

TO: Agency Depositors
FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
RE: Monthly Statements for October '07
DATE: December 10, 2007



The Rate of Return (Net of Fees) for November was: -2.562%
The Rate of Return (Net of Fees) for the Y-T-D is: +6.275%

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>Nov. ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	-4.404%	+4.430%
DOW Jones Industrial	-4.008%	+7.290%
NASDAQ	-6.931%	+10.171%
60% / 40% (SP500 / Aggregate Bond)	-1.800%	+6.400%
DSUMF	-2.412%	+8.041%

Economic Week in Review: Unemployment holds steady: Analysts sorted through a mixed bag of economic data last week, trying to get a read on what action—if any—the Federal Reserve Board will take when it meets this week. Optimists found a benign jobs report, increased factory orders, and productivity gains. Pessimists could point to a deceleration in the manufacturing and service segments of the economy.

The unemployment rate remained unchanged at 4.7% in November, and the economy added 94,000 new jobs. Both numbers were slightly more positive than consensus expectations. Job growth was strongest in professional and technical services, health care, and food services, while manufacturing and several home-related and financing categories suffered decreases. Average hourly wages increased 0.5%, to \$17.63.

Manufacturing and service sectors cooled: Activity in the manufacturing sector expanded in November, but at the slowest pace since January, according to the Institute for Supply Management (ISM). The ISM Index fell slightly, to 50.8, and has decreased each month since a June high point of 56. Readings over 50 indicate that the manufacturing sector is still growing. The report showed strength in new orders and production but also reflected rising prices and a falloff in employment.

Productivity increased, wage pressure eased: Third-quarter productivity rose 6.3% in the nonfarm segment of the economy. This increase from the preliminary estimate reported last month was the largest gain in productivity since 2003. The upward revision to productivity—coupled with a downward revision of hourly compensation—lowered unit labor costs by 2.0%. This was viewed as good news by inflation watchers. Factory orders ticked upward

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MERRY CHRISTMAS

AND HAVE A HAPPY, PROSPEROUS NEW YEAR!