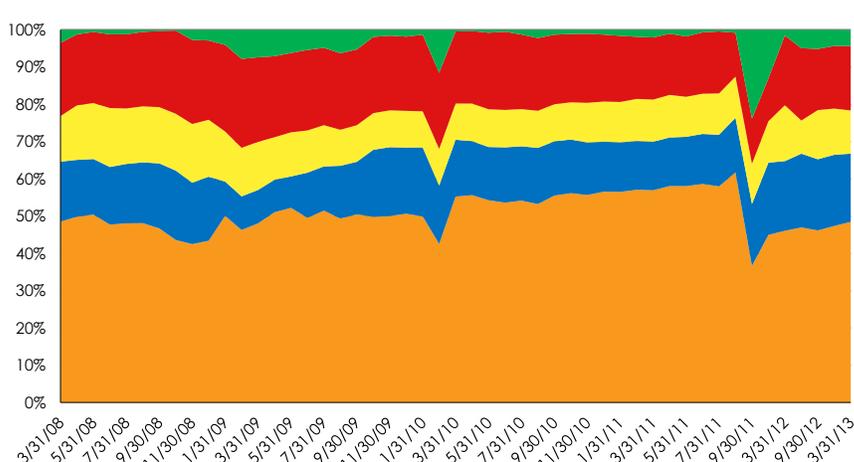


**Asset Allocation**

**Five Year Historical Asset Allocation**



- Cash
- Multi-Strategy
- Real Assets
- Fixed Income
- Equity

Asset Class	Actual	Target	Over/Under Target
Equity	48.5%	45%	+3.5%
Fixed Income	18.3%	20%	-1.7%
Real Assets	11.6%	15.0%	-3.4%
Multi-Strategy	17.3%	20%	-2.7%
Cash	4.2%	0%	+4.2%

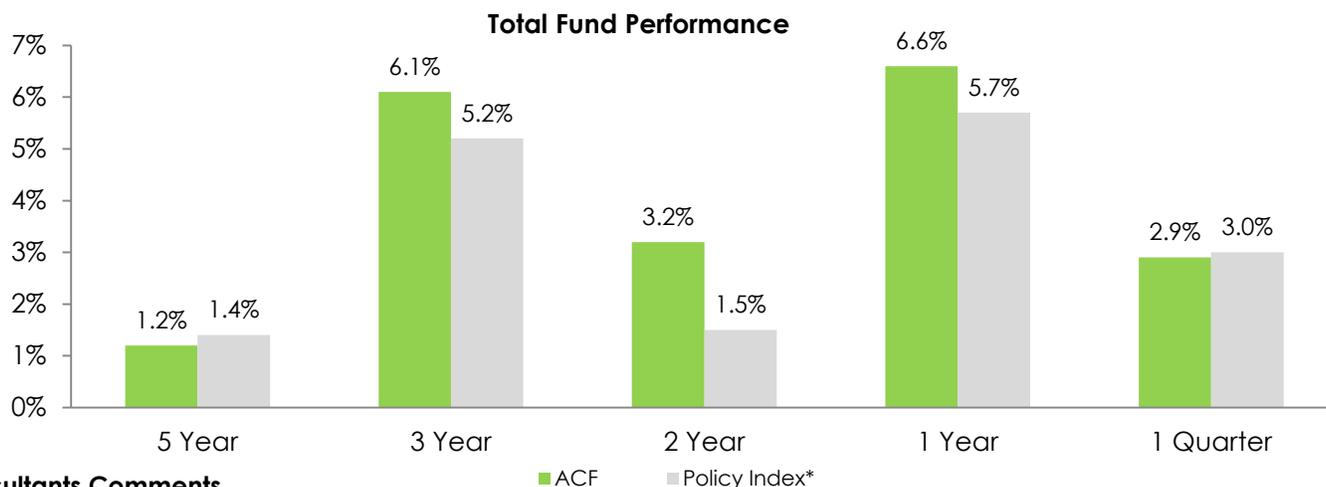
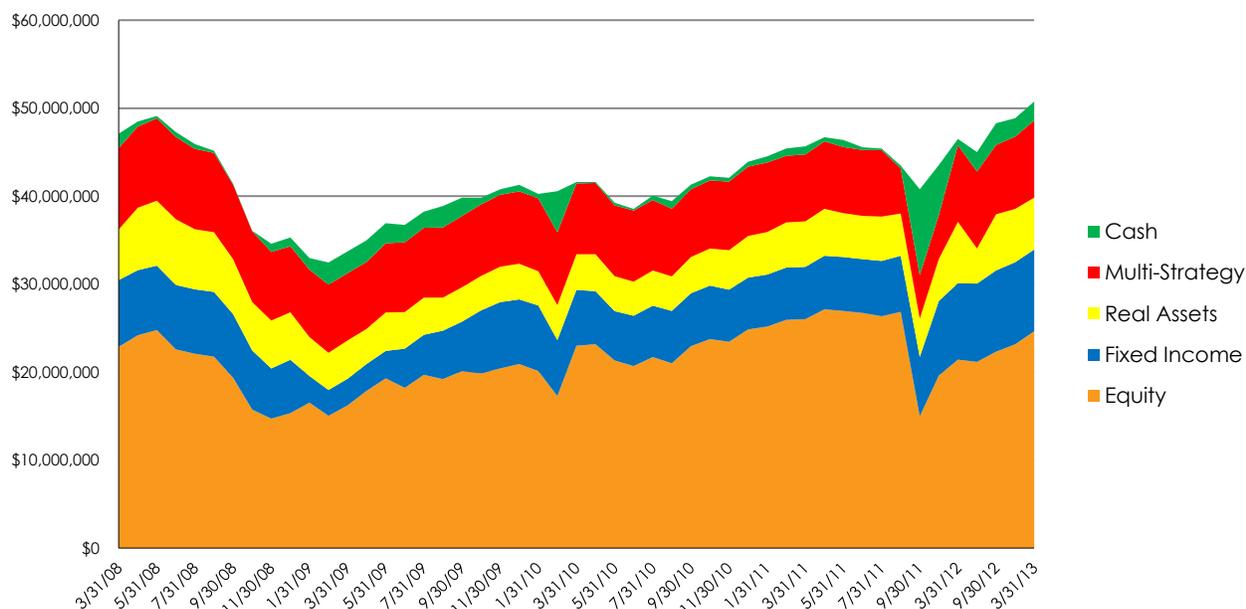
**Investment Objective**

