

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



**The Rate of Return (Net of Fees) for August was:** **+1.190%**  
**The Rate of Return (Net of Fees) for the Y-T-D is:** **+0.341%**

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

<u>Index</u>	<u>August ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
<b>S &amp; P 500</b>	<b>+2.127%</b>	<b>+4.450%</b>
<b>DOW Jones Industrial</b>	<b>+1.747%</b>	<b>+6.190%</b>
<b>NASDAQ</b>	<b>+4.412%</b>	<b>-0.980%</b>
<b>DSUMF</b>	<b>+1.346%</b>	<b>+1.745%</b>

Economic data released during the last week of August revealed that a steady U.S. labor market and solid manufacturing activity continued to bolster consumer spending, despite deterioration in the housing market and weaker consumer confidence. For the week, the S&P 500 Index rose 1.2%, to 1,311, and the yield of the 10-year U.S. Treasury note fell 5 basis points to 4.73%.

The week's highpoint was Friday's non-farm payroll figure, which showed employment increased by 128,000 jobs in August, which was 11,000 jobs higher than the average monthly gain for the prior four months. The unemployment rate for August remained at historic lows of 4.7%.

A revision to real gross domestic product (GDP) calculations for the second quarter was close to consensus estimates. The economy grew at an annualized rate of 2.9% in the second quarter, higher than the 2.5% originally reported, bringing the average GDP for the first six months of the year to 4.25%.

The Institute for Supply Management (ISM) reported that manufacturers enjoyed a 39th consecutive month of economic expansion. The ISM Index stood at 54.5 in August, little changed from the prior month. Construction spending fell 1.2% in July from June. The steepest fall was in private residential construction, down 2.0% from June. Private nonresidential construction increased 0.3%, and public construction fell 0.7%, partly due to a slowdown in highway construction, which is normal as we approach Fall and colder weather across the country.

Despite what you see and hear from major media outlets, our economy is doing GREAT!