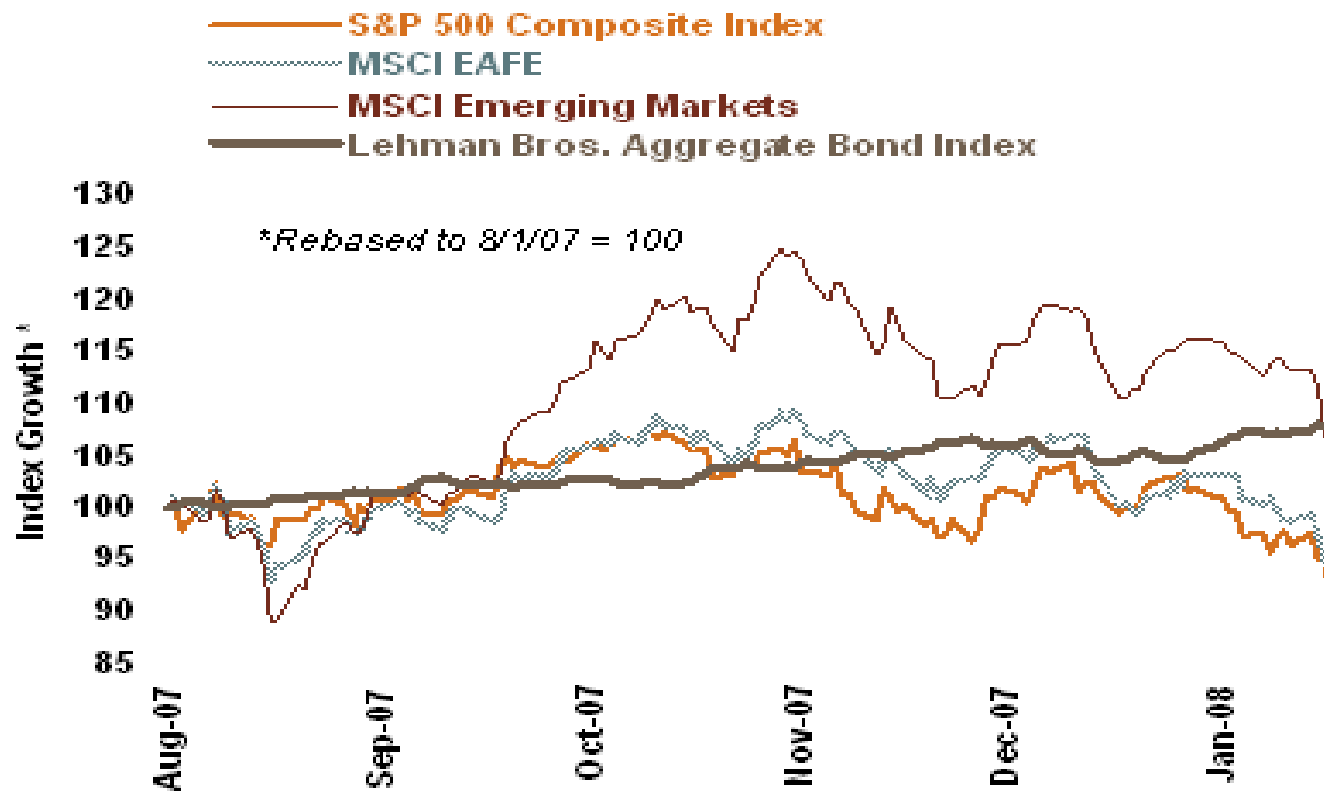
Quarterly Market Analysis
December 31, 2007

Market Commentary (4Q2007)

- ❑ Equity markets fall dramatically in Q4 and January
- ❑ Financial institutions report huge losses on asset write-downs
- ❑ Housing/credit crisis impacts employment & consumers
- ❑ Oil spikes to \$100, but then falls back in January
- ❑ Inflation concerns fade w/ oil prices & slower growth
- ❑ Fed takes aggressive action, lowers rates to 3.5% in January
- ❑ President & Congress push fiscal stimulus package
- ❑ Foreign investors help recapitalize financial institutions
- ❑ Weak dollar continues to support export growth
- ❑ Stock valuations now very favorable compared to bonds
- ❑ Market prices may now fully reflect impact of recession

