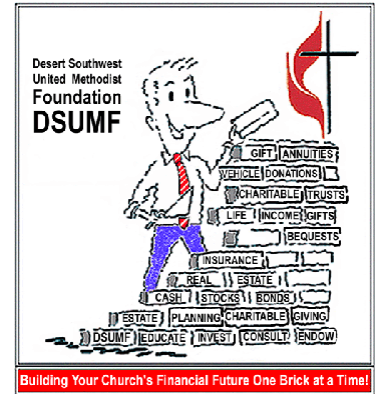


**TO: Agency Depositors**  
**FROM: Rick Brown, Ed.D., CFRE; Executive Director,**  
**Desert Southwest United Methodist Foundation**  
**RE: Monthly Statements for June '05**  
**DATE: July 11, 2005**



**The Rate of Return (Net of Fees) for June was: +0.499%**  
**The Rate of Return (Net of Fees) for the Y-T-D is: - 0.007%**

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

<u>Index</u>	<u>June ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
<b>S &amp; P 500</b>	<b>-0.014</b>	<b>-1.728</b>
<b>DOW Jones Industrial</b>	<b>-1.874</b>	<b>-4.944</b>
<b>NASDAQ</b>	<b>-0.547</b>	<b>-5.760</b>
<b>DSUMF</b>	<b>+0.648</b>	<b>+0.899</b>

For the last week of June, a series of positive economic reports coincided with the Federal Reserve Board's ninth consecutive increase in short-term interest rates. The reports indicated that the U.S. economy appears to remain healthy despite rising oil prices and a dip in construction spending.

As expected, the Federal Reserve's Open Market Committee raised the federal funds rate by a quarter percentage point, to 3.25%—the highest level since mid-2001, but below the historical average. The move continued the Fed's yearlong effort to restrain inflation without stalling economic growth. Looking ahead, most analysts predict that the Fed will continue its incremental rate hikes, barring an unexpected economic slowdown. The FOMC's statement indicated that its approach "is likely to be measured."

The Commerce Department issued revised figures showing that the U.S. economy grew faster than originally estimated in the first quarter. Annualized growth in real gross domestic product (GDP) was adjusted from 3.5% to 3.8%. Analysts attributed the increase to the sustained housing boom, an increase in corporate profits, and better-than-expected export figures. The "core" inflation rate (which excludes volatile energy and food prices) was revised downward, from an annual rate of 2.2% to 2.0%.

Personal income went up in May. There was also a surprising increase in manufacturing activity during June, which was buoyed by an unexpected surge in new orders. Consumer confidence increased again in June, reflecting continued public optimism about the nation's near-term economic prospects. June's increase came despite record-high oil prices and reflected a slight improvement in consumers' assessment of the job market.

We appreciate your continued trust in our stewardship of your funds.

Please remember to visit our web site at [www.dsumf.org](http://www.dsumf.org) to read our monthly newsletter called DOLLAR SENSE.