

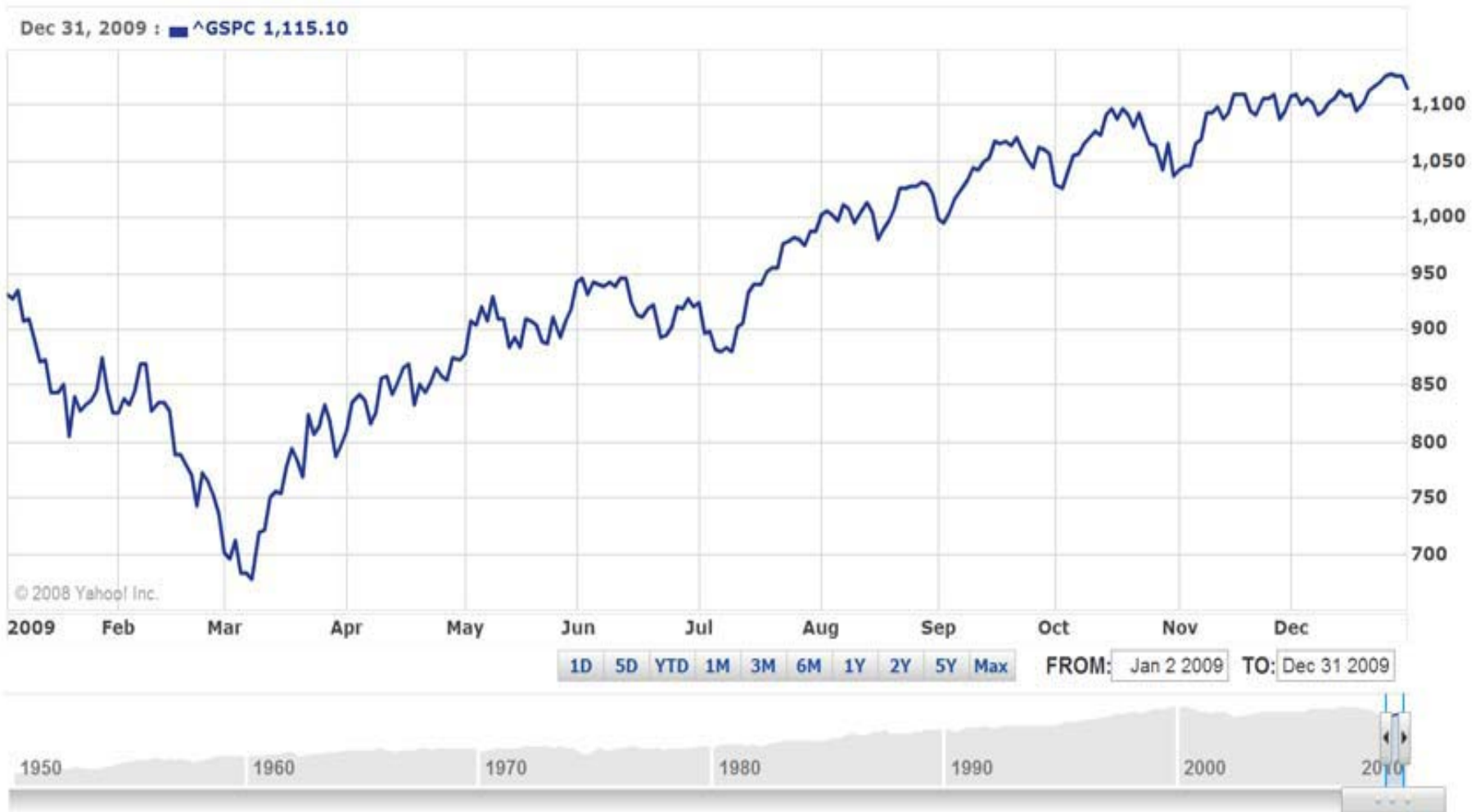
Index Financial Advisors LLC

Quarterly Market Report
December 31, 2009

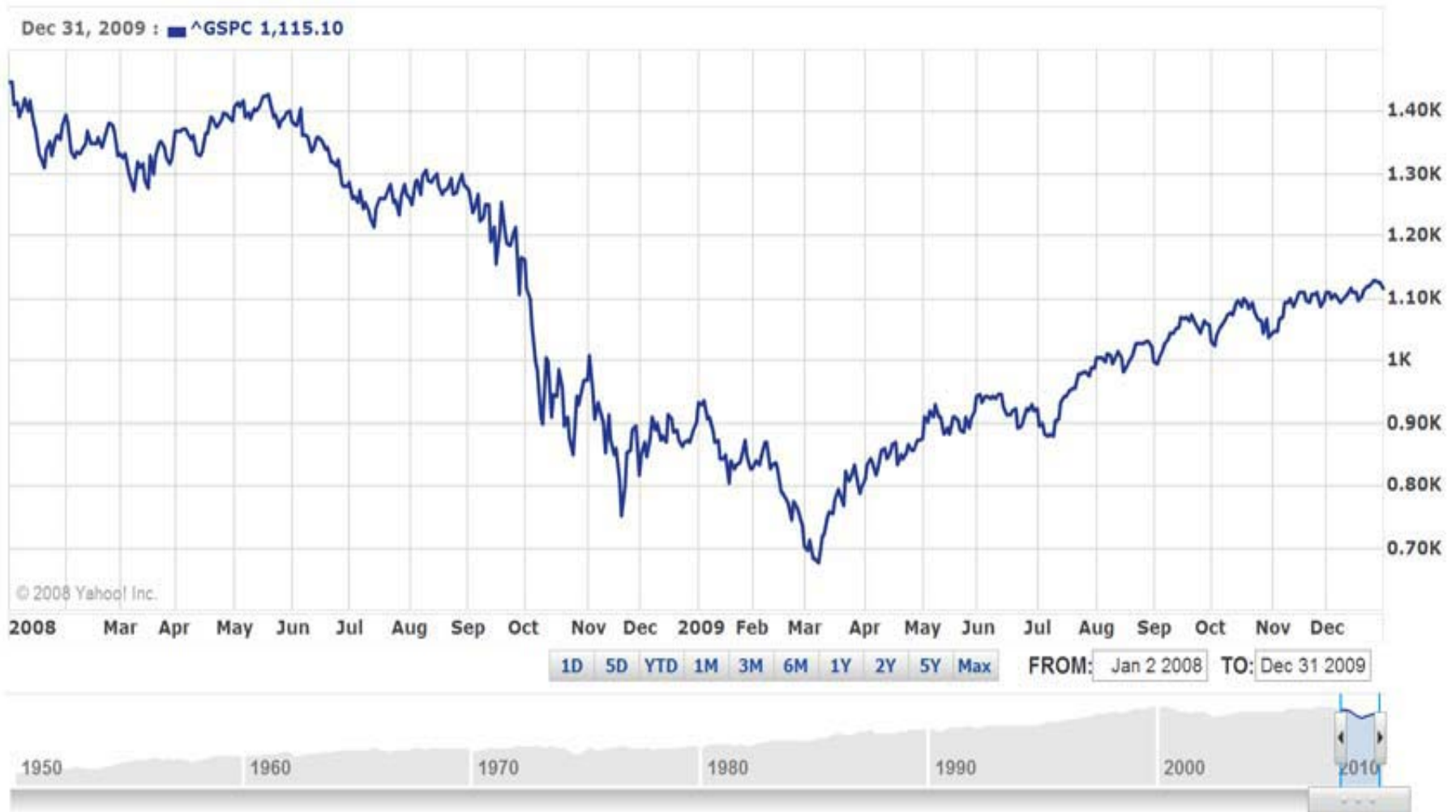
Market Commentary (4Q2009)