Stocks Fall from October Peak

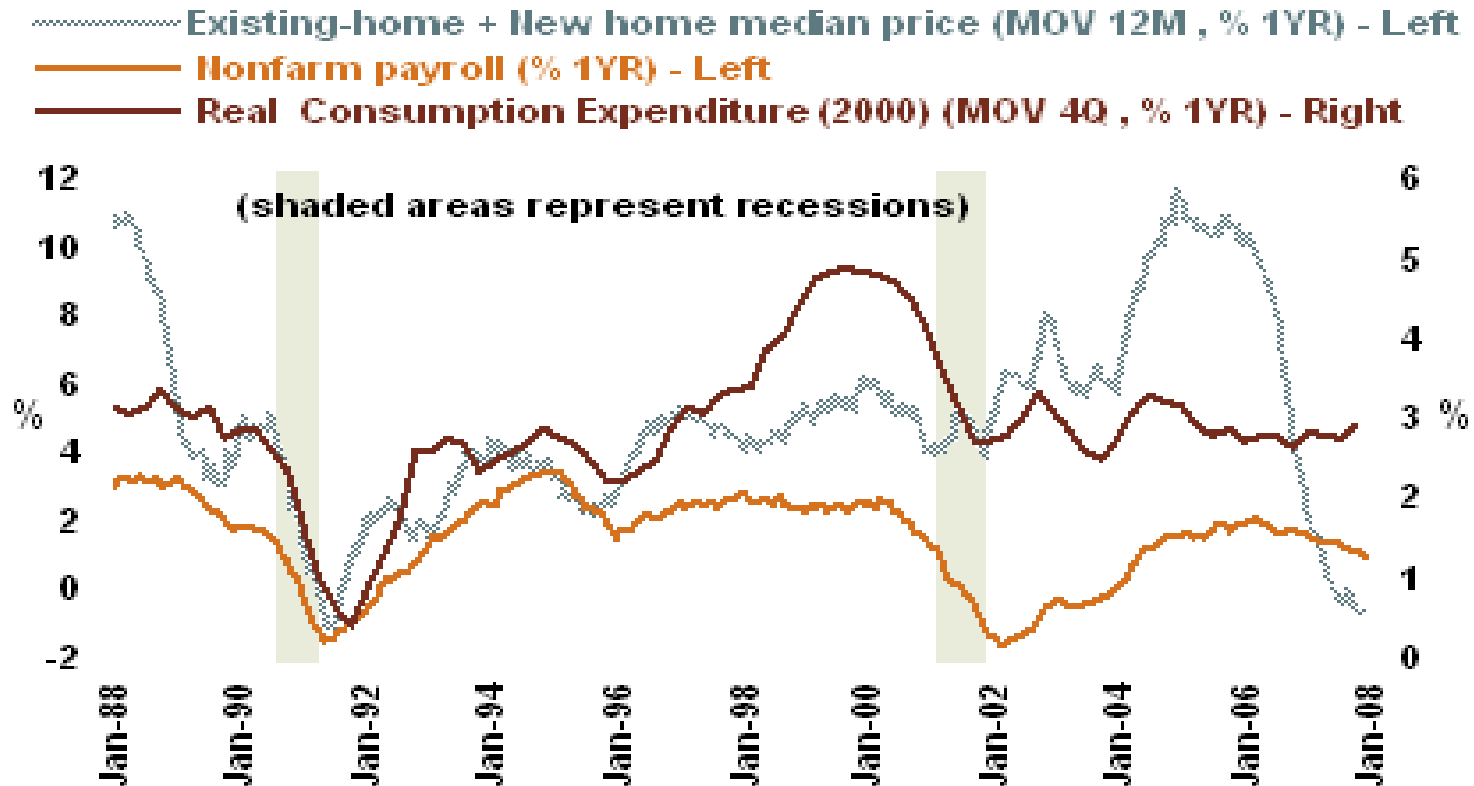
Stocks drop in new year on recession fears



Source: Factset, MSCI, Lehman, S&P (1/1708)

