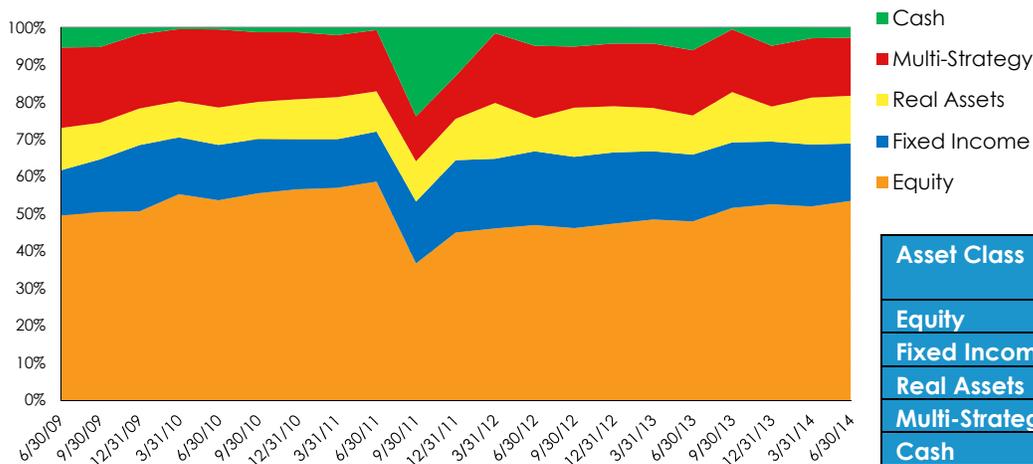


Asset Allocation

Five Year Historical Asset Allocation



Asset Class	Actual	Target	Over/Under Target
Equity	53.5%	45.0%	+8.5%
Fixed Income	15.4%	20.0%	-4.6%
Real Assets	12.8%	15.0%	-2.2%
Multi-Strategy	15.6%	20.0%	-4.4%
Cash	2.7%	0.0%	+2.7%

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 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 Investment Committee approved a new asset allocation at the May meeting. The new allocation increases equity and multi-strategy targets while reducing fixed income and real asset targets. The implementation of the new allocation will occur over the third and fourth quarters as the Committee requested the changes be phased in.
- Slocum does not recommend any changes at this time.

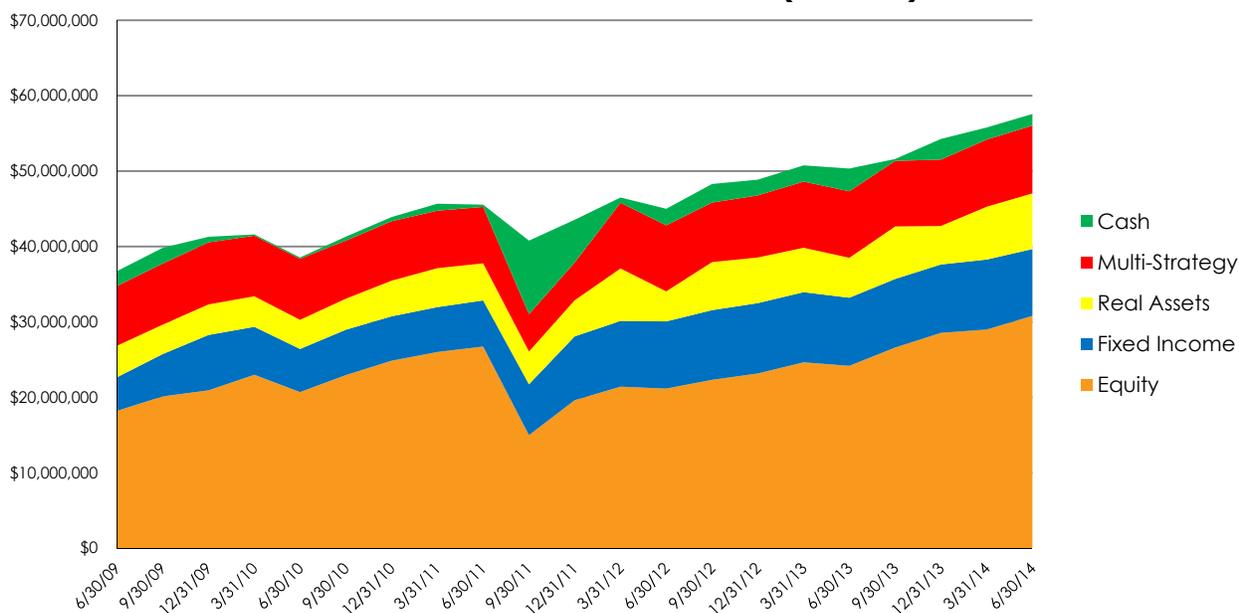
Asset Class Definitions

- **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.

