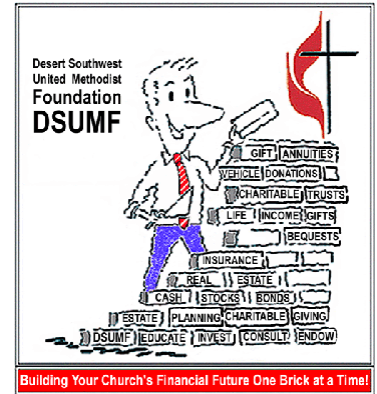


**TO:** Agency Depositors  
**FROM:** Rick Brown, Ed.D., CFRE; Executive Director,  
 Desert Southwest United Methodist Foundation  
**RE:** Monthly Statements for July '05  
**DATE:** August 8, 2005

**The Rate of Return (Net of Fees) for July was:** +1.920%  
**The Rate of Return (Net of Fees) for the Y-T-D is:** +1.914%



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>July ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
<b>S &amp; P 500</b>	<b>+3.521</b>	<b>+1.854</b>
<b>DOW Jones Industrial</b>	<b>+3.439</b>	<b>-1.335</b>
<b>NASDAQ</b>	<b>+5.853</b>	<b>+0.430</b>
<b>DSUMF</b>	<b>+2.053</b>	<b>+2.934</b>

According to reports released last week, economic growth continued at a strong pace in the second quarter of 2005. The record-setting pace of home sales continued in June for both new and existing residences. Businesses' appetite for durable goods also set new records. The Federal Reserve Board said in its commentary that, in all 12 of its districts, business activity continued to expand in June and early July. Reports from most districts described growing retail sales, increased demand for services, and solid growth in manufacturing activity.

The Commerce Department's advance estimate of second-quarter growth in real gross domestic product was slightly ahead of projections, at an annual rate of 3.4%. This was about the same as the Department's original advance estimate for first quarter growth. Lately, the Department's estimates have been conservative in nature and have usually been revised upwards after the facts are in.

At the end of the first week in August, the July, non-farm, jobs report came in much higher than expected at 207,000. Unemployment rates were down too. All in all, the economy seems to be continuing its expansion and most financial experts expect a slow but steady increase in the markets throughout the rest of the year.

Thank you for continuing to place your trust in our investment activities. Should you ever have any questions or concerns, please contact us at your convenience.

Remember to go to our web site at [www.dsumf.org](http://www.dsumf.org) to read the latest issue of DOLLAR SENSE.