Consumer Spending at Risk

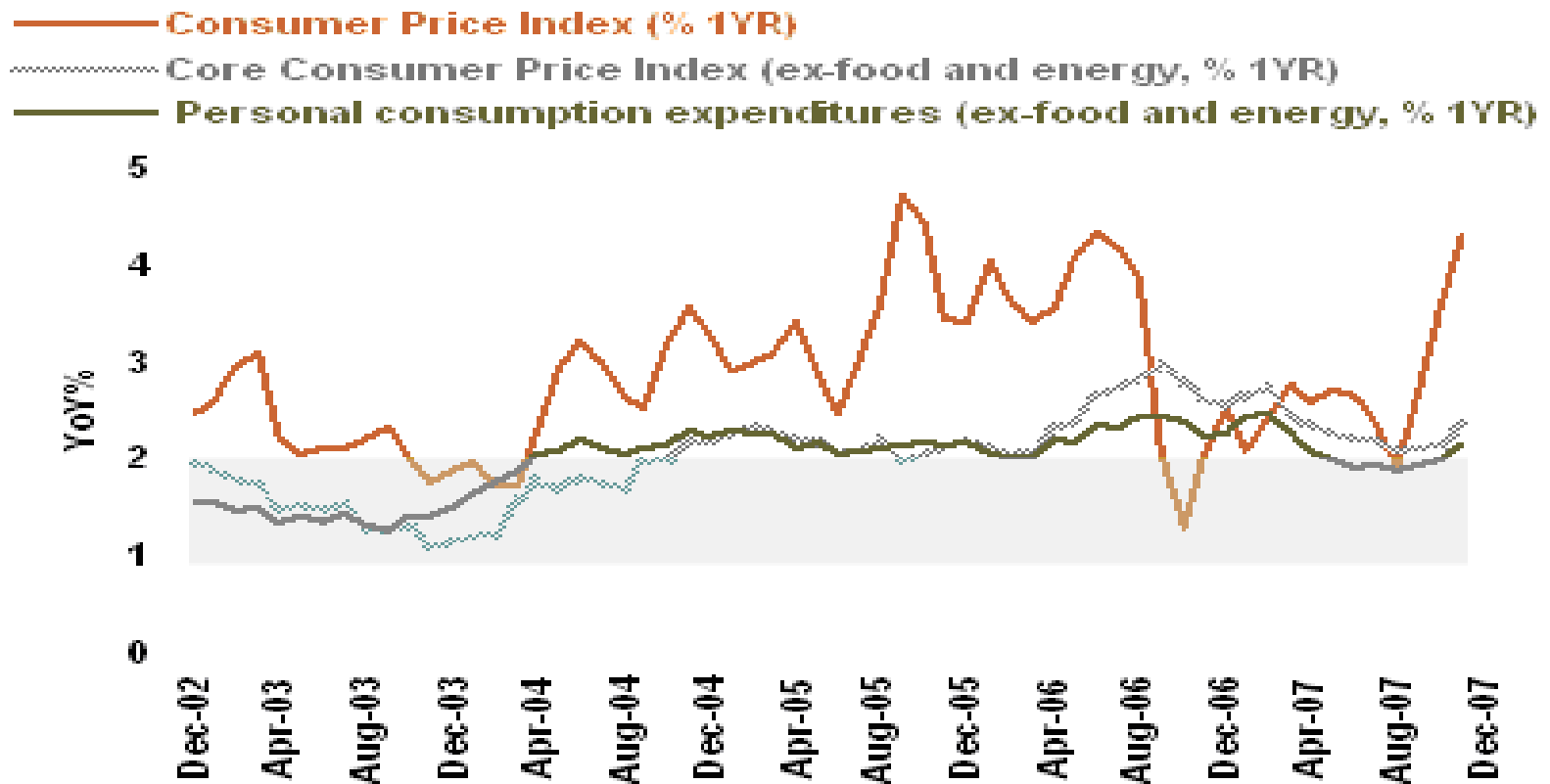
Spending likely to follow home prices
and job growth lower



Source: Factset, US BEA, US Labor, NAR (1/4/08)

