

**Desert Southwest
United Methodist
Foundation
DSUMF**

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MEMO

TO: Agency Depositors
FROM: Rick Brown, Ed.D., CFRE; Executive Director, DSUMF
RE: Monthly Statements: April '04
DATE: May 7, 2004

The Rate of Return (Net of Fees) for April was: - 1.71%
The Rate of Return (Net of Fees) for the Y-T-D is: -0.21%

A comparison of the Foundation's Portfolio performance vs. the major indexes is shown in the chart below.

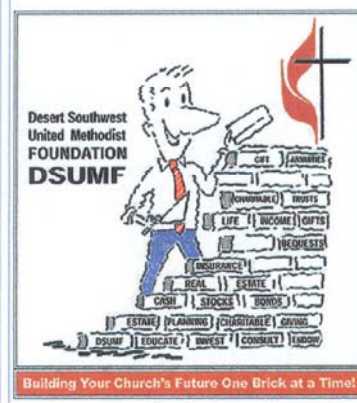
<u>Index</u>	<u>Rate of Return for April (Gross of Fees)</u>	<u>Rate of Return for Y-T-D (Gross of Fees)</u>
S & P 500	-1.68%	-0.41%
DOW Jones Industrial	-1.27%	-2.18%
NASDAQ	-3.71%	-4.15%
DSUMF	-1.56%	+0.41%

The economy continues to be robust. New employment reports are due out tomorrow. The market is currently reacting the consistently bad news coming out of Iraq. Mr. Greenspan has indicated that interest rates will be increased if and when necessary.

In November of 2003, our Investment Committee knew that interest rates were at an all time low and could only go up in the future. When interest rates go up, the return on long-term bonds get adversely affected.

It seems as if that "future" regarding rising interest rates is now. However, you need not be concerned about the bond portion of our portfolio, because the Investment Committee reduced the maturity of all the bonds in our portfolio from a 7 - 10 year average to a 1 - 3 year average. This move, accomplished a few months ago, reduced the portfolio's risk to rising interest rates and is just one of the many reasons why our portfolio continues to compare very favorably to all the major indexes.

Thank you for your continued support and trust in our abilities to manage your church's long-term investments!



Please Make a Bequest to Your Church Through Your Estate Plan!