

Albuquerque Community Foundation

Donor Book



September 30, 2016



PAVILION

	Total Market Value	One Quarter	Cal YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
Total Fund Composite	\$62,737,762	3.3	5.3	6.7	3.6	5.9	4.6	1/1999
<i>Policy Index</i>		3.5	6.4	8.9	2.5	5.1	4.0	
<i>CPI + 5.2%</i>		1.4	6.0	6.7	6.3	6.5	7.5	

Market Overview

- Solidifying global financial conditions supported rising markets in the third quarter. Recent stabilization of the U.S. dollar and commodity headwinds were key contributors to mending the global narrative, although regional risks, including the U.S. election, the Syrian refugee crisis, and the future implications of the BREXIT, persist.
- Within domestic equity markets, small caps outperformed large caps and value outperformed growth. Accelerating international growth drove international equities to outperform U.S. equities, though domestic equities remain ahead year-to-date. Emerging markets continue to outperform dramatically, as the Fed's decision to hold off on further rate hikes in 2016 contributed significantly to returns.
- Within fixed income markets, though the Fed kept rates unchanged, evolving expectations pushed U.S. interest rates slightly higher and flattened the yield curve, with the next rate rise anticipated in December. Spread exposure helped shield investors from the yield curve increases, as higher yields and spread compression powered excess returns.
- Hedge funds posted positive returns across most strategies, as post-Brexit improvement in investor sentiment engendered a rally in risk assets and rising Treasury yields.

Consultant Comments

- ACF's allocation to Global Fixed Income manager, Templeton, was eliminated in the third quarter. Goldman Sachs (Unconstrained Fixed Income) was replaced with BlackRock.
- Two complementary managers, Sands Capital and Wells, replaced Eaton Vance-Parametric in the Emerging Markets Equity allocation.
- In August, the portfolio was rebalanced and excess cash was invested across ACF's long-only Equity managers.

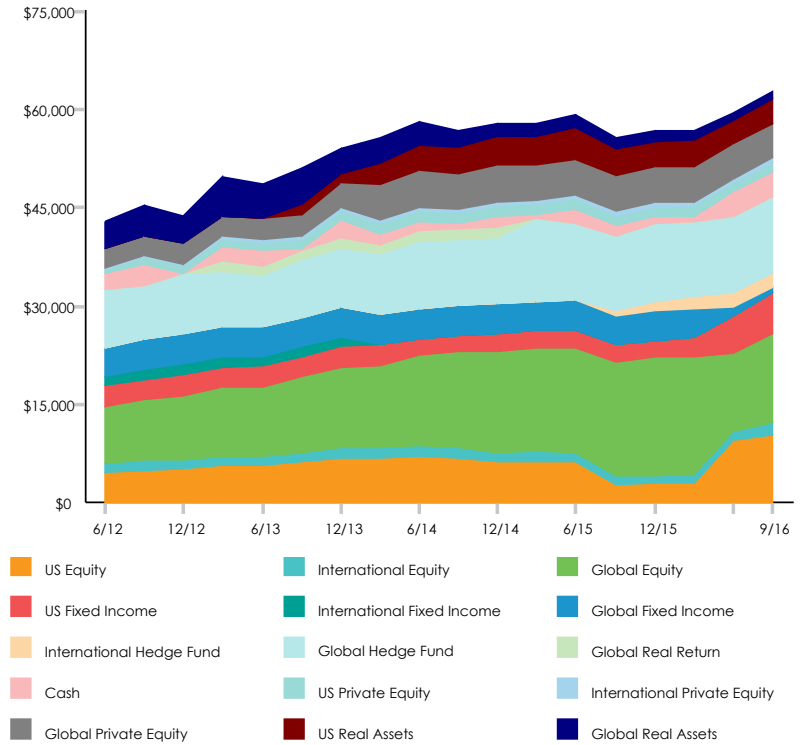
Returns are shown net of fees. Performance for periods longer than one year is annualized.