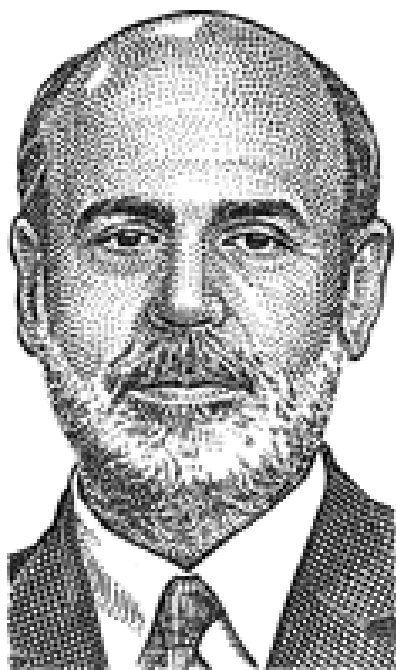
Inflation Spikes w/ Oil Prices

Inflation leaving the Fed's comfort zone

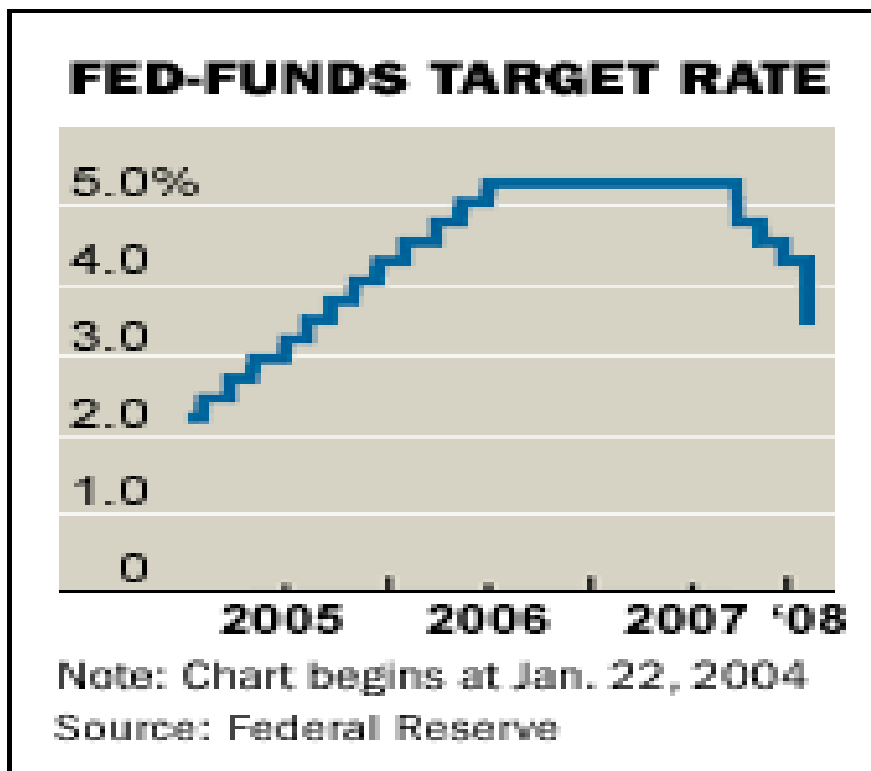


Source: Factset, US Bureau of Labor Statistics

Federal Reserve Lowers Funds Rate