- ❑ Markets fully recover from financial collapse which began in 2008
- ❑ But S&P 500 still 25% below 2007 peak and down 9% for decade
- ❑ Other asset classes outperform US stocks (e.g. emerging markets)
- ❑ Recession officially ends with GDP growth of 2.2% in third quarter
- ❑ Unemployment rate grows to 10%, but w/ slower pace of job losses
- ❑ Index of leading economic indicators continues to point higher
- ❑ Housing market improves and consumer spending rebounds slightly
- ❑ Commodities prices rise, but inflation expectations remain muted
- ❑ Corporate bond spreads, stock valuations now at reasonable levels
- ❑ Still lots of cash on sidelines earning very low interest rates
- ❑ Economic recovery should continue, but could be sluggish in US
- ❑ Other risks include commodity prices, inflation, rising interest rates
- ❑ Future returns likely to be moderate, volatile, and less correlated
- ❑ Portfolios should be rebalanced to long term, diversified allocation

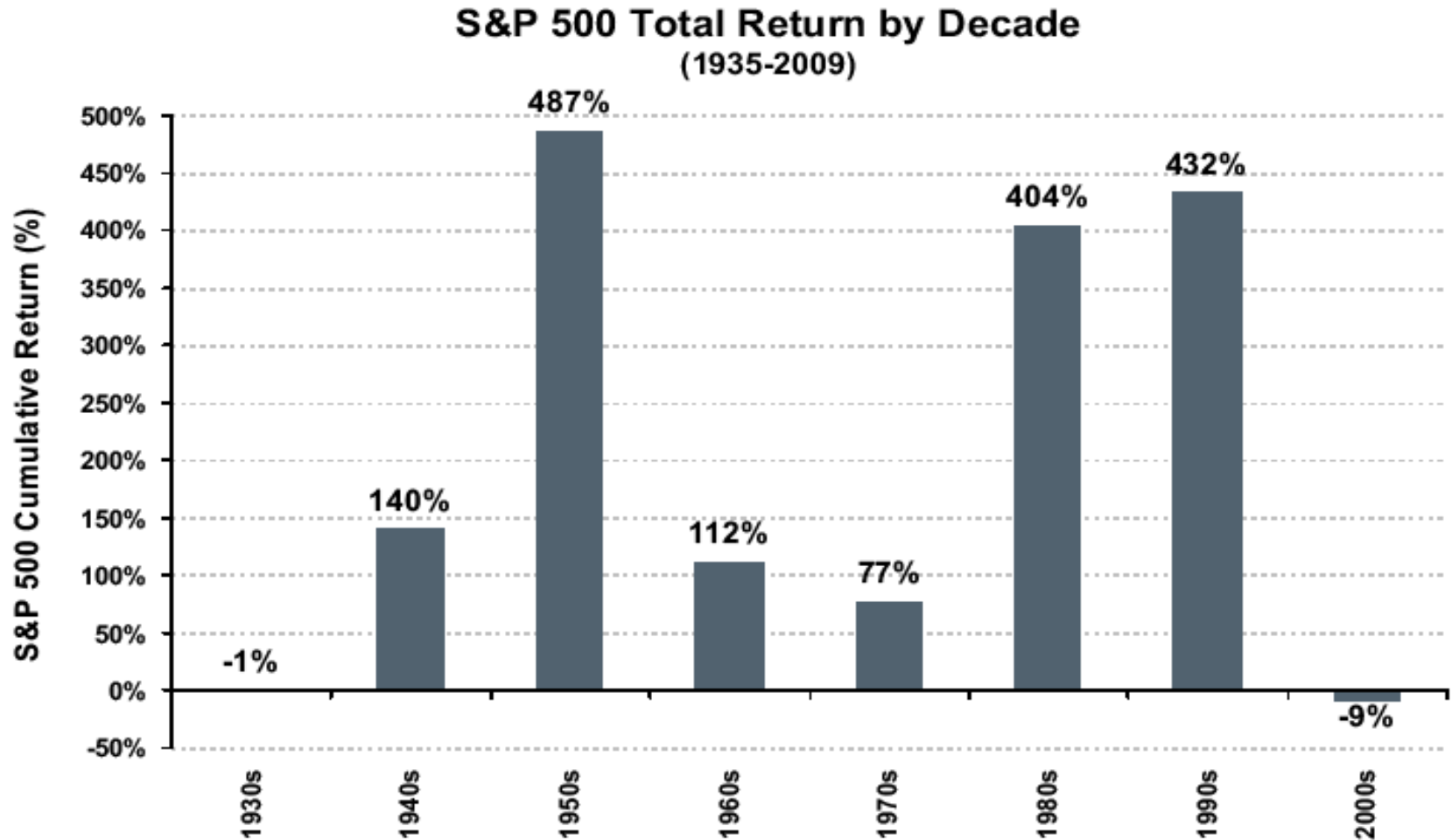
Dramatic Rebound in 2009...



...But Still Below 2007 Peak



Lost Decade for S&P 500



Source: Ibbotson, FMRCo (MARE) as of 12/31/2009.

Good Decade for Other Assets

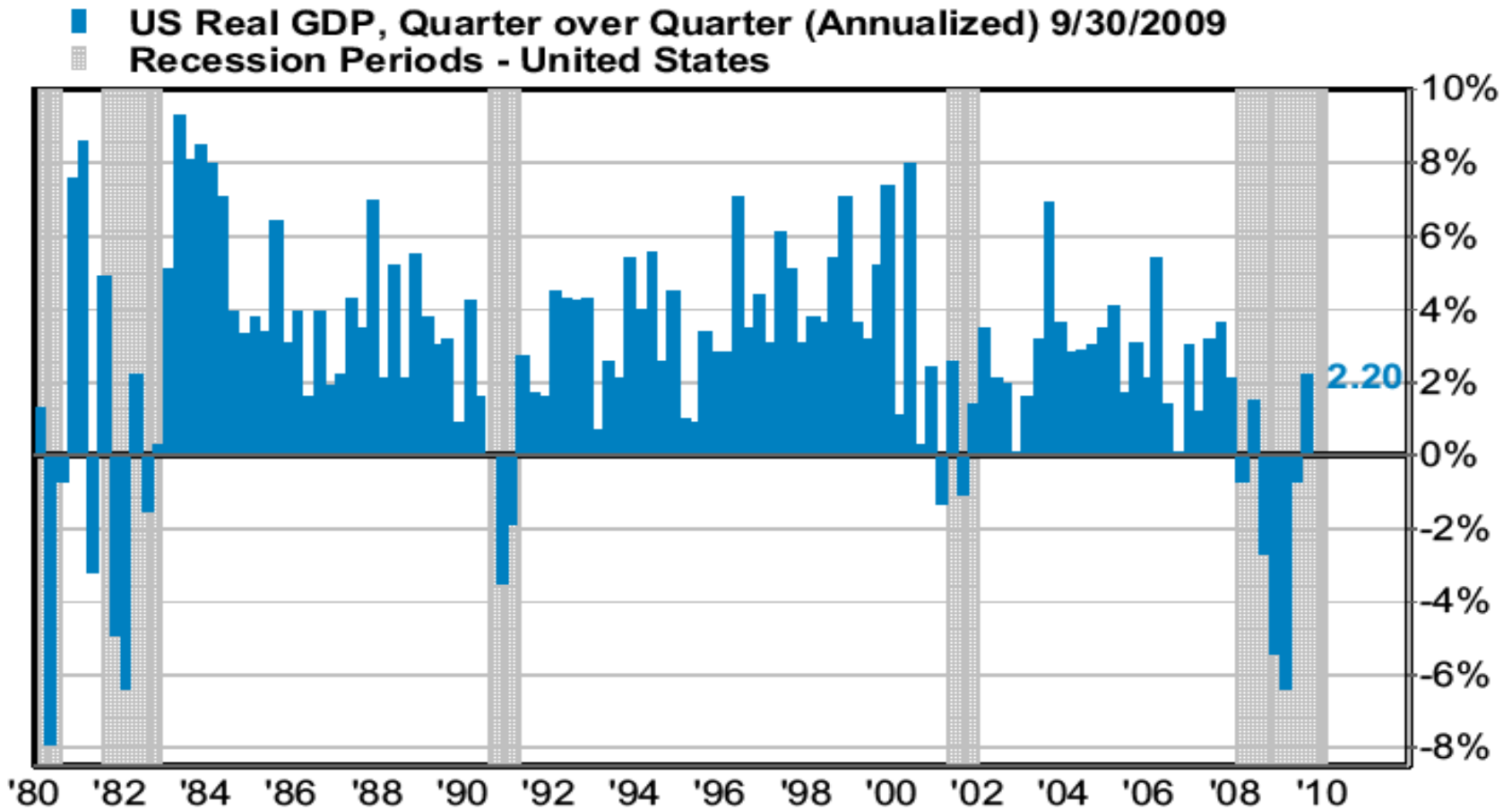
Asset Categories	10-Year Return (%)
Gold	14.3
REITs	10.6
Emerging-market stocks	10.1
TIPS	7.7
Commodities	7.1
Foreign small-cap stocks	6.9
Investment-grade corporate bonds	6.6
High-yield corporate bonds	6.5
Investment-grade bonds	6.3

