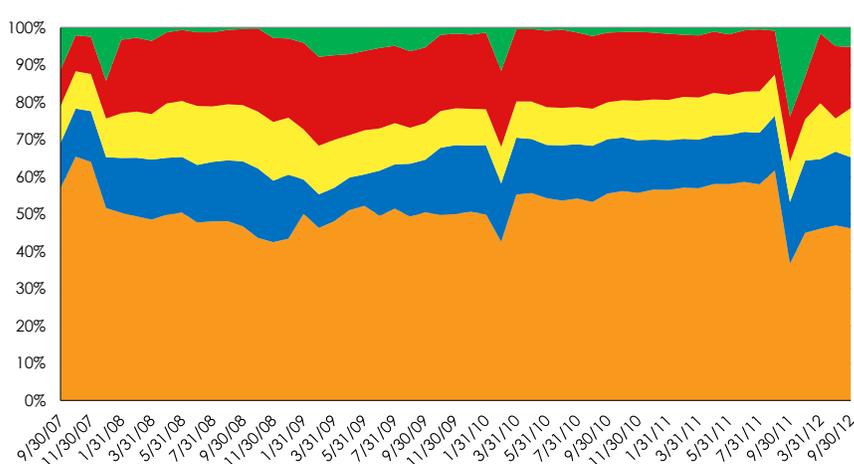


Asset Allocation

Five Year Historical Asset Allocation



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

Asset Class	Actual	Target	Over/Under Target
Equity	46.2%	45%	+1.2%
Fixed Income	19.1%	20%	-0.9%
Real Assets	13.2%	15.0%	-1.8%
Multi-Strategy	16.4%	20%	-3.6%
Cash	5.1%	0%	+5.1%

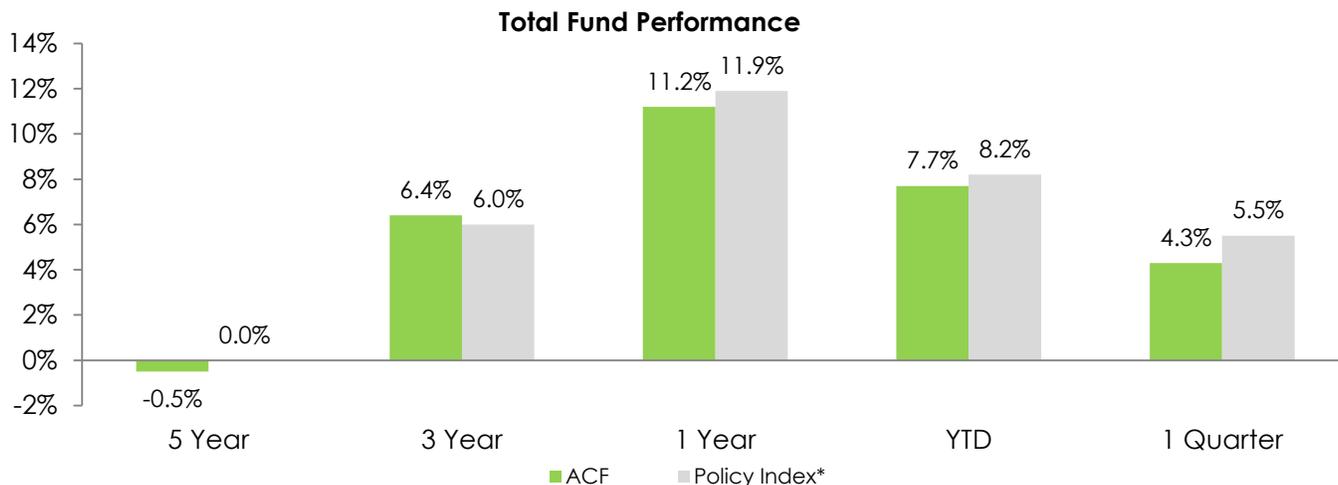
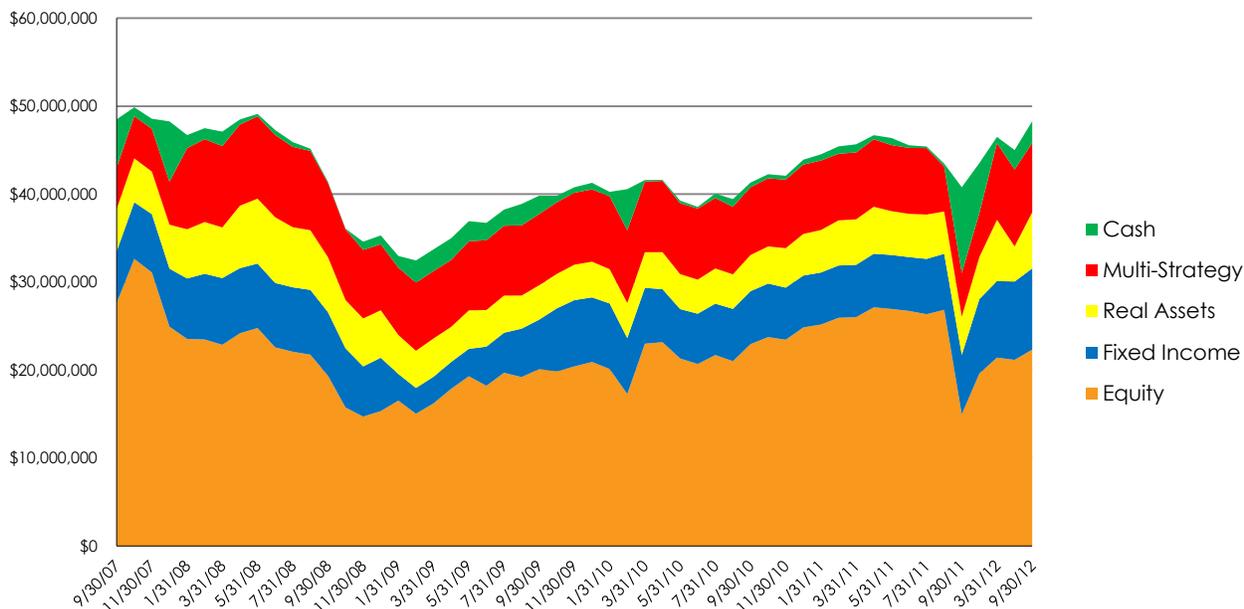
Investment Objective

