

TO: Agency Depositors
FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
RE: Monthly Statements for April '06
DATE: May 8, 2006, 2006



The Rate of Return (Net of Fees) for April was: +0.767%
The Rate of Return (Net of Fees) for the Y-T-D is: +3.090%

A comparison of the Foundation's Portfolio performance vs. the major indices is shown below.
 The indices do not contain bonds, expenses, or managed futures.
 The Foundation's asset allocation is 60% stocks, 30% bonds and 10% managed futures.

<u>Index</u>	<u>April ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+1.219%	+4.990%
DOW Jones Industrial	+2.320%	+6.060%
NASDAQ	-0.736%	+5.320%
DSUMF	+0.922%	+3.721%

Economic reports released this week were much more positive than anticipated. Strong numbers in manufacturing production, factory orders, personal income, and construction spending signaled that the U.S. economy continues to expand. For the first week in May, the S&P 500 Index reached a five-year high, increasing 1.1%, to 1,326, and the yield of the 10-year U.S. Treasury note rose 4 basis points to 5.11%.

Construction spending rose 0.9% in March over February, and 8.4% over March 2005. Manufacturing activity in April increased for the 35th consecutive month, according to the Institute for Supply Management (ISM). The ISM Index rose more than 2 points, to 57.3, the highest reading since November 2005. An index reading greater than 50 generally indicates expansion in the manufacturing sector. The index's components showed strength in production and employment, but also reflected increased inventory levels and higher prices paid for energy and raw materials.

In similar fashion, the ISM Non-Manufacturing Index also increased in April, to 63.0 from 60.5 in March, continuing a trend of 37 consecutive monthly increases. In the non-farm business sector, productivity grew at a 3.2% annualized pace in the first quarter. The U.S. economy added 138,000 new non-farm jobs in April, the lowest monthly total since October 2005. Ironically, the lower than expected non-farm jobs was viewed by many as a signal to the Federal Reserve that perhaps it is time to slow down the increases in the Federal Reserve Rate. The hope that the "Fed" would see the signal caused the significant gains in the markets this past week. Industries with the strongest job growth included financial services, health care, and manufacturing. Meanwhile, the unemployment rate held steady at 4.7%. In the past year, the unemployment rate has generally trended downward from 5.1% to 4.7%. Wages increased 0.5% in April and a solid 3.8% over their year-ago level.

THANK YOU FOR CONTINUING TO ENTRUST YOUR LONG-TERM FUNDS WITH US!