Nebraska United Methodist Foundation

AS OF JUNE 30, 2008

MANAGER COMMENTARY:

The second quarter began with promise as April and May were positive months, breaking what had been a five month losing streak for stocks in the S&P 500. However, the month of June was one of the worst months in recent memory, with stocks down near double-digits for the month, and markets are now teetering near bear market territory. Surging energy prices, massive write-downs by financial firms, and plunging consumer confidence have all contributed to the dismal market performance. Year to date, the S&P has lost 12%, while the Dow Jones Industrial Average and NASDAQ Composite are each down over 13% for the first half of 2008. Losses have been widespread, as energy and basic materials companies have been the only positive sectors in the domestic market. While there has been some historical precedence for stocks to rebound from oversold levels such as the current market environment, the increased volatility is almost assuredly here for the near-term, making the direction of the market very difficult to predict.

The bond market continues to be a relatively safe haven for investors, although bonds did lose ground in the second quarter. Continued fears of a possible recession and concerns about liquidity in the financial system prompted the Fed to cut rates to the current level of 2.0%, although the Fed has paused and now is weighing growth concerns against inflation fears that have been capturing headlines and pinching consumers ever more. Credit spreads have seen some improvement, and the yield curve has returned to a normal slope, with longer-term bonds earning higher rates than shorter-term issues.

ALLOCATION & PERFORMANCE:

	Allocation						
	Equity	Fixed Income	2nd Qtr	YTD	1 Year	3 Year*	5 Year*
Fixed Income	0%	100%	-1.20%	1.37%	7.51%	4.41%	3.55%
Conservative	25%	75%	-1.14%	-1.91%	1.47%	3.66%	3.96%
Balanced	50%	50%	-1.43%	-4.70%	-4.33%	3.66%	5.20%
Growth	75%	25%	-1.27%	-7.41%	-9.72%	3.11%	6.10%
Equity	100%	0%	-1.47%	-10.73%	-15.32%	2.30%	7.03%

MANAGER OUTLOOK:

During the second quarter, each of the funds outperformed their respective benchmarks. We remained slightly underweight equities in each portfolio. The equity-portion of the account fell 1.47%, versus down 2.72% for the S&P 500. Year to date, the portfolio returns ranged from up 1.37% for the most conservative to down 10.73% for the all-stock portfolio. Again, the S&P 500 was down 11.90% for the six months ending June 30.

As we look forward to the balance of 2008, we continue to expect volatility in the equity markets and believe that superior diversification will lead to excess returns. While there is no question of the headwinds facing the market, the selloff in the market may present long-term opportunities.

*Annualized returns