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

- During the third quarter, Albuquerque made an initial \$2,000,000 contribution to Invesco, a Real Assets manager. This contribution brings the Real Assets composite more closely in line with its stated target of 15.0%.
- The Foundation has submitted its final redemption request to Corbin (Pinehurst). The Foundation will receive 25% of its remaining balance in mid-November, and will receive the rest of the balance in early 2013.
- Currently the Multi-Strategy composite is 3.6% below target. As redemptions from Corbin and Silver Creek are received, they will be reallocated to existing multi-strategy managers.
- During the quarter, two Merrill Lynch Charitable Trusts were liquidated and the proceeds have been invested within the Foundation.
- With the addition of Invesco, 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 +4.3%, net of fees, during the third quarter. The third quarter saw the European Central Bank, Federal Reserve Bank, and Bank of Japan continue their accommodative policies as all pledged open-ended sovereign purchases in an attempt to stimulate growth, ease concerns, avoid another full-fledged recession and in Japan's case, to combat the yen's rise. Decelerating economic growth and persistently high unemployment continued to cloud the economic outlook. Despite these market uncertainties, investors were rewarded in the third quarter as all asset classes moved higher during the three-month period. Domestic equity markets, as measured by the S&P 500 Index, rose +6.4% in the third quarter, extending calendar year-to-date gains to +16.4%. Within U.S. equity markets, value stocks outperformed their growth counterparts, and large capitalization stocks led smaller capitalization stocks for a third consecutive quarter. Equity markets abroad outpaced their domestic counterparts over this period. The MSCI EAFE Index was up +6.9% for the quarter and the MSCI All Country World ex-U.S. Index, which includes emerging markets, rose +7.4% in the quarter. Emerging markets recovered from a tough second quarter, posting a return of +7.7%. Bonds added modest gains over the three-month period, although performance varied by sector. Spread compression enhanced returns across all types of bonds other than Treasuries. High Yield (+4.5%) was the top performing bond market sector, followed by CMBS (+3.8%) and Credit (+3.5%). U.S. Treasuries returned +0.6% in the quarter as yields remained near historical lows.

* 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)	\$4,877,194	10.1%
Daily	IronBridge (IBSMX)	\$3,521,416	7.3%
Daily	Vanguard Dividend Appreciation (VDAIX)	\$1,496,668	3.1%
Daily	Eaton Vance Structured Emerging Markets (EEMX)	\$1,402,999	2.9%
Daily	Dreyfus Global (DGLRX)	\$4,466,952	9.2%
Annually ¹	Common Sense	\$2,342,795	4.9%
Illiquid	Private Equity	\$4,213,883	8.7%
	Total Equity Focused	\$22,321,907	46.2%
	Fixed Income		
Daily	PIMCO Unconstrained (PFIUX)	\$2,281,319	4.7%
Monthly w/ 10 day notice	Colchester Global Bond	\$2,219,249	4.6%
Daily	Janus (JFLEX)	\$3,118,776	6.5%
Daily	T. Rowe Price Emerging Markets (PREMX)	\$1,616,018	3.3%
	Total Fixed Income Focused	\$9,235,362	19.1%
	Real Asset		
Monthly w/ 35 day notice	Blackstone Resources Select	\$4,401,565	9.1%
Daily	Invesco (BRCYX)	\$1,978,929	4.1%
	Total Real Asset Focused	\$6,380,494	13.2%
	Multi-Strategy		
Quarterly w/ 65 days notice	Magnitude International	\$1,914,006	4.0%
Semi-annual w/ 120 prior notice	BlackRock Tempus	\$1,929,919	4.0%
Quarterly w/ 100 day notice	Corbin Pinehurst	\$2,812,984	5.8%
Liquidating	Silver Creek Low Vol II Ltd	\$1,231,677	2.6%
	Total Multi-Strategy	\$7,888,586	16.4%
	Cash		
Daily	Cash	\$2,467,753	5.1%
	Total Foundation	\$48,294,102	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.