Asset Categories	10-Year Return (%)
Treasury bonds	6.2
Mid-cap stocks	5.0
Small-cap stocks	3.5
Value stocks	2.9
European stocks	2.4
Foreign developed-country stocks	1.6
Large-cap stocks	-0.9
Japanese stocks	-3.5
Growth stocks	-3.8

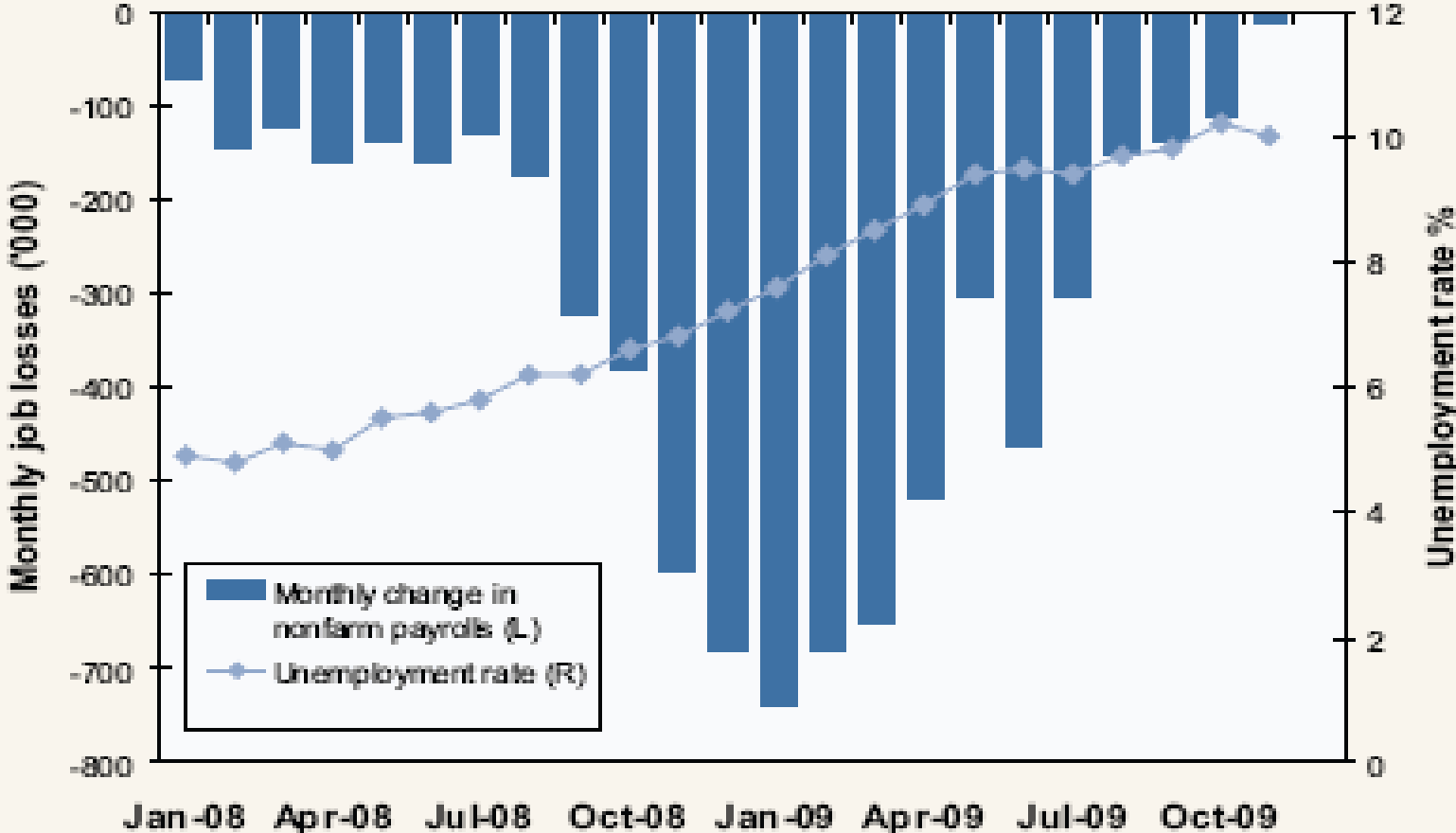
History Predicts Improvement

Decades with Less Than 6% Annualized Return			
10-year Period	Average Annual Return of S&P 500	Next 10-year Average Annual Return	Next 20-year Average Annual Return
1926 - 1935	5.86%	8.42%	12.48%
1928 - 1937	0.02%	9.62%	12.98%
1929 - 1938	-0.89%	7.26%	13.48%
1930 - 1939	-0.05%	9.17%	14.15%
1931 - 1940	1.80%	13.38%	14.76%
1937 - 1946	4.41%	18.43%	13.72%
1965 - 1974	1.22%	14.81%	14.60%
1966 - 1975	3.26%	14.32%	14.61%
1968 - 1977	3.58%	15.29%	16.66%
1969 - 1978	3.15%	16.33%	17.76%
1970 - 1979	5.87%	17.55%	17.88%
1998 - 2007	5.91%	-	-
1999 - 2008	-1.38%	-	-
Average	2.52%	13.14%	14.82%

