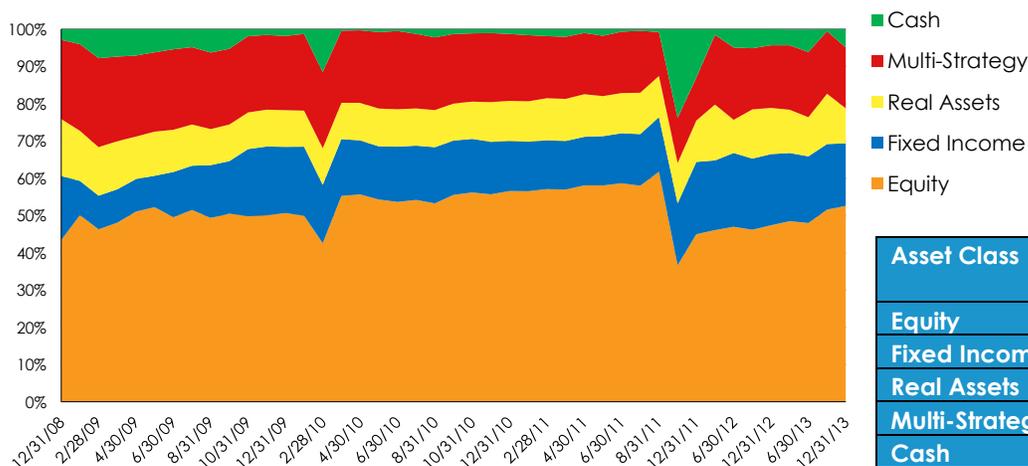


Asset Allocation

Five Year Historical Asset Allocation



Asset Class	Actual	Target	Over/Under Target
Equity	52.6%	45.0%	+7.6%
Fixed Income	16.7%	20.0%	-3.3%
Real Assets	9.4%	15.0%	-5.6%
Multi-Strategy	16.2%	20.0%	-3.8%
Cash	5.1%	0.0%	+5.1%

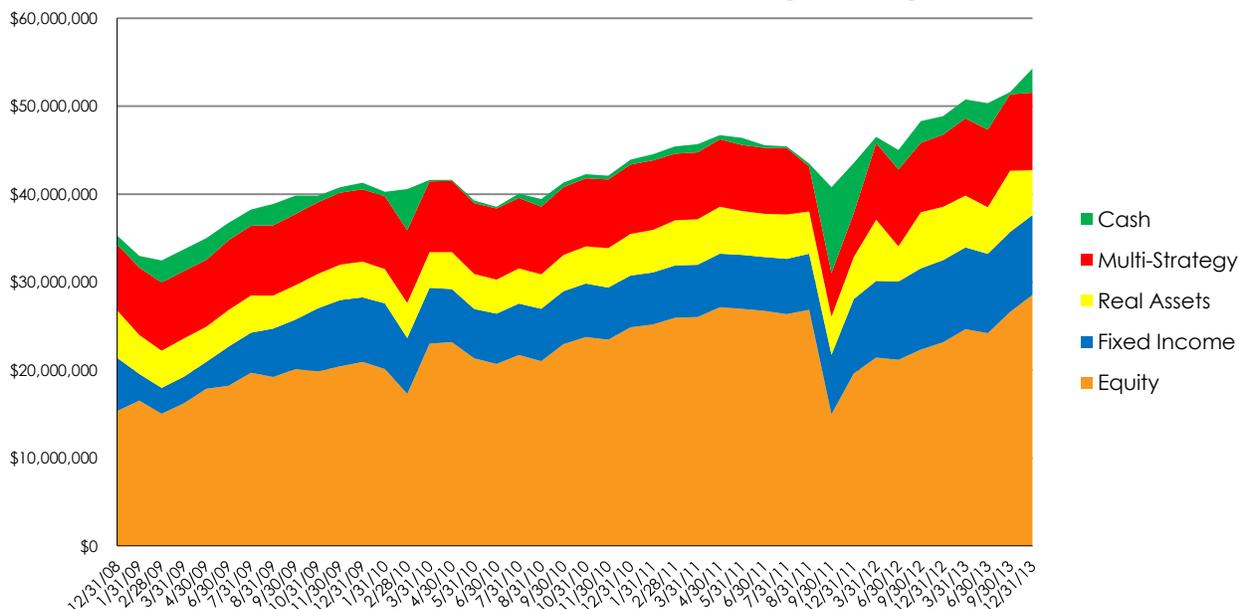
Investment Objective

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 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.