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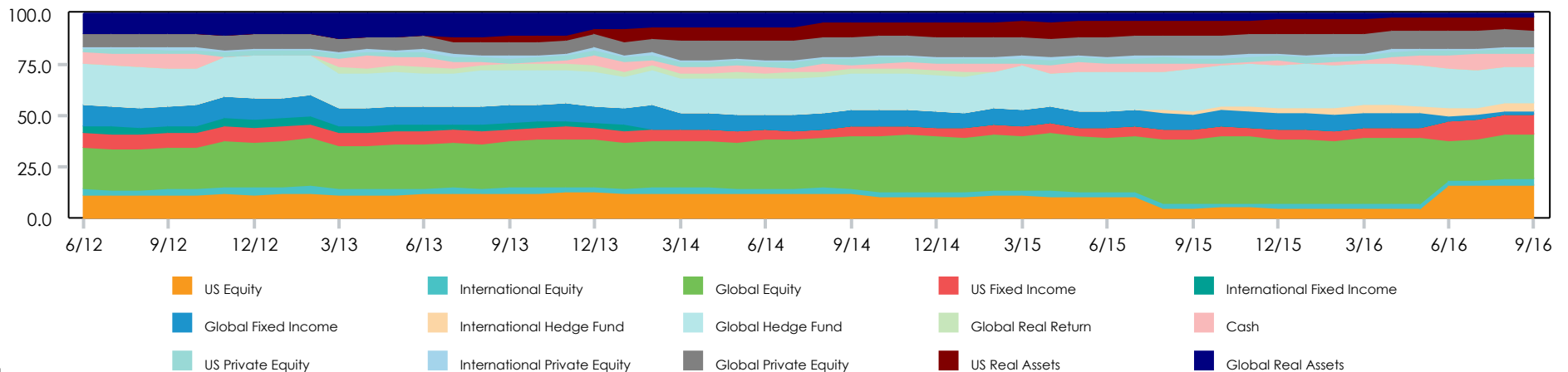
As of September 30, 2016

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Total Fund Composite	62,737,762	100.0	100.0	0.0
Total Equity	34,451,176	54.9	55.0	-0.1
Total Fixed Income	8,962,294	14.3	15.0	-0.7
Total Real Assets	4,842,983	7.7	10.0	-2.3
Total Multi-Strategy	10,652,049	17.0	20.0	-3.0

Growth of Assets



Historical Asset Allocation by Asset Class (%)



	Sep-2016	
	(\$)	%
Total Equity	34,451,176	54.9
Global Equity	13,439,742	21.4
Dodge & Cox Global Stock Fund (DODWX)	6,791,002	10.8
Walter Scott Global Stock (DGLRX)	6,648,740	10.6
US Large Cap Equity	7,037,345	11.2
Vanguard Institutional Index Fund (VINIX)	7,037,345	11.2
Small/SMID Cap Equity	3,231,248	5.2
DFA US Small Cap (DFSTX)	3,231,248	5.2
Emerging Markets Equity	2,020,433	3.2
Sands Emerging Markets Growth Inst (TSEGX)	1,014,521	1.6
Wells Fargo Emerging Mkts Equity Income I (EQIIX)	1,005,912	1.6
Long/Short Equity	2,716,311	4.3
Titan Global Equity Fund, LP	2,716,311	4.3
Private Equity	6,006,097	9.6
Total Fixed Income	8,962,294	14.3
Baird Aggregate Bond Fund Instl (BAGIX)	6,255,237	10.0
BlackRock SIO (BSIIX)	1,003,310	1.6
PIMCO BRAVO II Fund[CE]	1,702,461	2.7
Total Real Assets	4,842,983	7.7
Blackstone Resources Select Offshore Fund Ltd CI B	1,022,455	1.6
Atlantic Trust MLP Fund LLC[CE]	1,053,071	1.7
Quantum Energy Partners VI, LP[CE]	268,545	0.4
Bridge Investment Group Real Estate Fund II LP [CE]	2,498,911	4.0
Total Multi-Strategy	10,652,049	17.0
BlackRock Tempus Fund Ltd[CE]	949,438	1.5
Pentwater	1,051,024	1.7
Hudson Bay [CE]	2,867,666	4.6
River Birch	1,718,238	2.7
HG Vora	2,190,881	3.5
Alyeska	1,874,804	3.0
Cash	3,829,261	6.1
Total Fund Composite	62,737,762	100.0

The totals above may not sum due to rounding.