Economic Growth Returns

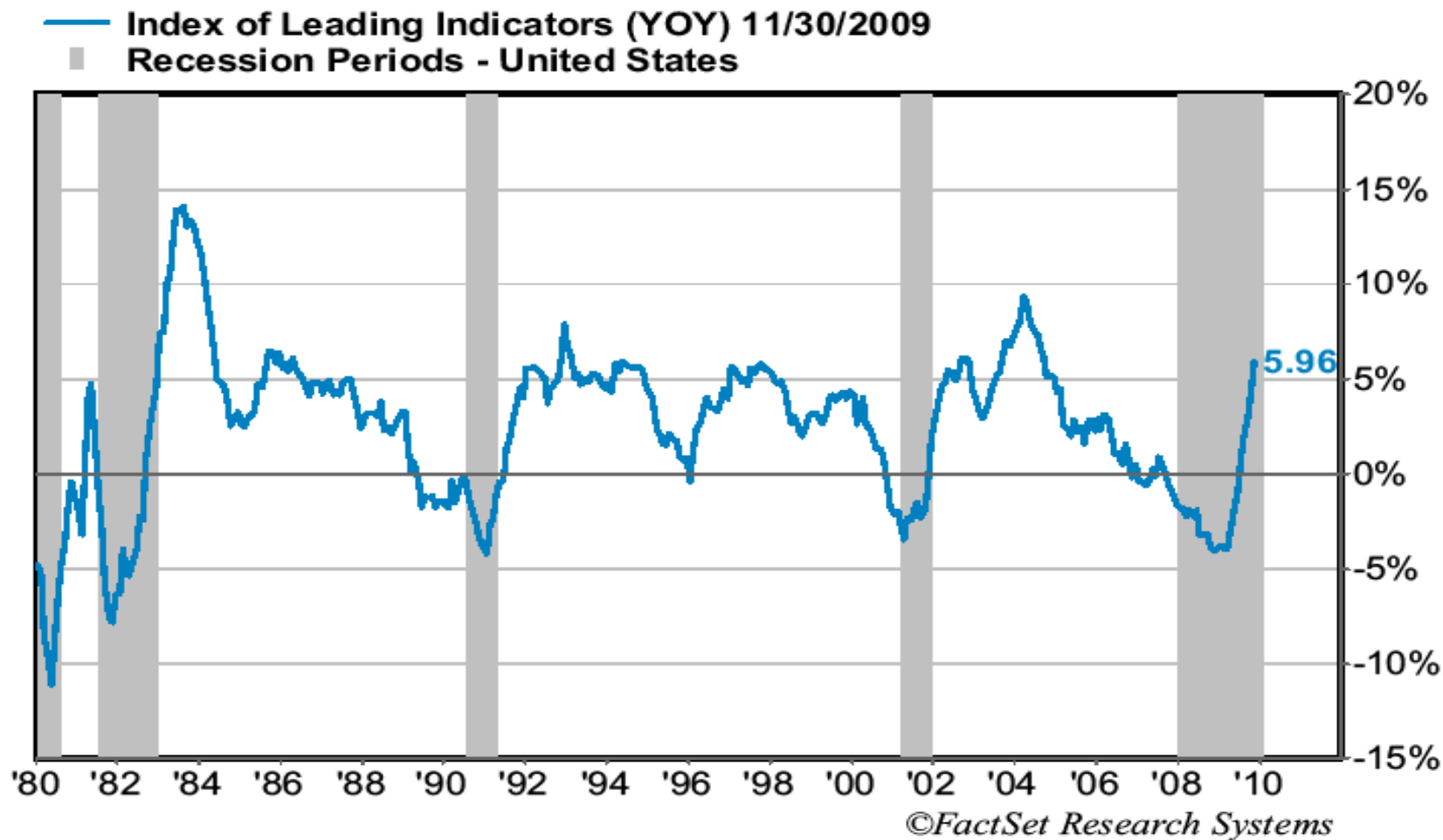


Unemployment High But Job Losses Slow

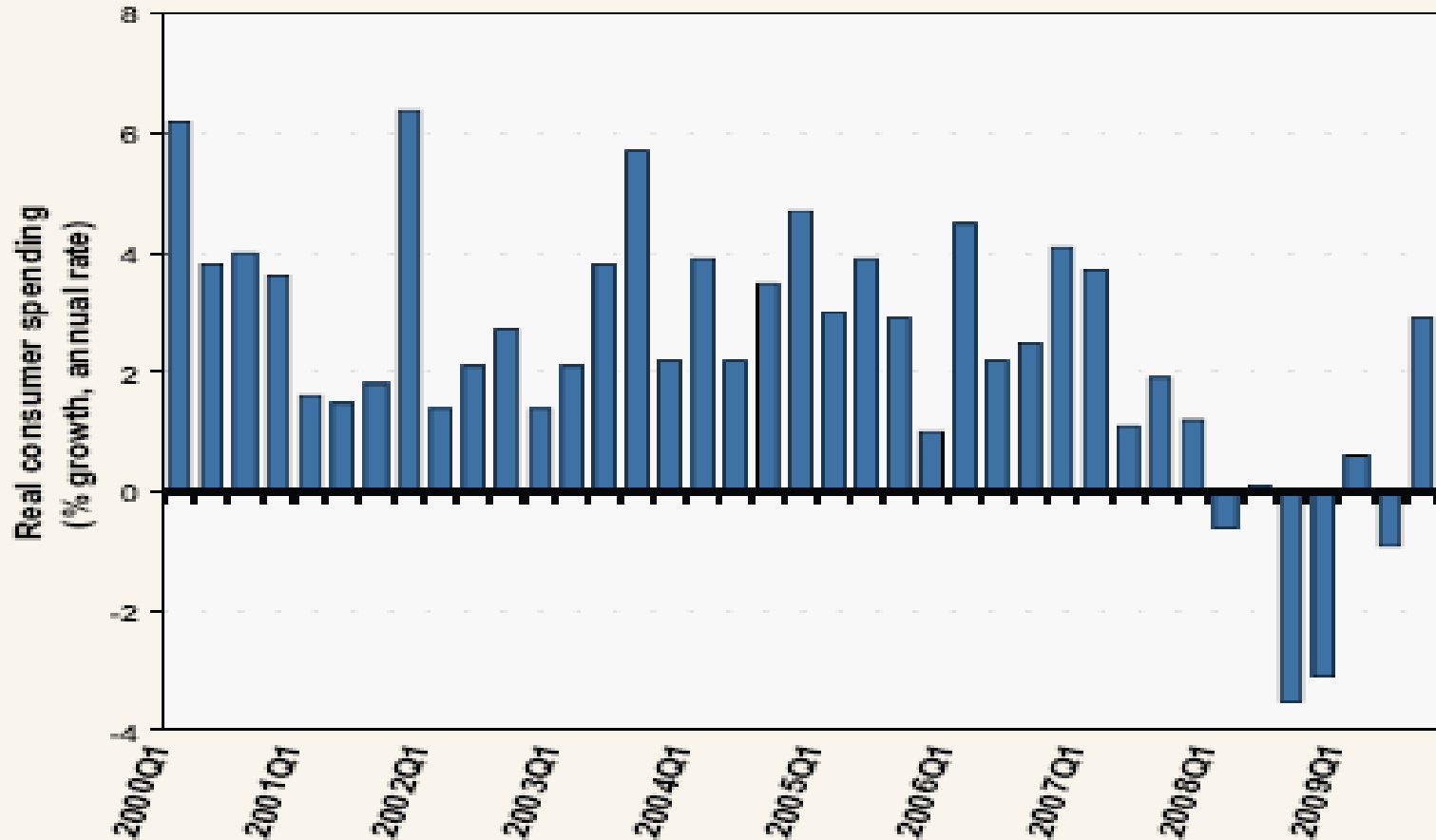


