

TO: Agency Depositors
 FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
 RE: Monthly Statements for March '08
 DATE: April 6, 2008



The Rate of Return (Net of Fees) for March was: **-0.876%**
 The Rate of Return (Net of Fees) for the Y-T-D is: **-5.327%**

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 25% in bonds, and up to 15% 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	-0.596%	-9.920%
DOW Jones Industrial	-0.029%	-7.553%
NASDAQ	+0.336%	-14.070%
60% / 40% (SP500 / Aggregate Bond)	-0.120%	-4.800%
DSUMF	-0.723%	-4.886%

Second quarter begins with a bounce: The second quarter opened with a stock market rally, even though financial markets remain unsettled by fears of more subprime mortgage-related write-downs. Most economic news pointed to continued weakness and recessionary concerns, as the employment situation deteriorated and construction spending and new orders for manufactured goods fell again. However, a few rays of sunshine in the form of better-than-expected numbers brought hope that April showers might yield some May flowers. For the week, the S&P 500 Index rose 4.2% to 1370. The yield of the 10-year, U.S. Treasury note rose 3 basis points to 3.48%.

Employment news disappointed again: The Department of Labor's Nonfarm Jobs Report for March listed a loss of 80,000 jobs, bringing the total 1st Quarter job loss to 232,000. Construction and manufacturing led the decline, losing a combined 99,000 jobs, which was partly offset by gains in jobs in education and health services. The unemployment rate for March rose to 5.1% from 4.8% in February, hitting the highest level since September 2005 (in the wake of Hurricane Katrina). In other employment news, first-time filings for unemployment during the week ended March 29 jumped more than expected to 407,000, the highest level in more than two years.

Construction spending down again, but better than expected: Total construction spending in February decreased by only 0.3%. The Commerce Department also reported that construction in the considerably smaller public sector continued to buck the trend, by increasing 0.4%.

During this down turn in the economy, our defensive portfolio continues to perform well. Our losses are less than half of those experienced by the S&P 500 because 40% of our portfolio actually showed gains for the 1st quarter of 2008. Historically, when the market is down our portfolio is down too, but because of our diversity and low risk, we never experience losses equal to the broader market losses. Our losses are always less. This makes recovery from losses quicker and quick recovery enables us to provide greater gains over the long term.

**Thank You for continuing to be a member of our Investment Services Family!
 We welcome St. Francis of the Foothills UMC as our newest Family member!**