

TO: Agency Depositors
 FROM: Rick Brown, Ed.D., CFRE; Executive Director,
 Desert Southwest United Methodist Foundation
 RE: Monthly Statements for May '08
 DATE: June 9, 2008



The Rate of Return (Net of Fees) for May was: **+2.188%**
 The Rate of Return (Net of Fees) for the Y-T-D is: **-0.562%**

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>May ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	+1.067%	-4.629%
DOW Jones Industrial	-1.418%	-4.723%
NASDAQ	+4.553%	-4.887%
60% / 40% (SP500 / Aggregate Bond)	+0.490%	-1.800%
DSUMF	+2.346%	+0.183%

Economic reports this week carried glimmers of hope mixed with signs of a slow but steady recovery. New home sales showed some stability, while consumer confidence remains low based largely on increasing costs of fuel. Consumers are holding back on spending. Inflation seems to be a hurdle and continues to eat up the small gains in personal income.

New home sales rose 3.3% in April to 526,000 annualized units. This was the first increase in sales in six months. Inventories shrunk in April and the median home price picked up, but annualized sales for the month remained 42% below this time one year ago.

Durable-goods orders fell 0.5% in April, which was less than the expected -1.1%, hinting that businesses are more willing to invest in machinery and other equipment. The uptick in orders last month was largely due to an increase in electronic equipment and appliances orders. One gauge of business spending rose 4.2%, its highest level since December. Analysts cautioned, however, that business spending is not yet broad-based. Transportation, which represents a significant chunk of the durable-goods orders, continues to struggle.

The nation's real gross domestic product (GDP) inched up 0.9% in the first quarter of 2008, slightly higher than the 0.6% rate estimated in April. The upward revision reflected an increase in nonresidential construction and consumer spending on nondurable goods. Consumer spending, which accounts for 70% of GDP, grew 1%. The growth is at a slow pace, but it is growth nevertheless. Personal income and consumer spending both grew 0.2% in April.

Despite what you hear in the news, actual facts, figures, and results of analyses indicate **the economy is not in recession**. As usual, media bias continues to ignore the facts, and figures, and provides the American public with an improper perspective on our economy. Unfortunately, uninformed perceptions influence economic activity. The point here is that our economy is weaker than it was 6 months ago, but it is still strong and resilient. You should always know the biases of the sources of information you choose to receive and make your conclusions accordingly.

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