Source: U.S. Bureau of Labor Statistics

Leading Economic Indicators Rise

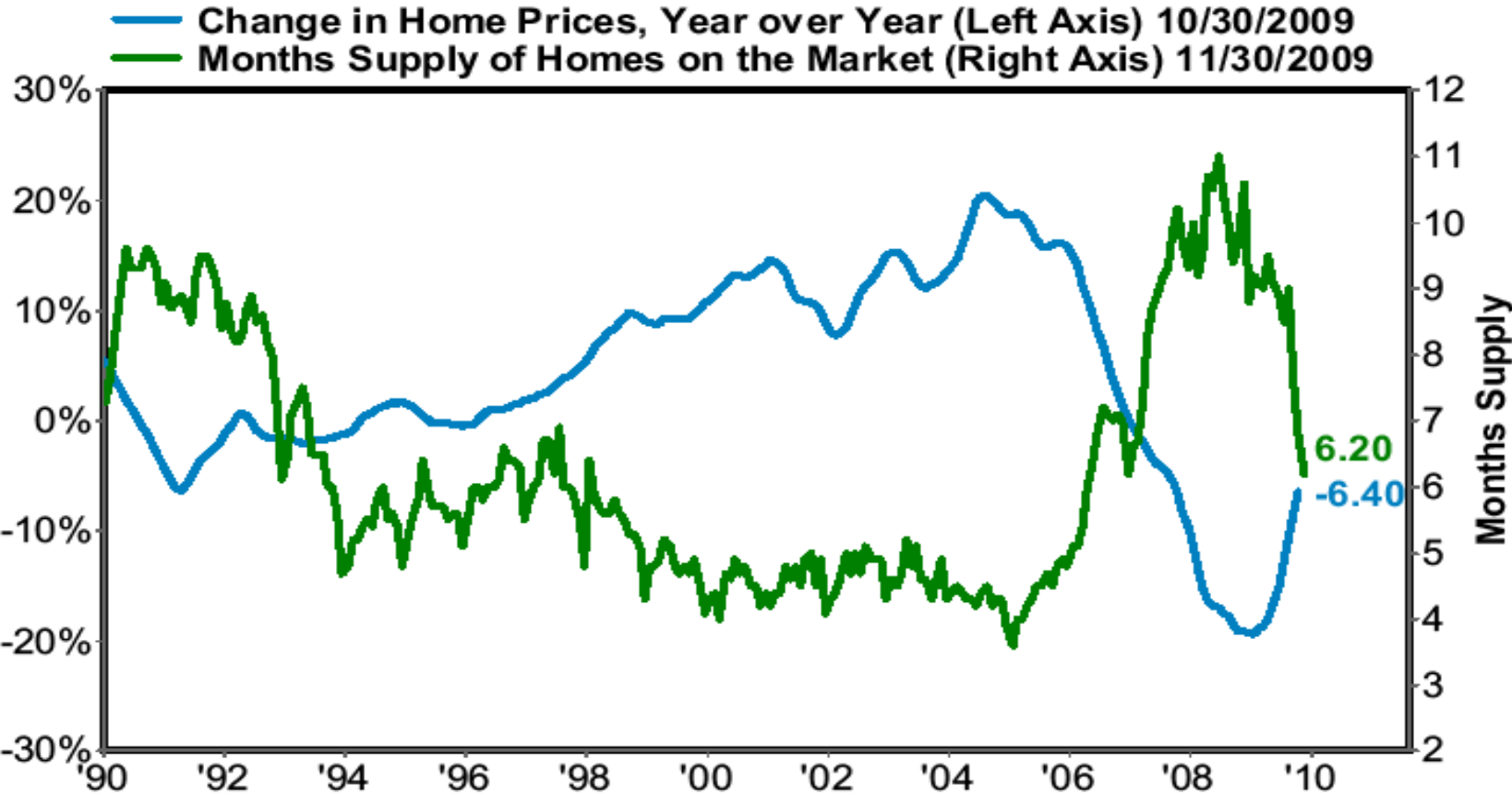


Consumer Spending Rebounds

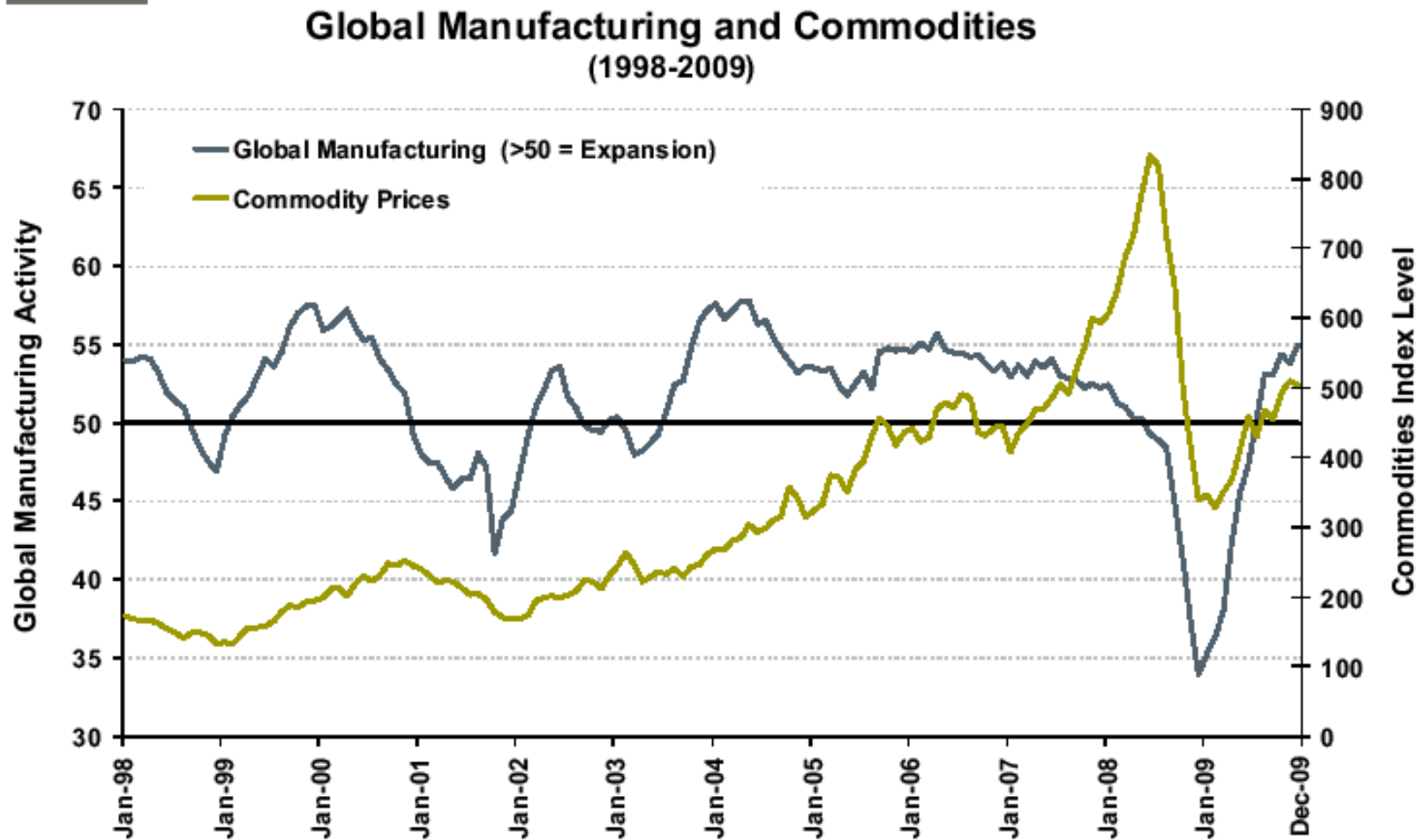


