

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



**The Rate of Return (Net of Fees) for September was:** +3.305%  
**The Rate of Return (Net of Fees) for the Y-T-D is:** +7.037%

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>Sept. ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
<b>S &amp; P 500</b>	<b>+3.579%</b>	<b>+7.646%</b>
<b>DOW Jones Industrial</b>	<b>+4.026%</b>	<b>+11.493%</b>
<b>NASDAQ</b>	<b>+4.049%</b>	<b>+11.849%</b>
<b>60% / 40% (SP500 / Aggregate Bond)</b>	<b>+2.50%</b>	<b>+7.0%</b>
<b>DSUMF</b>	<b>+3.464%</b>	<b>+8.477%</b>

During the recent period of growth in the marketplace, our portfolio continues to outperform both the S&P 500 and the Lehman Brothers "60/40" indices, while taking 2/3rds of the risk associated with investing in both of those indices.

With new Labor Department data released last week, the September employment situation indicated an improved payroll picture, as was expected. Employment growth rebounded in September, with a net job gain of 110,000. In addition, August's report of 4,000 jobs lost underwent a major revision, showing an ultimate gain of 89,000. Public-sector employment, which had dragged the preliminary numbers down, actually rose in both August and September. Gains also continued in September for service industries, suggesting that spillover from the housing downturn remains largely contained, and private-sector employment as a whole increased. Overall, the unemployment rate rose very modestly in September to 4.7%, from 4.6% in August.

In September, manufacturing continued to expand—though at a slower rate. This sector of the economy is holding up despite ills in the housing industry.

Employment activity in the nonmanufacturing sectors (Service Industries) increased during the month, as did prices, which saw a big rise. The report came in above consensus expectations and suggested a sunny outlook for the services sector, though activity may be quiet for the rest of the year.

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