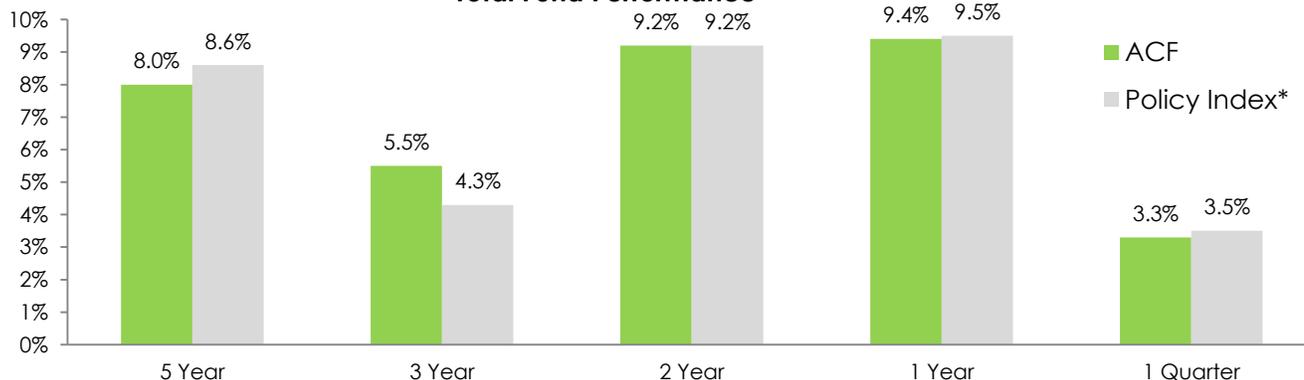
Consultants Comments

- The foundation received a partial distribution from Common Sense at the end of the third quarter. Per the agreement with Common Sense, redemptions are only made quarterly. \$400,000 was moved to **Titan** at the beginning of December.
- Invesco was **terminated** on December 27, 2013 with proceeds being used to fund Atlantic Trust (MLP) on January 1, 2014.
- Slocum is presenting a fixed-income structure review this quarter, which includes recommendations on multiple manager changes.
- Slocum recommends that ACF reduces its dedicated emerging markets equity exposure by half and use the proceeds to fund a tactical allocation to DXJ, a Japanese equity ETF.

Five Year Historical Market Value (millions)



Total Fund Performance



Consultants Comments

- The ACF portfolio finished the quarter up +3.3% trailing its *Policy Index* by -20 basis points. On a year-to-date basis, the portfolio is up +9.4%, modestly trailing its *Policy Index* by -10 basis points, but comfortably ahead of the CPI +5.2% return of +6.9%. During the quarter, the Equity and Multi-Strategy composites produced positive absolute returns while the Fixed Income and Real Asset composites were negative. Though long-term performance rankings for the Foundation have not met expectations, ACF has taken a considerably lower amount of risk and has ranked highly compared to similar portfolios from a volatility standpoint.
- Equity markets, especially domestic equities, continued their version of Pamplona's Running of the Bulls in the fourth quarter with the S&P 500 Index and the Russell 2000 Index adding +10.5% and +8.7%, respectively. International developed market equities, as reflected by the MSCI EAFE Index, also joined the party, adding +5.7%. The quarter served to put a bow on an excellent year for these indices. U.S. equity markets posted strong gains for the quarter despite the announcement in December from the Federal Reserve that it would taper its bond purchasing program by \$10 billion per month to \$75 billion. The decision was made following a series of better than expected economic reports, including on the employment front. Global equity markets were driven higher, with Japan leading the way. For the year, the Japanese equity market outperformed all other developed countries on a currency hedged basis. Europe also performed well in the quarter, as investors remain confident in the region, even though the EU's exit from recession has been stuck in first gear. Investors will have their eyes on the ongoing "taper" in the U.S. In February, Janet Yellen will succeed Ben Bernanke as the next chair of the Federal Reserve. She is charged with setting policies that spur growth, improve the labor picture, and keep inflation tame. Investors will also continue to monitor the health of the EU, the impact a stronger U.S. dollar is having on commodity prices and emerging market countries, and corporate earnings.

* 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.

Manager	Asset Class	Liquidity	December 31, 2013	Target
Total Portfolio			\$54,273,277	100%
Equity			\$28,536,742	52.6%
Global Equity			\$12,367,483	22.8%
Dodge & Cox	Global Value	Daily	\$6,802,867	12.5%
Dreyfus	Global Equity	Daily	\$5,564,616	10.3%
Large Cap Equity			\$1,939,380	3.6%
Vanguard Dividend Appreciation	U.S. Large Cap Dividend	Daily	\$1,939,380	3.6%
SMID Equity			\$4,908,370	9.0%
DFA	U.S. Small Cap	Daily	\$4,908,370	9.0%
International Emerging Markets Equity			\$1,493,961	2.8%
Eaton Vance	Structured Emerging Markets	Daily	\$1,493,961	2.8%
Long/Short Equity			\$2,780,779	5.2%
Common Sense	Long/Short	Annually	\$1,286,996	2.4%
Titan	Long/Short	Quarterly	\$1,493,782	2.8%
Private Equity			\$5,046,770	9.3%
Private Equity	Private Equity	Illiquid	\$5,046,770	9.3%
Fixed Income			\$9,082,187	16.7%
PIMCO Unconstrained	Opportunistic	Daily	\$2,245,196	4.1%
Colchester Global Bond	Global Bond Fund	Monthly	\$2,145,689	4.0%
Janus	Core Fixed Income	Daily	\$3,141,259	5.8%
T. Rowe Price Emerging Markets	Emerging Market Bond Fund	Daily	\$1,550,043	2.9%
Real Asset			\$5,097,587	9.4%
Blackstone Resources Select Offshore Fund	All Cap Real Asset	Monthly	\$3,791,804	7.0%
Bridge Real Estate Opportunity Capital Fund	Real Asset/Real Estate	Illiquid	\$1,305,784	2.4%
Multi-Strategy			\$8,810,562	16.2%
BlackRock Tempus Fund Ltd	Multi-Strategy Hedge Funds	Semi-Annual	\$3,372,619	6.2%
Magnitude International Class A	Multi-Strategy Hedge Funds	Quarterly	\$2,977,907	5.5%
PIMCO All Asset Fund - Institutional	Tactical Asset	Daily	\$1,504,326	2.8%
Silver Creek Low Vol Strategies II, Ltd	Multi-Strategy	Liquidating	\$955,709	1.8%
Cash			\$2,746,198	5.1%
Cash	Cash Equivalents	Daily	\$2,746,198	5.1%

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

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.