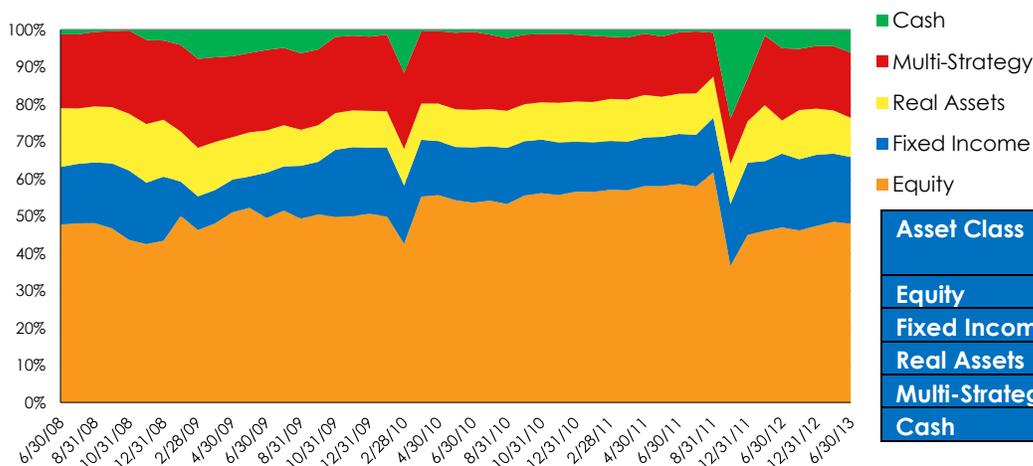


Asset Allocation

Five Year Historical Asset Allocation



Asset Class	Actual	Target	Over/Under Target
Equity	48.0%	45.0%	+3.0%
Fixed Income	17.9%	20.0%	-2.1%
Real Assets	10.5%	15.0%	-4.5%
Multi-Strategy	17.5%	20.0%	-2.5%
Cash	6.0%	0.0%	+6.0%

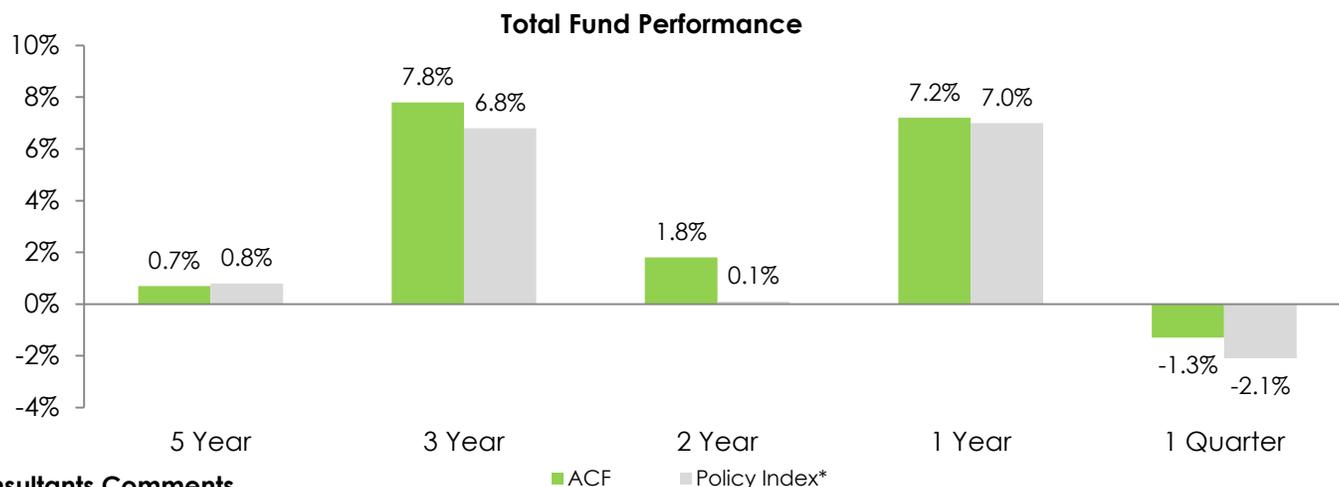
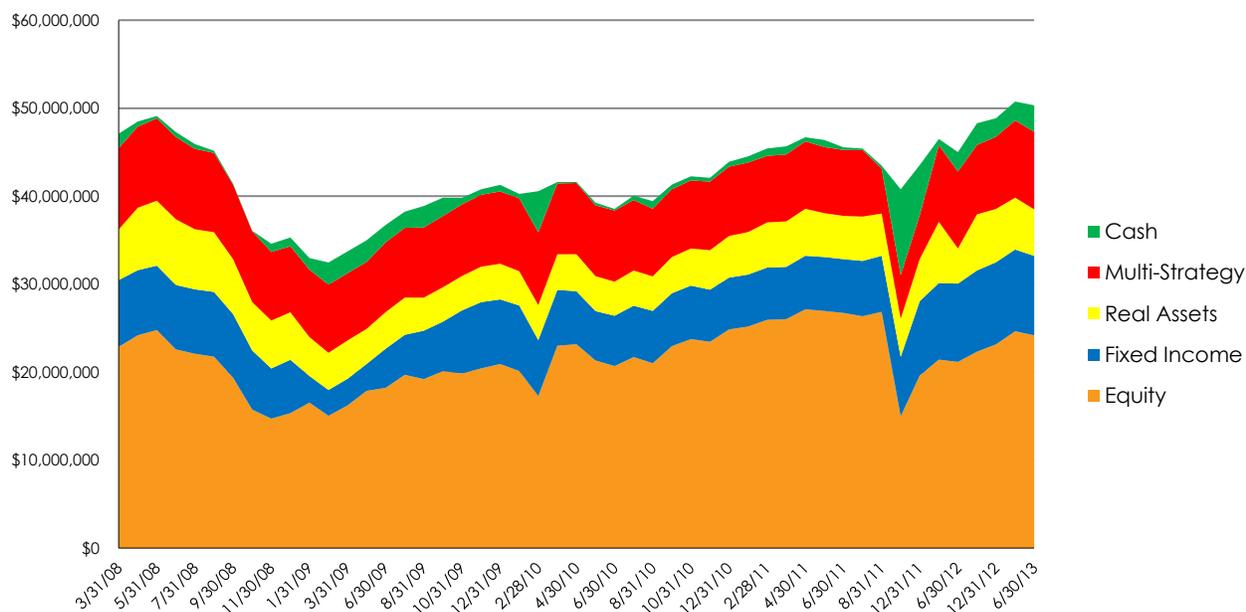
Investment Objective