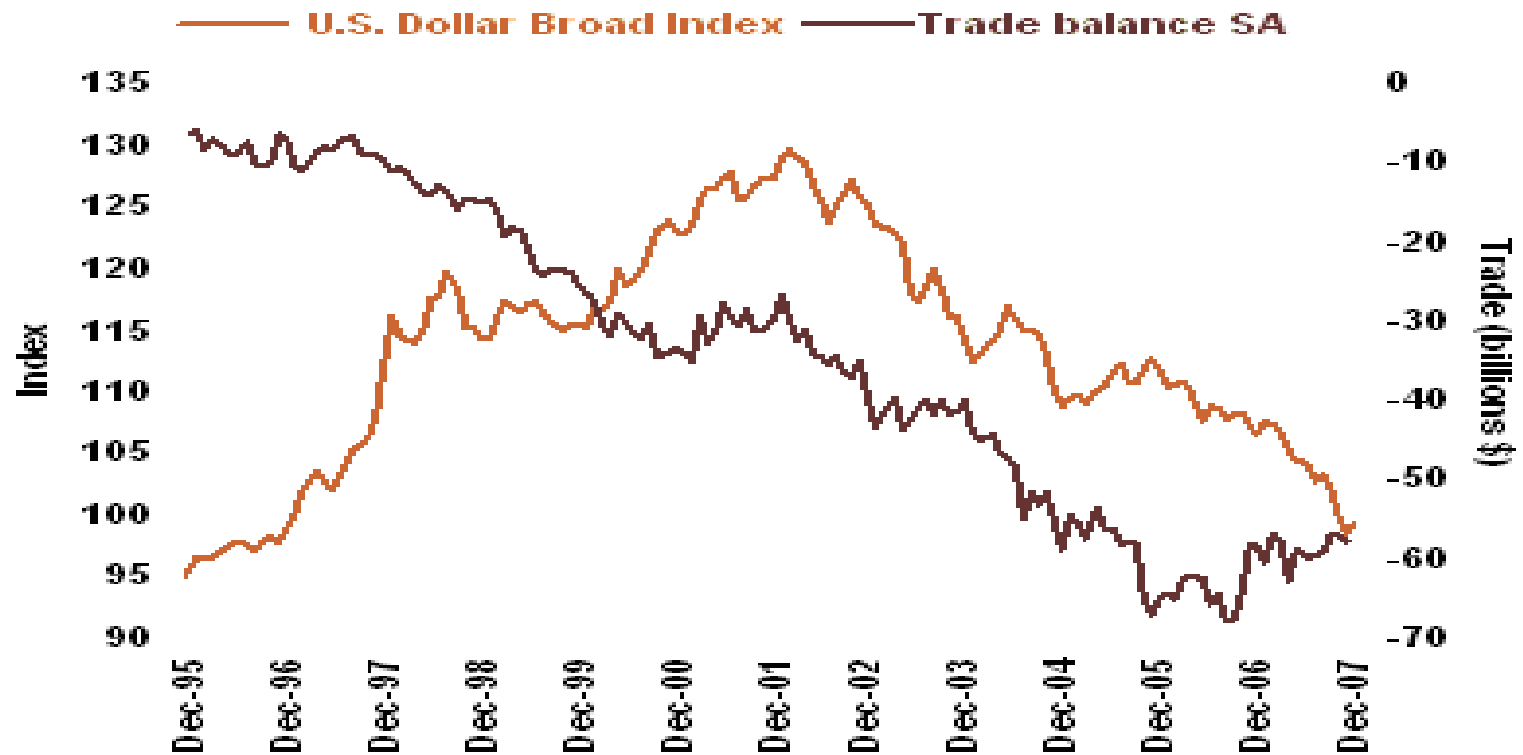


Ben Bernanke



Dollar Weakness Helps Exports

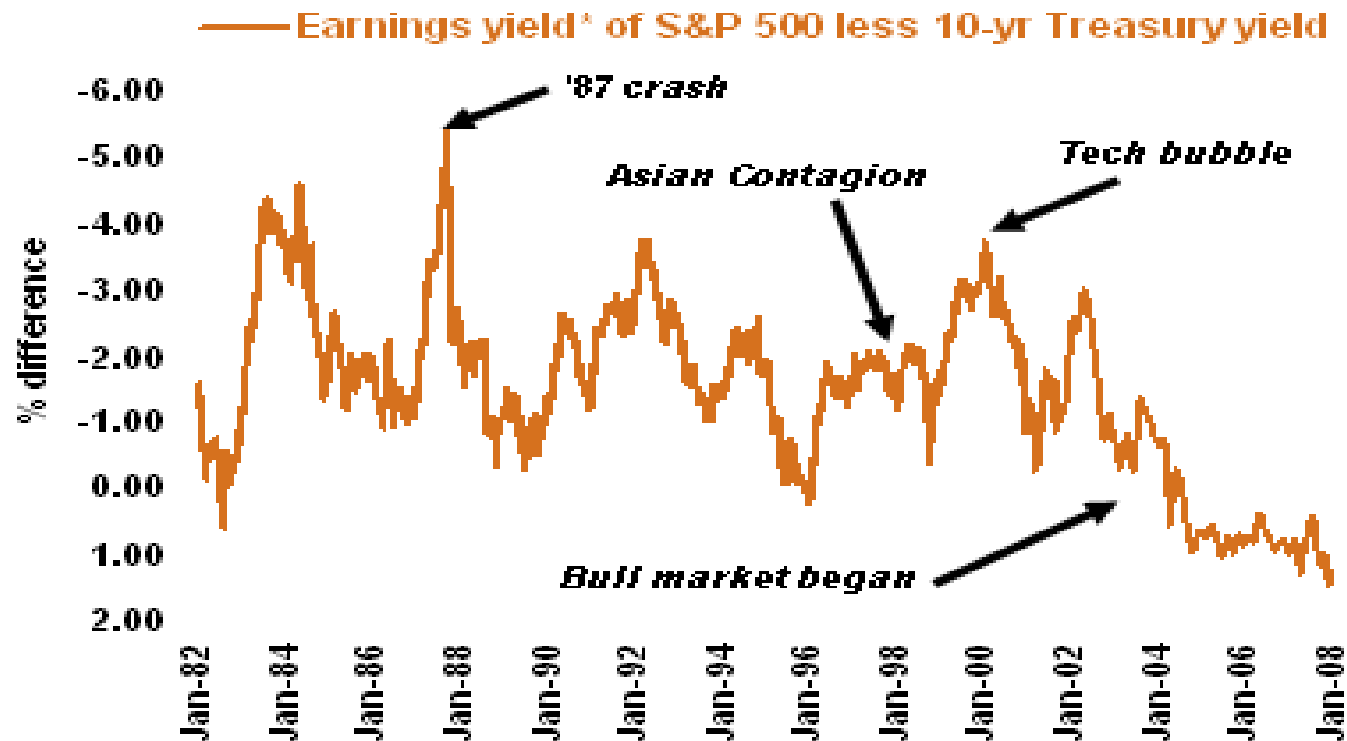
**Dollar weakness likely to support
U.S. exports for an extended period**