Source: Bureau of Economic Analysis

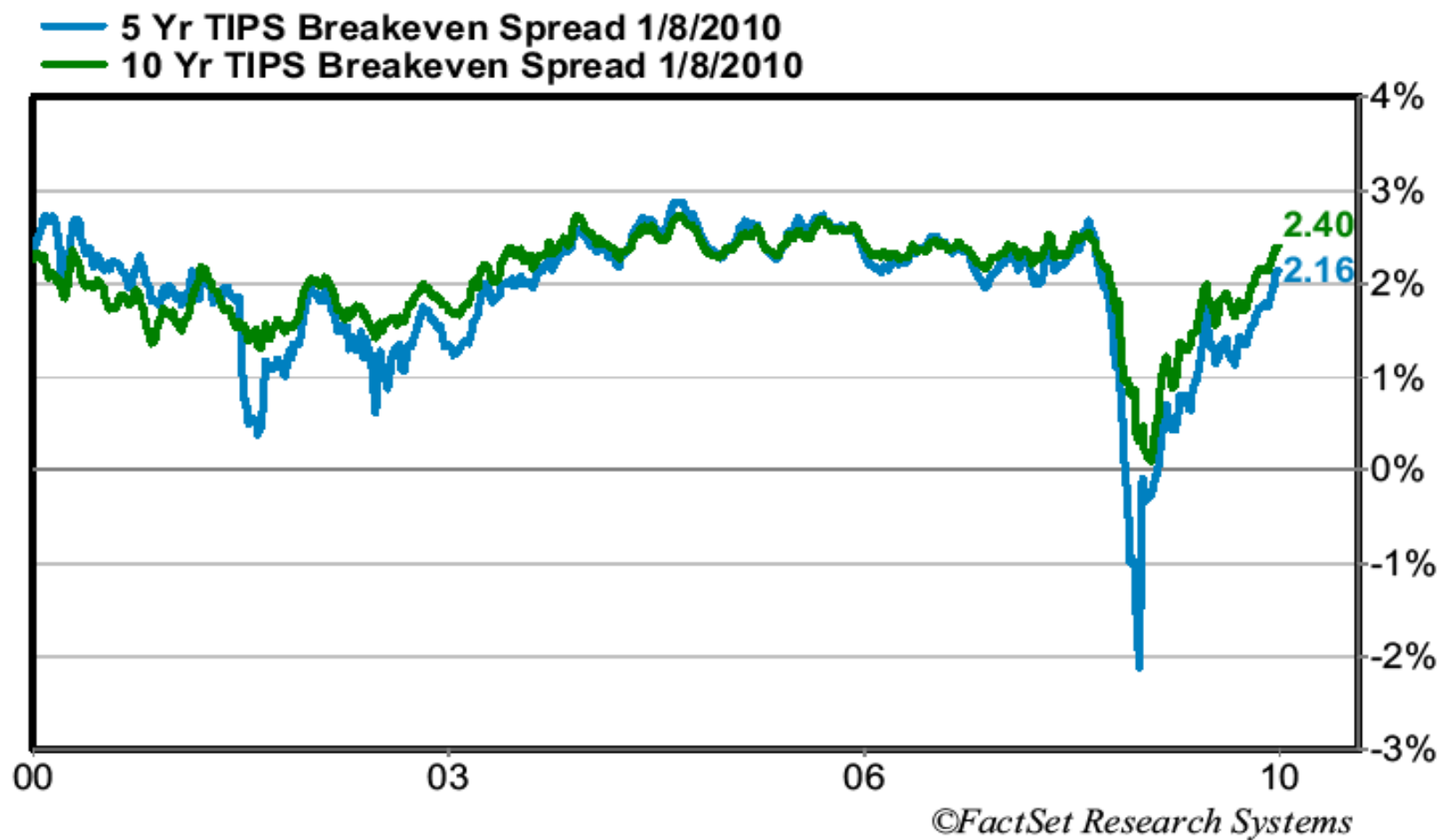
Housing Market Improves



Commodity Prices Reflect Global Recovery