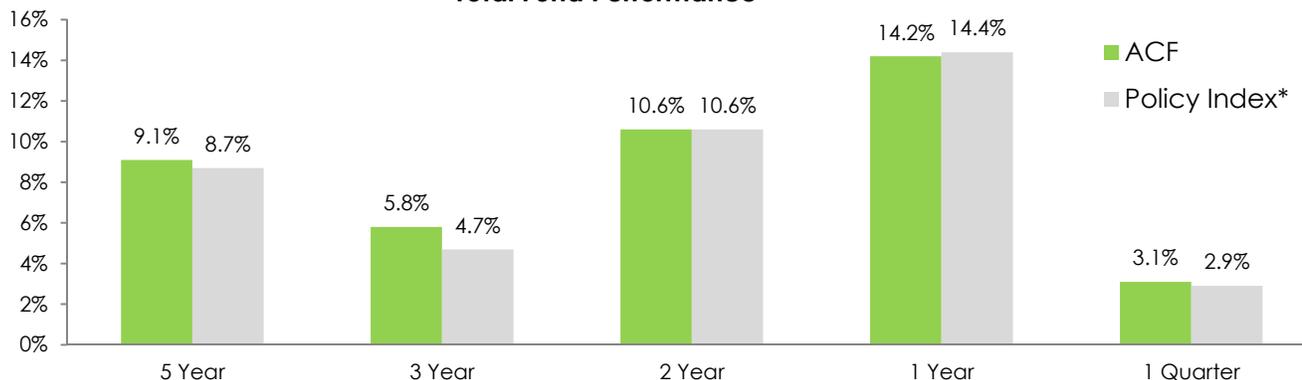
Manager	Asset Class	Liquidity	June 30, 2014		Target
Total Portfolio			\$57,583,067	100%	100%
Equity			\$30,791,095	53.5%	45.0%
Global Equity			\$13,774,271	23.9%	--
Dodge & Cox	Global Value	Daily	\$7,395,451	12.8%	
Dreyfus	Global Equity	Daily	\$6,378,819	11.1%	
Large Cap Equity			\$3,027,849	5.3%	--
Vanguard Dividend Appreciation	U.S. Large Cap Dividend	Daily	\$3,027,849	5.3%	
SMID Equity			\$4,042,155	7.0%	--
DFA	U.S. Small Cap	Daily	\$4,042,155	7.0%	
International Emerging Markets Equity			\$1,601,390	2.8%	--
Eaton Vance	Structured Emerging Markets	Daily	\$1,601,390	2.8%	
Long/Short Equity			\$2,729,719	4.7%	--
Common Sense	Long/Short	Annually	\$104,771	0.2%	
Titan	Long/Short	Quarterly	\$2,624,948	4.6%	
Private Equity			\$5,615,711	9.8%	--
Private Equity	Private Equity	Illiquid	\$5,246,572	9.4%	
Fixed Income			\$8,871,088	15.4%	20.0%
PIMCO Bravo II	Global Special Situations P.E.	Illiquid	\$1,600,071	2.8%	
Goldman Sachs Strategic Income Fund	Opportunistic Fixed Income	Daily	\$2,210,140	3.8%	
Janus	Core Fixed Income	Daily	\$2,662,022	4.6%	
Templeton Global Bond Plus	Core Plus Fixed Income	Daily	\$2,398,855	4.2%	
Real Asset			\$7,379,231	12.8%	15.0%
Blackstone Resources Select Offshore Fund	All Cap Real Asset	Monthly	\$3,684,855	6.4%	
Atlantic Trust MLP Fund LLC	Other Real Asset	Quarterly	\$2,284,174	4.0%	
Bridge Real Estate Opportunity Capital Fund	Real Asset/Real Estate	Illiquid	\$1,410,201	2.4%	
Multi-Strategy			\$8,994,615	15.6%	20.0%
BlackRock Tempus Fund Ltd	Multi-Strategy Hedge Funds	Semi-Annual	\$3,512,381	6.1%	
Magnitude International Class A	Multi-Strategy Hedge Funds	Quarterly	\$3,061,940	5.3%	
PIMCO All Asset Fund - Institutional	Tactical Asset	Daily	\$1,608,013	2.8%	
Silver Creek Low Vol Strategies II, Ltd	Multi-Strategy	Liquidating	\$812,281	1.4%	
Cash			\$1,547,039	2.7%	--
Cash	Cash Equivalents	Daily	\$1,547,039	2.7%	

*The totals above may not sum to 100.0% due to rounding.

Five Year Historical Market Value (millions)



Total Fund Performance



Consultants Comments

- The ACF portfolio finished the quarter up +3.1%, outpacing its Policy Index by +20 basis points. Since inception, ACF (+5.2%) has outpaced its Policy Index (+4.7%) by +50 basis points. During the quarter, all four asset class composites produced positive absolute returns. Though long-term performance rankings for the Foundation have not met expectations, ACF has taken a considerably lower amount of risk than its peer universe.
- With the negative returns associated with the market downturn of 2008 rolling off of longer-term performance numbers, the upward-sloping 5-year risk/return trend line is now more indicative of long-term expectations – more volatile asset classes provide a return premium.
- Equity markets continued to march forward during the second quarter on the back of positive news on the economic front; the S&P 500 Index and Dow Industrial Composite both reached new all-time highs. Globally, developed markets were positive, though performance lagged the developing world, which has rebounded significantly year-to-date after a challenging first month of the year.
- Much to the dismay of the countless pundits who called for its quick demise, Fixed Income markets delivered positive performance. The U.S. Federal Reserve is on schedule to end its Quantitative Easing stimulus at the end of October. Since the "tapering" of QE began, bond yields have fallen and stock prices have risen. The continued normalization of interest rates over the next several years will a key dynamic for investors to consider.

* 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.