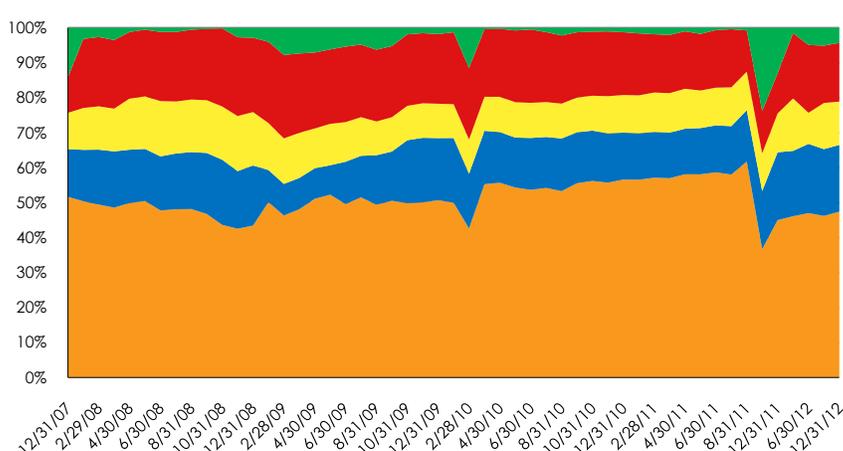


Asset Allocation

Five Year Historical Asset Allocation



Asset Class	Actual	Target	Over/Under Target
Equity	47.4%	45%	+2.4%
Fixed Income	19.1%	20%	-0.9%
Real Assets	12.4%	15.0%	-2.6%
Multi-Strategy	16.8%	20%	-3.2%
Cash	4.3%	0%	+4.3%

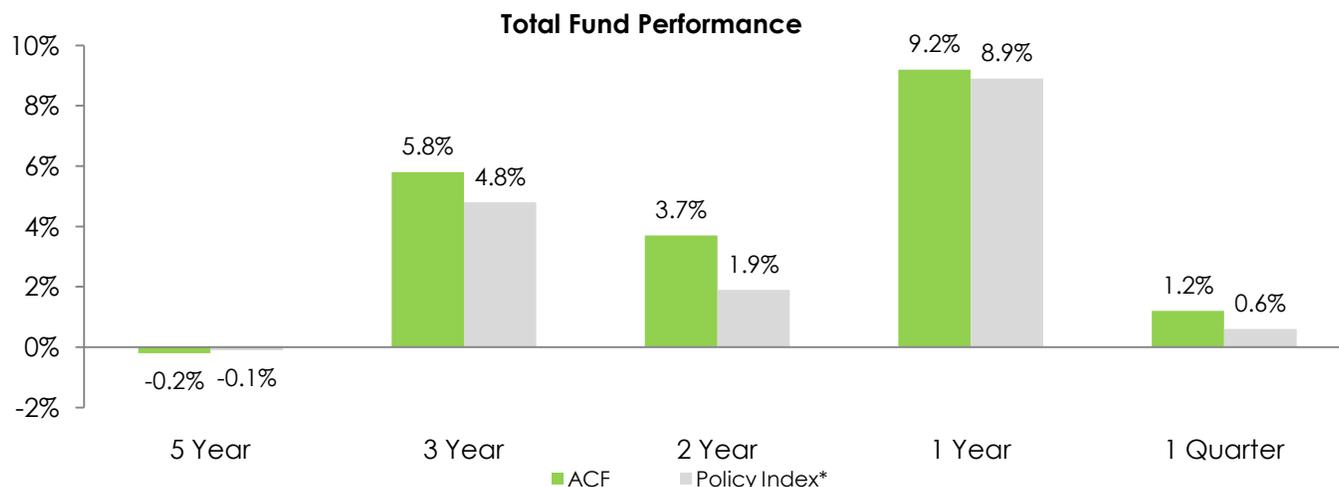
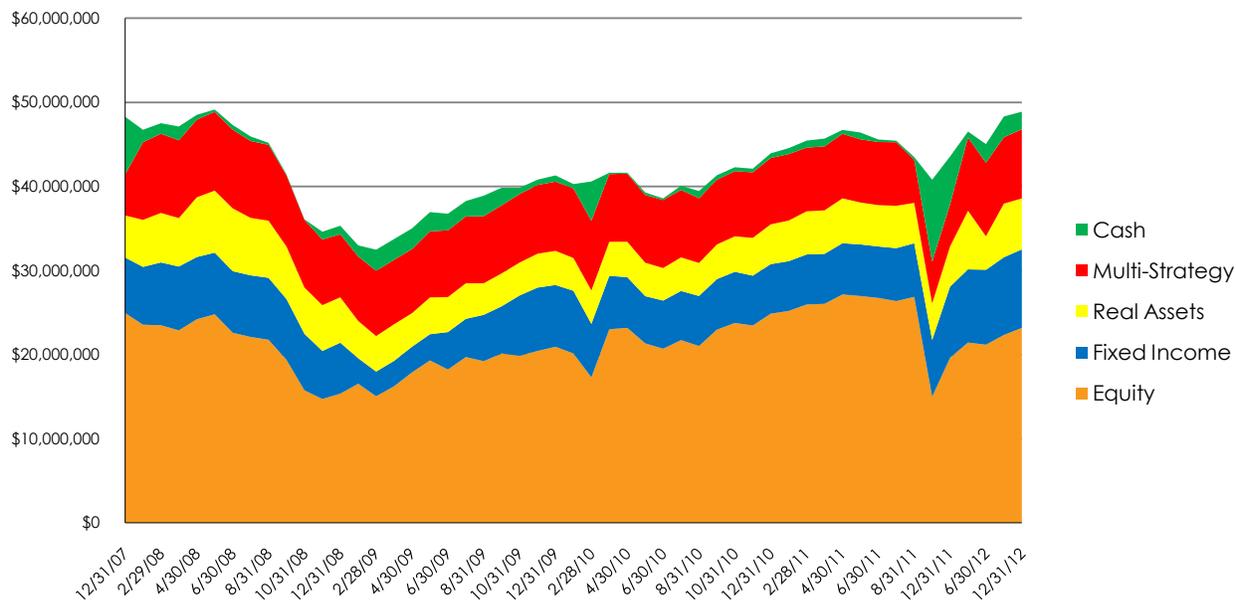
Investment Objective

