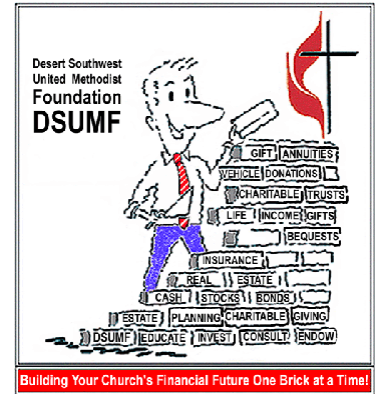


**TO: Agency Depositors**  
**FROM: Rick Brown, Ed.D., CFRE; Executive Director,**  
**Desert Southwest United Methodist Foundation**  
**RE: Monthly Statements for January & February '05**  
**DATE: March 9, 2005**



**The Rate of Return (Net of Fees) for January was: -1.882%**  
**The Rate of Return (Net of Fees) for February was: +1.010%**  
**The Rate of Return (Net of Fees) for the Y-T-D is: -0.780%**

A comparison of the Foundation's Portfolio performance vs. the major indexes is shown below. The indexes do not contain bonds or expenses; The DSUMF portfolio contains up to 35% in bonds.

<u>Index</u>	<u>January ROR % (Gross of Fees)</u>	<u>February ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
<b>S &amp; P 500</b>	<b>- 2.595</b>	<b>+1.855</b>	<b>- 0.691</b>
<b>DOW Jones Industrial</b>	<b>- 2.794</b>	<b>+ 2.566</b>	<b>- 0.156</b>
<b>NASDAQ</b>	<b>- 5.480</b>	<b>- 0.521</b>	<b>- 6.030</b>
<b>DSUMF</b>	<b>- 1.725</b>	<b>+ 1.012</b>	<b>- 0.480</b>

As you can see from the numbers above, our investment strategy continues to serve you well. Our net-of-fees rate of return is very close to a "break even" scenario on the year.

Economic reports released during the past week, particularly employment data, were generally rosier than expected, which only boosted expectations that the Federal Reserve Board would again raise its target for the federal funds rate when it meets March 22. In separate testimony before a presidential tax-advisory panel, Alan Greenspan urged simplification of the tax code and endorsed the idea of a consumption tax. In the financial markets, stocks rose for the week, while bond prices fell.

According to the Labor Department's report released Friday, February saw an increase of 262,000 new non-farm jobs, or roughly double the previous month's gain. There were job increases across major industry groups. The Labor Department's separate survey of households indicated that the unemployment rate, after dipping to 5.2% in January, rose to 5.4% in February, roughly the same level it's been during the last half of 2004.

With both Alan Greenspan and President Bush talking about Social Security and Tax Code reform, perhaps we could see some good work coming out of this year's congress, but I'm not holding my breath on that one!

Our annual audit is complete and once again, we came through with high marks! Congratulations go to both Lucille Sterling, our accountant and our Finance Committee headed by Mr. Dave Craytor of Epworth UMC.

We've been asked by several depositors to hold another Investment Service Presentation like the three we did last year. We are very happy to do so. Therefore we invite all of you to our second annual Investment Service Report. It will be held in the Galvan Room in the Conference Center at 10:00 AM, on April 20, 2005. Please attend. Come and meet our Investment Counselors from Wachovia Securities, Inc. We have some exciting new information about how we are evaluating our Asset Managers' performances. We will also distribute a copy of our annual audit to each depositor in attendance. Call Lucille to reserve your place at 602.266.6956 Ext. 203. Lunch will be served after the presentation.