

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



The Rate of Return (Net of Fees) for June was: **-3.333%**
 The Rate of Return (Net of Fees) for the Y-T-D is: **-3.877%**

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>June ROR % (Gross of Fees)</u>	<u>Y-T-D ROR % (Gross of Fees)</u>
S & P 500	-8.596	-12.828
DOW Jones Industrial	-10.193	-14.435
NASDAQ	-9.104	-13.547
60% / 40% (SP500 / Aggregate Bond)	-5.090	-6.690
DSUMF	-3.184	-2.983

This past week's economic news painted a picture of an economy struggling with surging oil prices and a general slowdown. The unemployment rate held steady. Private construction spending was down, but public sector spending increased. Growth stalled in the service sector while factory activity increased slightly. For this holiday-shortened trading week, the S&P 500 Index fell 1.2%, and the yield of the 10-year U.S. Treasury note fell 1 basis point to 3.98% (for a year-to-date decrease of 6 basis points).

June's unemployment rate held steady with May's 5.5% level, but what mainstream news media does not tell you is that 100% of the increase in unemployment from 5% to 5.5% from May to June was due to the sudden influx of students finishing classes. This, of course, happens every year when students finish classes in May, but that wasn't covered in the news. The Labor Department reported that jobs in construction, manufacturing, and employment services were lost in June, while jobs in health care and mining were added. The upward spiral in energy prices is eroding transportation payrolls, especially in trucking.

The Institute of Supply Management (ISM) Index of factory activity improved modestly from 49.6 in May to 50.2 in June, the first reading above 50 since January. (A reading above 50 in this closely watched gauge indicates that manufacturing activity is generally expanding.) Manufacturing inventories increased to 51.2, the highest level in three years. In related news, factory orders rose 0.6% in May, the third consecutive monthly increase.

Despite what you hear in the news, actual facts, figures, and results of analyses indicate that while the economy is struggling due mainly to the surge in oil prices, it is not in a recession. As usual, mainstream media bias continues to ignore the real facts, and figures. The result is that the American public is provided 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!