The objective of the total return investment management program is to produce growth and income sufficient to support both donor goals and Foundation objectives. The long-term objective of total return (the sum of earned interest and dividends and realized and unrealized gains or losses less all investment management costs) shall be CPI plus the current spending rate of 4.5% plus the Foundation's average administration fees of 1.2%. Significant emphasis shall be placed upon the preservation and enhancement of the purchasing power of the principal amount of assets in the investment account.

Consultants Comments

- The Foundation has submitted its final redemption request to Corbin (Pinehurst). To date, it has received roughly 75% of its redemption, and the Foundation expects to receive the final redemption payment in early 2013.
- At quarter-end, the Foundation made an additional contribution of \$1,100,000 to BlackRock Tempus.
- Currently the Multi-Strategy composite is 3.2% below target. This is due to the redemptions submitted to Corbin, and distributions from Silver Creek. As these redemptions are received, the Foundation will look to add a Multi-Strategy manager where appropriate. Cash will also be dispersed to bring allocations more closely in line with targets.
- Slocum believes the Albuquerque portfolio is properly positioned and broadly diversified between domestic and global mandates and across diversified asset classes, which enables it to participate in market rallies, with lower volatility, while minimizing losses in down markets.

Five Year Historical Market Value (millions)



Consultants Comments

The Albuquerque Community Foundation's total portfolio returned +1.2%, net of fees, during the fourth quarter, outpacing its *Policy Index* by +60 basis points. Macro considerations dominated markets in the quarter. The major market events were the November elections and whether Congress would pass a deal to resolve the Fiscal Cliff. The elections essentially maintained status quo, and while a deal was made in the final hours, it was another "kick the can down the road" action, as opposed to an actual resolution of the severe and unsustainable imbalances in taxation and spending. International equities significantly outpaced their U.S. counterparts. With the uncertainty of the November elections and the Fiscal "whiff" U.S. equities were relatively flat outside of the small cap space. In general, domestic employment numbers showed improvement during the quarter, and the housing market continued to stabilize. Outside the U.S., equities rallied as markets reacted positively to the absence of external shocks. Efforts to fix the European Union, coupled with growing optimism about China's economy, aided risk assets. The Fed continued its open ended asset purchases during the quarter, adding liquidity to the markets. The Federal Reserve openly stated that it will no longer target a nominal inflation rate, but rather set an unemployment target of 6.5%, and will keep interest rates low until this goal is met. U.S. Treasury yields were slightly higher during the quarter, but remained lower than at the beginning of the year. Despite higher yields, excess returns were mostly positive for all fixed income spread sectors. 2012 was a strong year for absolute and relative returns in the fixed income market, with continued high technical demand from pension funds, retail investors, and central banks bolstered by negative real yields in safe harbor assets.

