

TO: Agency Depositors
 FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
 RE: Monthly Statements for June '06
 DATE: July 7, 2006



The Rate of Return (Net of Fees) for June was: **-0.288%**
 The Rate of Return (Net of Fees) for the Y-T-D is: **+0.058%**

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>June ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+0.009	+1.76
DOW Jones Industrial	-0.162	+4.04
NASDAQ	-0.312	-1.51
DSUMF	-0.134	+1.00

The last week of June was a heavy one for economic reports, though the dominant news was the interest rate increase by the Federal Reserve Board's Open Market Committee (FOMC) on June 28, 2006. As anticipated, the FOMC raised its target for short-term interest rates by a quarter percentage point, to 5.25%, for the 17th straight time. For the week, the S&P 500 Index rose 2.2% to 1,270. The yield of the 10-year U.S. Treasury note fell 10 basis points to 5.14%.

While the FOMC's statement noted moderating economic growth, due in part to a slowing housing market, it also cited elevated "core" (excluding food and energy) inflation in recent months. Overall, the committee's remarks provoked speculation that the FOMC may be slightly less likely to increase rates at its meeting in August.

The final estimate of growth in first-quarter real gross domestic product (GDP) was an annualized 5.6%, matching analysts' expectations. Most economists anticipate that GDP growth will slow in the second quarter and the rest of the year.

We welcome the creation of and deposit into a new DSAC account for New Faith Communities. Funds for this new account came from the sale of property purchased for Via de Christo UM Fellowship. This deposit, when combined with other deposits so far this year, brings our total deposits to \$1.5 million for the year-to-date. We are very grateful for the continued trust you have placed in our abilities to manage risk and to preserve your investment. As always, please contact us at your convenience with any questions or concerns via e-mail: www.rick@dsumf.org, or by phone: 602.266.6956 Ext. 203.