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Historical Performance Comparison

As of September 30, 2016

Table of Historical Returns

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD	10- yrs 10/06 - 9/16
MSCI EMF +32.2%	MSCI EMF +39.4%	Barclays Agg +5.2%	MSCI EMF +78.5%	Russell 2000 +26.9%	Barclays Agg +7.8%	MSCI EMF +18.2%	Russell 2000 +38.8%	S&P 500 +13.7%	S&P 500 +1.4%	MSCI EMF +16.0%	S&P 500 +7.2%
MSCI EAFE +26.3%	Bloomberg Comm. +16.2%	HFRI FoHF -19.9%	MSCI EAFE +31.8%	MSCI EMF +18.9%	S&P 500 +2.1%	MSCI EAFE +17.3%	S&P 500 +32.4%	ACF +6.2%	Barclays Agg. +0.5%	Russell 2000 +11.5%	Russell 2000 +7.1%
Russell 2000 +18.4%	ACF +13.0%	ACF -26.5%	Russell 2000 +27.2%	Bloomberg Comm. +16.8%	ACF -1.7%	Russell 2000 +16.3%	MSCI EAFE +22.8%	Barclays Agg. +6.0%	HFRI FoHF +0.4%	Bloomberg Comm. +8.9%	Barclays Agg. +4.8%
S&P 500 +15.8%	MSCI EAFE +11.2%	HFRI HE -26.7%	S&P 500 +26.5%	S&P 500 +15.1%	HFRI FoHF -3.7%	S&P 500 +16.0%	HFRI HE +14.4%	Russell 2000 +4.9%	MSCI EAFE -0.8%	S&P 500 +7.8%	MSCI EMF +3.9%
ACF +14.1%	HFRI HE +10.5%	Russell 2000 -33.8%	HFRI HE +24.6%	HFRI HE +10.4%	Russell 2000 -4.2%	ACF +9.8%	ACF +10.1%	HFRI FoHF +2.8%	HFRI HE -0.9%	Barclays Agg. +5.8%	ACF +3.5%
HFRI HE +11.7%	HFRI FoHF +7.7%	Bloomberg Comm. -35.7%	Bloomberg Comm. +18.9%	ACF +10.2%	HFRI HE -8.3%	HFRI HE +7.4%	HFRI FoHF +7.7%	HFRI HE +2.3%	Russell 2000 -4.4%	ACF +5.3%	HFRI HE +3.3%
HFRI FoHF +9.2%	Barclays Agg +7.0%	S&P 500 -37.0%	ACF +13.6%	MSCI EAFE +7.8%	MSCI EAFE -12.1%	Barclays Agg. +4.2%	Barclays Agg. -2.0%	MSCI EMF -2.2%	ACF -4.5%	HFRI HE +4.2%	MSCI EAFE +1.8%
Barclays Agg +4.3%	S&P 500 +5.5%	MSCI EAFE -43.4%	HFRI FoHF +9.7%	Barclays Agg +6.5%	Bloomberg Comm. -13.3%	HFRI FoHF +3.9%	MSCI EMF -2.6%	MSCI EAFE -4.9%	MSCI EMF -14.9%	MSCI EAFE +1.7%	HFRI FoHF +1.5%
Bloomberg Comm. +2.1%	Russell 2000 -1.6%	MSCI EMF -53.3%	Barclays Agg +5.9%	HFRI FoHF +5.1%	MSCI EMF -18.4%	Bloomberg Comm. -1.1%	Bloomberg Comm. -9.5%	Bloomberg Comm. -17.0%	Bloomberg Comm. -24.7%	HFRI FoHF +0.4%	Bloomberg Comm. -5.3%

KEY:

Bloomberg Comm = Commodities, Barclays Agg = Fixed Income, HFRI HE = Long/Short Equity, HFRI FoHF = Diversified Funds of Hedge Funds, Russell 2000 = Small Cap U.S. Equity, S&P 500 = Large Cap U.S. Equity, MSCI EAFE = International Large Cap Equity (Dollar-based returns), MSCI EMF = Emerging Markets (dollar-based returns)

Investment Objectives and Asset Class Definitions

Investment Objectives

The objective of the total return investment management program is to produce growth and income sufficient to support both donor goals and the objectives of the Foundation. The long-term objective of total return (the sum of interest and dividends and realized and unrealized gains or losses less all investment management costs) shall be CPI plus the current spending rate 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.

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.
- **Multi-Strategy Investments** in response to market opportunities, dynamically allocate capital among strategies that cross traditional asset class definitions without the limitations imposed when managing versus a specific benchmark. Multi-strategy investments seek to generate a positive return regardless of the performance of the public, long-only markets.
- **Real Assets** refers to any investment or investment strategy that is comprised 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 inflation, decrease overall portfolio volatility, and achieve diversification benefits, thereby increasing the overall total portfolio return.
- **Cash** can include cash investments, money market securities, and short-term Treasuries.

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