* The policy index can be thought of as the expected return if the Foundation invested only in passive indices, weighted according to the approved target weights for each asset class, without fees.

LIQUIDITY	MANAGER	MARKET VALUE	% OF PORTFOLIO
Daily	Dodge & Cox Global Value (DODWX)	\$5,108,401	10.5%
Daily	IronBridge (IBSMX)	\$3,596,670	7.4%
Daily	Vanguard Dividend Appreciation (VDAIX)	\$1,505,099	3.1%
Daily	Eaton Vance Structured Emerging Markets (EEMX)	\$1,479,247	3.0%
Daily	Dreyfus Global (DGLRX)	\$4,658,180	9.5%
Annually ¹	Common Sense	\$2,299,397	4.7%
Illiquid	Private Equity	\$4,512,827	9.2%
	Total Equity Focused	\$23,159,820	47.4%
	Fixed Income		
Daily	PIMCO Unconstrained (PFIUX)	\$2,295,850	4.7%
Monthly w/ 10 day notice	Colchester Global Bond	\$2,222,593	4.5%
Daily	Janus (JFLEX)	\$3,143,214	6.4%
Daily	T. Rowe Price Emerging Markets (PREMX)	\$1,670,085	3.4%
	Total Fixed Income Focused	\$9,331,741	19.1%
	Real Asset		
Monthly w/ 35 day notice	Blackstone Resources Select	\$4,214,314	8.6%
Daily	Invesco (BRCYX)	\$1,848,802	3.8%
	Total Real Asset Focused	\$6,063,116	12.4%
	Multi-Strategy		
Quarterly w/ 65 days notice	Magnitude International	\$1,946,162	4.0%
Semi-annual w/ 120 prior notice	BlackRock Tempus	\$3,079,679	6.3%
Quarterly w/ 100 day notice	Corbin Pinehurst	\$1,921,329	3.9%
Liquidating	Silver Creek Low Vol II Ltd	\$1,265,599	2.6%
	Total Multi-Strategy	\$8,212,769	16.8%
	Cash		
Daily	Cash	\$2,097,525	4.3%
	Total Foundation	\$48,864,973	100.0%

¹ Common Sense recently improved the Fund's liquidity terms, allowing 25% partial redemptions on a quarterly basis with a 100 days' notice, with 100% liquidity available at calendar year-end.

Asset Class Definitions

- **Equities** can include but is not limited to strategies such as global equities, domestic equities, international equities, and emerging markets equities. It can include structures such as separate accounts, mutual funds and commingled funds for long-only equities, and limited partnerships and mutual funds for long/short equities and private equity.
- **Fixed Income** can include but is not limited to strategies such as global bonds, domestic fixed income securities, international, and emerging markets fixed income. It can include structures such as separate accounts, mutual funds and commingled funds for long-only fixed income, and limited partnerships and mutual funds for long/short fixed income and opportunistic structures. Securities can include, but are not limited to, Treasuries, U.S. government Agency securities, Asset backed securities and other Sovereign bonds, as well as Corporate bonds and other non-agency securities.
- **Real Assets** refers to any investment or investment strategy that is composed of real property, buildings and developments, timber, or commodities (through both public mutual or commingled funds and private partnership structures). The goal of the Albuquerque Community Foundation's investment in real assets is to hedge against unexpected inflation, decrease overall portfolio volatility, and achieve diversification benefits, thereby increasing the overall total portfolio's return.
- **Multi-Strategy Investments** can include Absolute Return Strategies (ARS), and Private Equity. ARS typically include a diversified mix of non-traditional investment strategies that have a goal of lowering the investment program's overall risk (volatility of returns). Absolute Return Strategies refer to investments or investment strategy that at their core are not long-only portfolios of traditional equity or fixed income instruments. These strategies seek to generate the highest possible absolute return within diversified asset classes without the limitations imposed when managing versus a specific benchmark. ARS seek to generate a positive return regardless of the positive or negative performance of the market environment.
- **Cash** can include cash investments, money market securities, and short-term Treasuries.