

TO: Agency Depositors
FROM: Ralph J. Serpico, Executive Director
 Desert Southwest United Methodist Foundation
RE: Monthly Statement for May, 2009
DATE: June 18, 2009



The Rate of Return (Excluding Fees) for May was: +3.542%
The Rate of Return (Excluding Fees) for YTD May was: +3.315%

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 20% in fixed income investments, and up to 20% in Managed Futures

<u>Index</u>	May ROR	Y-T-D ROR
S & P 500	+5.59%	+2.96%
DOW Jones Industrial	+4.52%	-1.61%
NASDAQ	+3.48%	+13.23%
60% / 40% (SP500 / Aggregate Bond)	+3.65%	+2.71%
DSUMF (Including Fees)	+3.702%	+3.913%

May reported good news on the housing front. According to data from the US Commerce Department, U.S. housing starts were up 17.2% in May, rising to a seasonally adjusted annual rate of 532,000 after plunging 12.9% in April, a postwar low. This strong showing was led by a 62% gain in new construction of multifamily dwellings. New construction of single-family homes rose 7.5% to a 401,000 rate, the highest since November. Permits for single-family homes rose 7.9% to a 408,000 annual rate, also the highest since November.

The news on unemployment gave mixed economic signals in May. According to the ADP employment index, the U.S. private sector eliminated 532,000 net jobs in May, the fewest jobs lost since November. Goods producing industries cut 267,000 jobs while services cut 265,000. The May U.S. unemployment rate jumped to a 26-year high of 9.4% as the number of jobless Americans rose by 787,000 to 14.5 million.

Claims for unemployment benefits also continued to rise in May. For the week ending May 30, continuing claims for benefits reached a new record high, rising 59,000 to 6.82 million, continuing the trend of setting record highs for 19 consecutive weeks. During May, the four-week average of these continuing claims rose 57,250 to a record 6.75 million. The level of initial claims is up 55% from the same period in 2008, and the level of ongoing claims is more than double those in 2008.

The major market indicators showed improvement in May with the S & P 500, DJIA, NASDAQ and the 60/40 reporting positive gains. Slow economic growth and increases in stock averages will likely occur over the long term, i.e., the next 10 years as the economy continues to adjust to consumer and industrial demands and governmental influence.

The rate of return for the DSUMF portfolio before fees showed an increase of 3.542% in May offsetting losses in January and February, bringing the YTD returns to a plus 3.315%.