Source: Factset, US Dept. of Commerce, Federal Reserve

US Equity Valuations Attractive

Economic concerns overshadow solid valuations

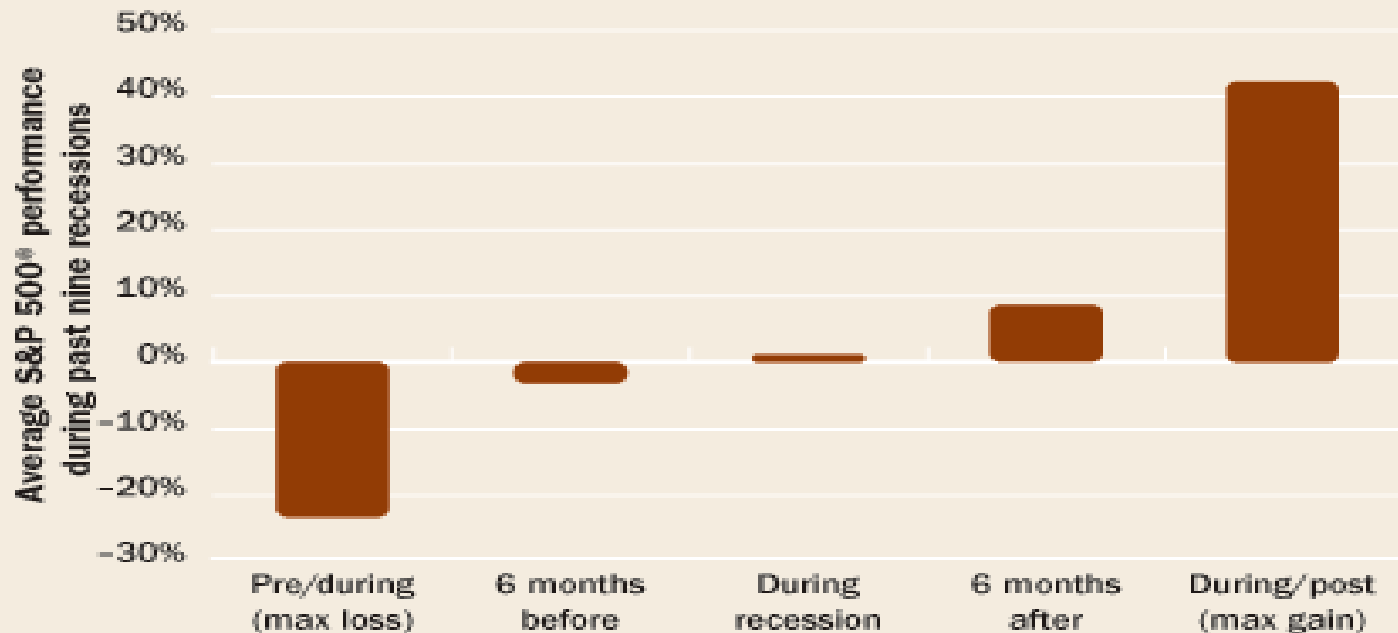


** Earnings Yield equals the inverse of the Price-Earnings ratio*

Source: Factset, S&P, Federal Reserve

Markets Anticipate Recession/Recovery

Markets Anticipate Recessions, Then Surge



Source: Bloomberg, National Bureau of Economic Research. Price performance shown. Max loss period is six months before recession start through recession end. Max gain period is recession start through six months after recession end.

Market Index Returns (4Q2007)