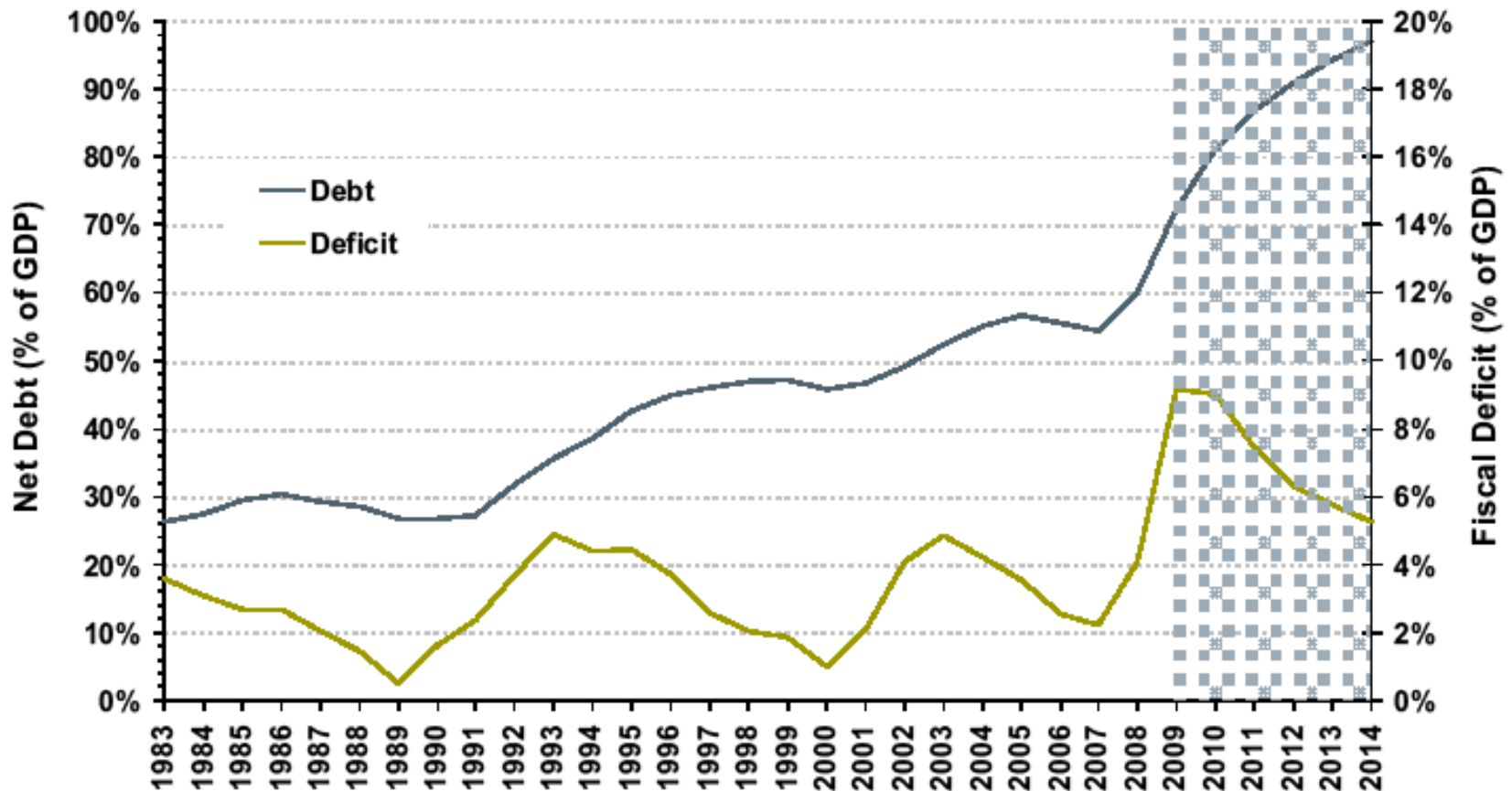


Inflation Expectations Low for Now

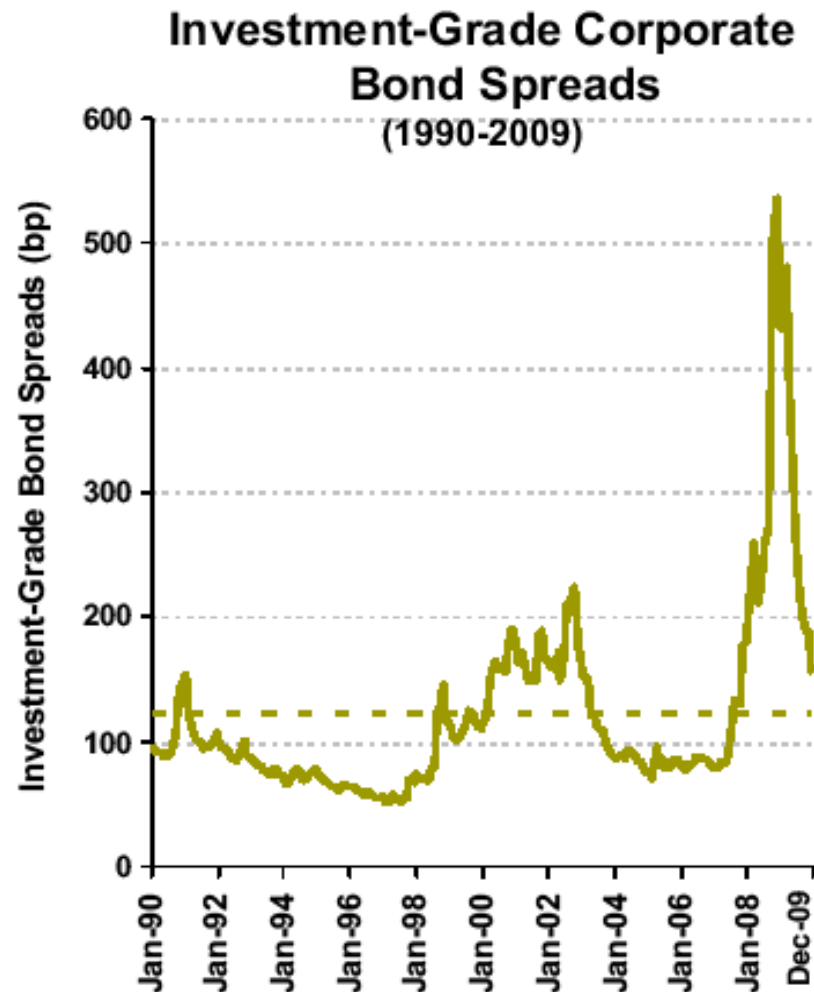
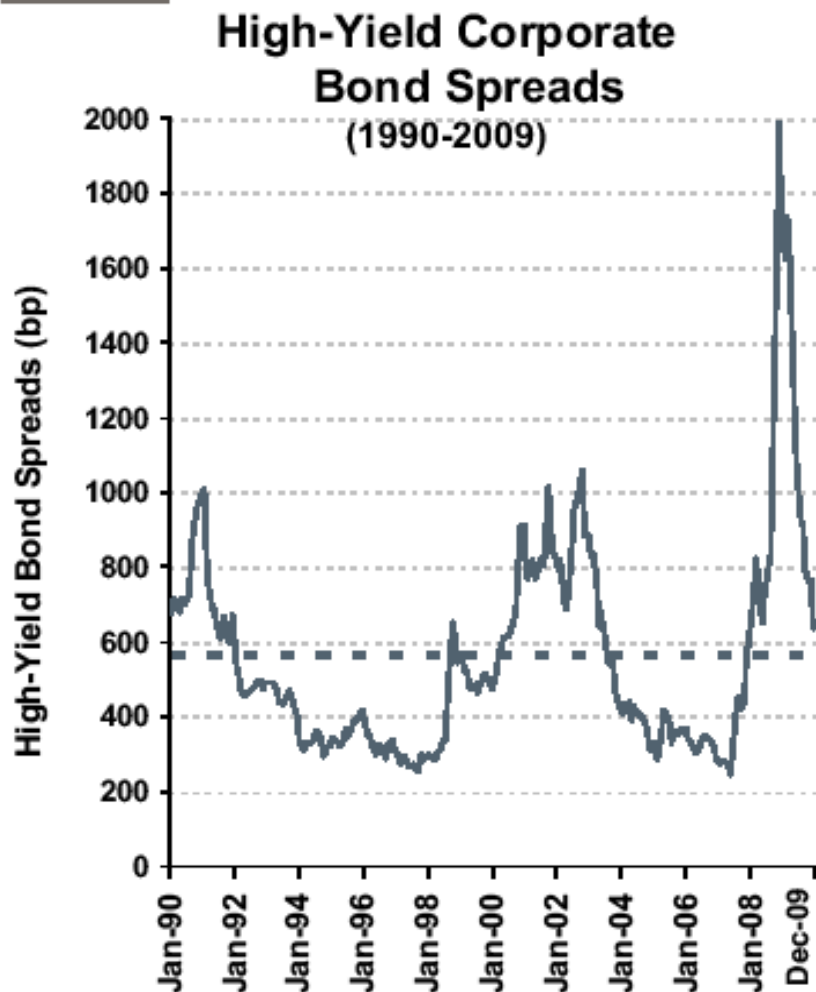


