

TO: Agency Depositors
FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
RE: Monthly Statements for June '07
DATE: September 11, 2007



The Rate of Return (Net of Fees) for August was: +0.212%
The Rate of Return (Net of Fees) for the Y-T-D is: +3.613%

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 30% in bonds, and up to 10% in Managed Futures.

<u>Index</u>	<u>Aug ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+1.270%	+3.778%
DOW Jones Industrial	+1.091%	+6.697%
NASDAQ	+1.929%	+6.974%
60% / 40% (SP500 / Aggregate Bond)	+1.400%	+4.300%
DSUMF	+0.366%	+4.880%

Our portfolio continues to outperform both the S&P 500 and the Lehman Brothers "60/40" indices during this period of volatility in the marketplace. The reason is attributed to the low risk level we're taking on your behalf.

The closely watched employment report showed that U.S. payrolls fell for the first time in four years. The weaker-than-expected jobs report was widely seen as putting more pressure on the Federal Reserve to reduce interest rates. Not all of the week's economic news was downbeat, however, as worker productivity increased at a faster-than-expected pace. For the week, the S&P 500 Index was down 1.4% to 1,454 (for a year-to-date total return of 3.79%). The yield of the 10-year U.S. Treasury note fell 17 basis points to 4.37%.

Reflecting weakness in the housing market, construction was among the sectors that suffered the heaviest job losses, with residential specialty trade contractors particularly hard hit. The anemic employment report, which included sharp downward revisions for the June and July payrolls as well, "will weigh more prominently than normal in the Federal Reserve's deliberations on monetary policy" when they next meet on September 18, remarked Vanguard economist Joseph H. Davis. The unemployment rate remained unchanged at 4.6%.

U.S. productivity grew by an annualized 2.6% in the second quarter, another upward revision from the Labor Department's preliminary estimate of 1.8%. The latest productivity figure exceeded economists' expectations and appeared to be a reassuring sign to inflation-watchers, as rising productivity can help restrain inflation. Also encouraging from an inflation standpoint, unit labor costs grew at an annualized 1.4% in the second quarter, which is less than economists had expected and significantly less than a preliminary estimate of 2.1%.

Thank You for continuing to be a member of our Investment Services Family!