

TO: Agency Depositors
 FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
 RE: Monthly Statements for March '08
 DATE: May 8, 2008



The Rate of Return (Net of Fees) for April was: **+2.784%**
 The Rate of Return (Net of Fees) for the Y-T-D is: **-2.692%**

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>April ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+4.755%	-5.637%
DOW Jones Industrial	+4.544%	-3.352%
NASDAQ	+5.866%	-9.029%
60% / 40% (SP500 / Aggregate Bond)	N/A	N/A
DSUMF	+2.942%	-2.100%

The Federal Reserve Board lowered its target for the federal funds rate by a quarter-point to 2.00% and gave clues that it may take a wait-and-see approach for additional actions in the short term. This was the 7th rate cut since September 2007. For the week ending May 2, 2008, the S&P 500 Index rose 1.1% to 1,414. The yield of the 10-year U.S. Treasury note fell 2 basis points to 3.85%.

Despite the media's hype about recession, the U.S. Economy has yet to produce two successive negative growth quarters, which is the definition of a recession. The U.S. economy expanded in the first three months of 2008 at a 0.6% annual rate. This matched the 0.6% pace in the fourth quarter of 2007. The economy as measured by the Gross Domestic Product (GDP) has been in positive territory since the fourth quarter of 2001.

The U.S. economy shed 20,000 jobs in April. Again, despite media hype about recession, this was far fewer than expected by industry "experts," and analysts alike. Unemployment rates actually fell slightly to 5.0%. The unemployment numbers have ranged between 4.5% and 5.1% over the past year.

Personal spending rose a higher-than-expected 0.4% in March, suggesting a level of consumer resiliency in the face of economic headwinds. Personal income rose 0.3%, though it was below February's 0.5% level.

Ironically, consumer confidence as measured by the Consumer Confidence Index slipped in April to the lowest level since the start of the Iraq war in March 2003, and the second-lowest level since 1993. At a time when personal income is up and personal spending is up, why is it that consumer confidence is down? That is easy to answer! All you have to do is listen to the news or read a newspaper to learn "how bad the economy is!" Do you think any of the media outlets have a political agenda driving their negativity?

Demand for manufactured goods increased a surprising 1.4% in March. Spending on nonresidential construction projects increased 1.3% in March and 11.8% from a year ago, driven in part by outlays for office buildings, hotels and motels, hospitals and medical buildings, and communications towers and buildings.

The economy is not that bad, and it is getting better.

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