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 received its final proceeds from Corbin (Pinehurst) during the first quarter.
- ACF received a distribution from Silver Creek (liquidating) in the amount of \$152,410 during the quarter.
- In February, the Foundation funded PIMCO All Asset Fund with \$1,500,000. PIMCO All Asset is a multi-asset manager that invests in virtually any asset class or geography.
- Also in February, the Foundation made an additional \$900,000 contribution to Magnitude
- ACF is in the process of redeeming from Common Sense and funding a more tactical long/short equity allocation, with Titan Global Equity Offshore Fund.
- 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 ACF portfolio was up +2.9% in the first quarter and +6.6% over the past year. While the one year return was ahead of the Policy Index by +0.9%, it finished in the 80<sup>th</sup> percentile of total funds. This was due, in large part, to the performance of the real asset allocation. After a strong fourth quarter of 2012, stock markets continued higher during the first quarter of 2013. Domestic markets led the way, with the *S&P 500 Index* reaching an all-time high during March, up +10.6%. Small cap stocks also had a rousing quarter, with the *Russell 2000 Index* up +12.4%. Despite the sequester and warnings of dire consequences if the cuts actually took place, U.S. economic data were generally positive, resulting in a strengthening U.S. dollar, which hurt overseas equity returns in U.S. dollars. The Eurozone rally was put on hold due to the banking crisis in Cyprus and uncertainty over Italian elections. Bond yields in peripheral European countries climbed as Cyprus rejected a bailout proposal from the European Union, which brought Eurozone instability back to the headlines. Bond market returns were generally flat for the second straight quarter as investors have piled into riskier assets in search of higher yields. The Fed maintained its commitment to monetary easing in an attempt to keep longer-term interest rates down. Low rates have played a role in boosting the price of stocks and providing support for the global economy. Going forward, economic growth faces a bumpy road, as tax increases and spending cuts take full force and China attempts a "soft landing." The global economy shows signs of strengthening on the heels of policy makers remaining accomodative, business and consumer spending increasing, and the housing market recovering.

\* 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)	\$5,489,116	10.8%
Daily	IronBridge (IBSMX)	\$4,045,175	8.0%
Daily	Vanguard Dividend Appreciation (VDAIX)	\$1,668,241	3.3%
Daily	Eaton Vance Structured Emerging Markets (EIEMX)	\$1,476,281	2.9%
Daily	Dreyfus Global (DGLRX)	\$4,931,397	9.7%
Annually <sup>1</sup>	Common Sense	\$2,350,861	4.6%
Illiquid	Private Equity	\$4,682,165	9.2%
<b>Total Equity Focused</b>		<b>\$24,643,236</b>	<b>48.5%</b>
<b>Fixed Income</b>			
Daily	PIMCO Unconstrained (PFIUX)	\$2,315,047	4.6%
Monthly w/ 10 day notice	Colchester Global Bond	\$2,177,384	4.3%
Daily	Janus (JFLEX)	\$3,156,980	6.2%
Daily	T. Rowe Price Emerging Markets (PREMX)	\$1,646,577	3.2%
<b>Total Fixed Income Focused</b>		<b>\$9,295,988</b>	<b>18.3%</b>
<b>Real Asset</b>			
Monthly w/ 35 day notice	Blackstone Resources Select	\$4,125,921	8.1%
Daily	Invesco (BRCYX)	\$1,768,107	3.5%
<b>Total Real Asset Focused</b>		<b>\$5,894,029</b>	<b>11.6%</b>
<b>Multi-Strategy</b>			
Quarterly w/ 65 days notice	Magnitude International	\$2,893,190	5.7%
Semi-annual w/ 120 prior notice	BlackRock Tempus	\$3,156,175	6.2%
Daily	PIMCO All Asset (PAAIX)	\$1,505,884	3.0%
Quarterly w/ 100 day notice	Corbin Pinehurst	\$96,429	0.2%
Liquidating	Silver Creek Low Vol II Ltd	\$1,125,262	2.2%
<b>Total Multi-Strategy</b>		<b>\$8,776,941</b>	<b>17.3%</b>
<b>Cash</b>			
Daily	Cash	\$2,148,802	4.2%
<b>Total Foundation</b>		<b>\$50,758,995</b>	<b>100.0%</b>

<sup>1</sup> 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. The Foundation has started to redeem from Common Sense on a quarterly basis.

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**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.