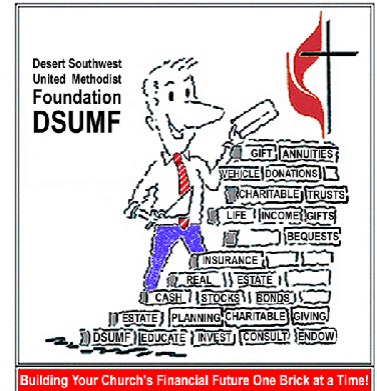


**TO:** Agency Depositors  
**FROM:** Rick Brown, Ed.D., CFRE; Executive Director,  
 Desert Southwest United Methodist Foundation  
**RE:** Monthly Statements for March '07  
**DATE:** April 9, 2007



**The Rate of Return (Net of Fees) for March was:** +0.611  
**The Rate of Return (Net of Fees) for the Y-T-D is:** +1.080

A comparison of the Foundation's Portfolio performance vs. the major indices is shown below. The indices do not contain expenses. The DSUMF portfolio contains up to 60% in stocks, up to 35% in bonds, and up to 10% in Managed Futures.

<u>Index</u>	<u>March ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+0.9980	+0.1805
DOW Jones Industrial	+0.6987	-0.8730
NASDAQ	+0.2272	+0.2629
60% / 40% (SP500 / Aggregate Bond)	+0.7000	+1.0000
DSUMF	+0.7670	+1.5480

A better-than-expected reading on the nation's fourth-quarter gross domestic product highlighted a week that painted a decidedly mixed picture of the economy. For all of 2006, the economy grew at an annualized 3.3% rate, slightly better than 2005's rate of 3.2% but slower than the 3.9% seen in 2004. New-home sales continued their decline, inflationary pressures are creeping upward, and for the week, the S&P 500 Index fell 1.0% while the yield of the 10-year U.S. Treasury note rose 4 basis points to 4.65%.

There was an unanticipated 0.3% increase in construction spending in February—the largest gain in 11 months. It was the result of increases in both private nonresidential construction and public construction. Gains were seen in spending on hotels, shopping centers, and state and local government projects. Given the continued weakness in new-home sales, the 1% decrease in private residential construction was no surprise. Total construction spending was down 2.4% from last February.

All of these economic conditions, when added to political pressures at home and abroad create a volatile market place. Since our portfolio is a “defensive” portfolio, it is at its best when there is volatility in the markets. The evidence in the charts above speaks for itself.

**As always, we appreciate the trust you have placed in us to manage your long-term funds!**