Government Debt Rising

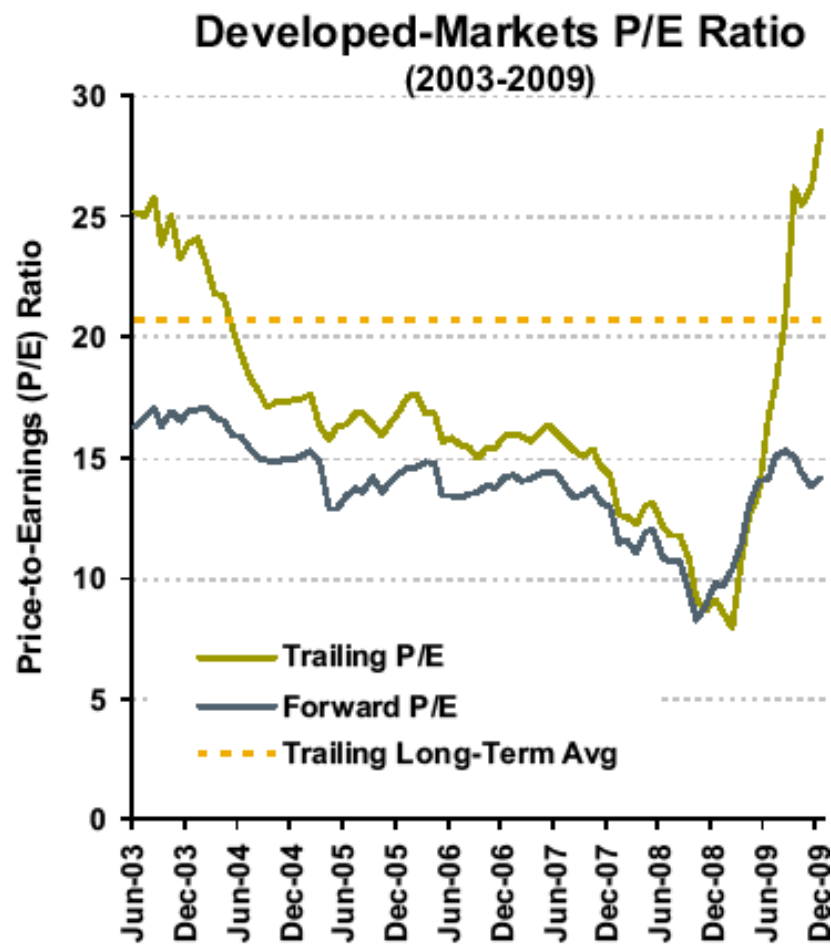
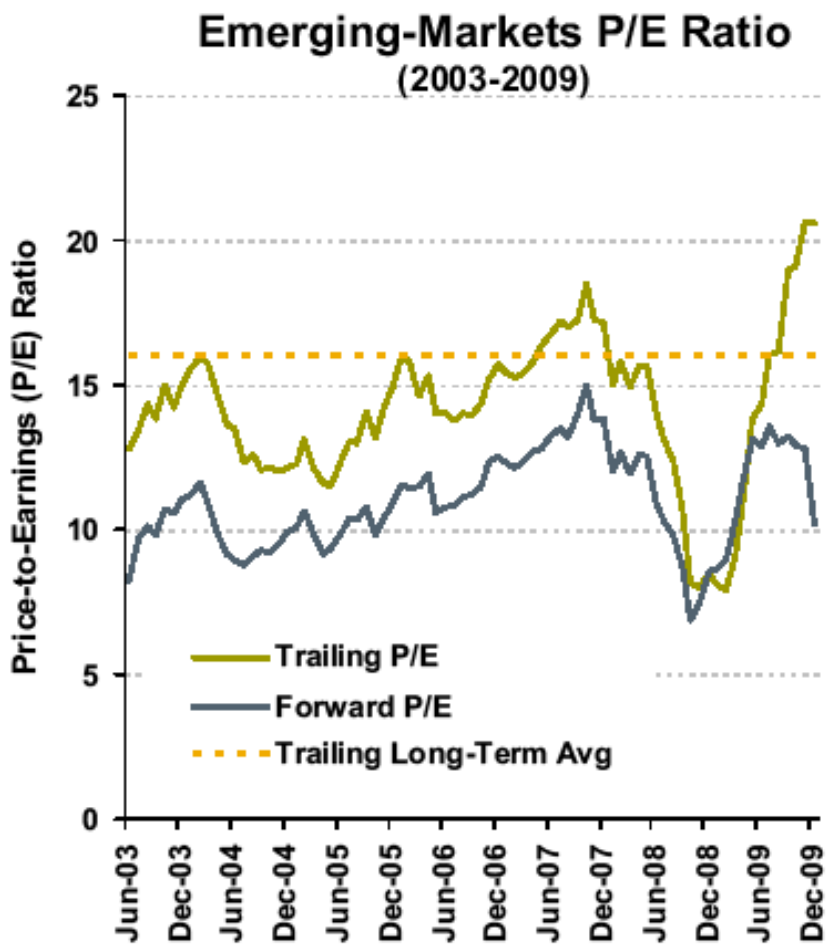
Deficits and Debt of G-7 Countries
(1983-2009)



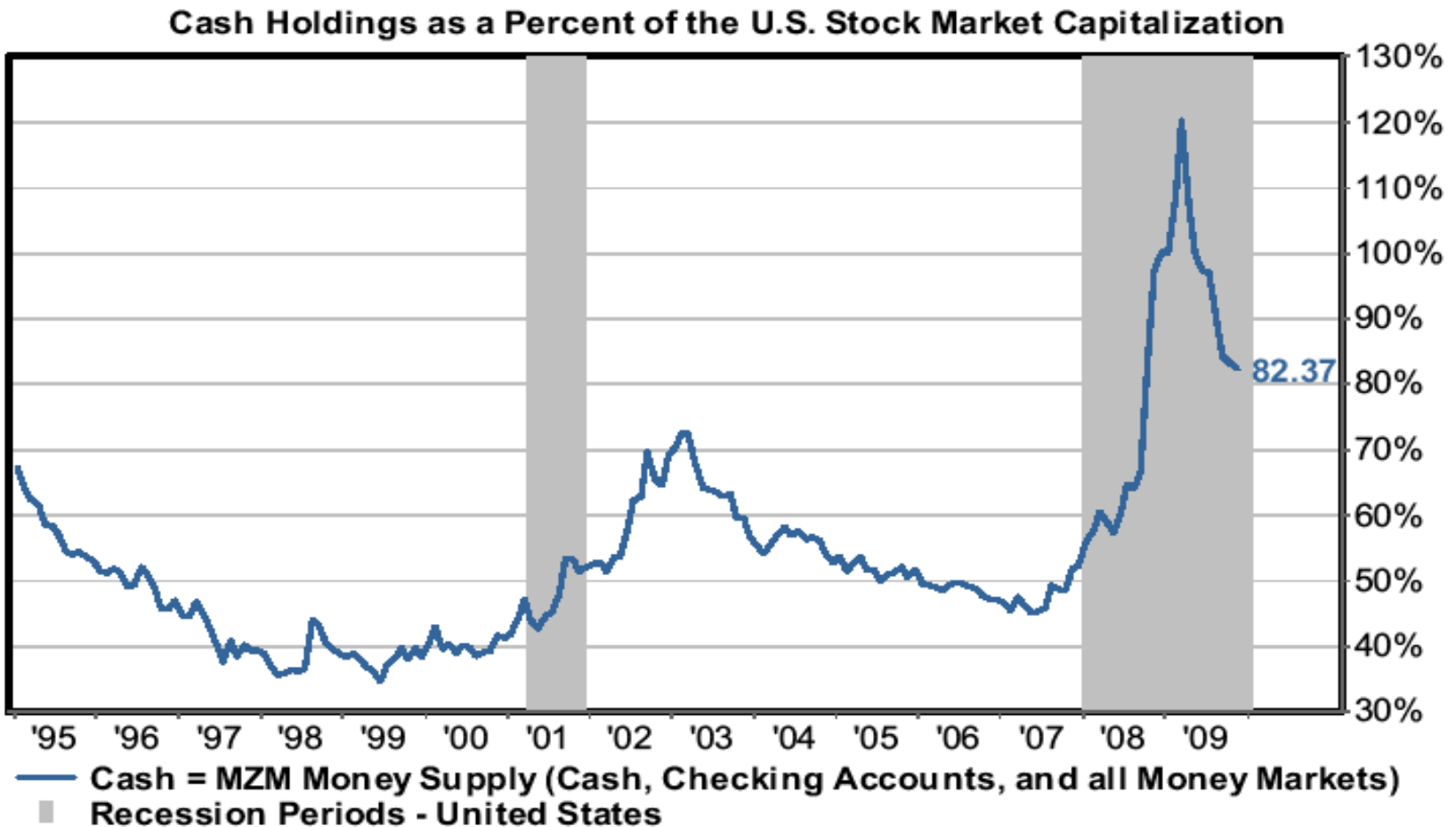
Corporate Bond Spreads Narrow



Stock Valuations Look Reasonable



Still Lots of Cash on Sidelines



Market Index Returns (4Q2009)