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 submitted documents to fund Bridge Investment Group during the second quarter. Bridge seeks to invest in opportunistic and distressed real estate at discounts to replacement costs. It is expected that 65%-75% of committed capital will be called in the third quarter.
- ACF received a partial distribution from Common Sense. The Foundation is in the process of redeeming from Common Sense and funding a more tactical long/short equity allocation, with Titan Global Equity Offshore Fund.
- The Foundation will make an additional contribution to PIMCO All Asset, a multi-strategy manager in the quarter.
- 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 finished the quarter down -1.3% outpacing its *Policy Index* by +80 basis points. On a year-to-date basis, the portfolio is up +1.5%, modestly ahead of the *Policy Index* by +70 basis points. Over the past ten years, Albuquerque ranks in the top quartile of similarly constructed portfolios from a volatility standpoint. Over the past three, five and ten years, the portfolio has ranked in the top 25th, 16th and 22nd percentile, respectively.
- Volatility returned during the second quarter, as equity and fixed income markets reacted to concerns over future central bank actions and economic weakness across much of Europe and China. Despite the fears, U.S. equities were able to shake off effects of the fiscal tightening and posted another positive quarter, with the *Russell 2000 Index* and *S&P 500 Index* leading the way returning +3.1% and +2.9%, respectively. U.S. economic news was generally positive, which led to concerns that the Fed would trim its asset purchase program sooner than expected. Bond markets fell: the yield on 10-year Treasury increased from 1.6% to 2.5%. Europe presented no major shocks, though data from the Eurozone showed the region remains mired in a recession. In Japan, the announcement of the intention to double the monetary base induced wild volatility across all Japanese asset classes. Emerging Markets are showing signs of weakness as Chinese growth rates, still among the world's highest, are declining and the U.S. dollar strengthens. Growth differentials in developed and emerging economies, unresolved Eurozone stability issues, and faltering investor sentiment present challenges both for policy makers and investors.

* 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	June 30, 2013	Target
Total Portfolio			\$50,333,865	100%
Equity			\$24,183,038	48.0%
Global Equity			\$10,609,671	21.1%
Dodge & Cox	Global Value	Daily	\$5,699,362	11.3%
Dreyfus	Global Equity	Daily	\$4,910,310	9.8%
Large Cap Equity			\$1,689,340	3.4%
Vanguard Dividend Appreciation	U.S. Large Cap Dividend	Daily	\$1,689,340	3.4%
SMID Equity			\$4,059,551	8.1%
Ironbridge	SMID Cap Core	Daily	\$4,059,551	8.1%
International Emerging Markets Equity			\$1,384,322	2.8%
Eaton Vance	Structured Emerging Markets	Daily	\$1,384,322	2.8%
Long/Short Equity			\$1,752,388	3.5%
Common Sense	Long/Short	Annually	\$1,752,388	3.5%
Private Equity			\$4,687,766	9.3%
Private Equity	Private Equity	Illiquid	\$4,687,766	9.3%
Fixed Income			\$9,026,028	17.9%
PIMCO Unconstrained	Opportunistic	Daily	\$2,268,534	4.5%
Colchester Global Bond	Global Bond Fund	Monthly	\$2,121,120	4.2%
Janus	Core Fixed Income	Daily	\$3,094,761	6.1%
T. Rowe Price Emerging Markets	Emerging Market Bond Fund	Daily	\$1,541,613	3.1%
Real Asset			\$5,293,696	10.5%
Blackstone Resources Select Offshore Fund	All Cap Real Asset	Monthly	\$3,751,533	7.5%
Invesco Balanced Risk Commodity Strategy	Real Asset	Daily	\$1,542,163	3.1%
Multi-Strategy			\$8,817,181	17.5%
BlackRock Tempus Fund Ltd	Multi-Strategy Hedge Funds	Semi-Annual	\$3,236,867	6.4%
Magnitude International Class A	Multi-Strategy Hedge Funds	Quarterly	\$2,907,417	5.8%
PIMCO All Asset Fund - Institutional	Tactical Asset	Daily	\$1,442,815	2.9%
Corbin	Multi-Strategy	Redeeming	\$96,429	0.2%
Silver Creek Low Vol Strategies II, Ltd	Multi-Strategy	Liquidating	\$1,133,652	2.3%
Cash			\$3,013,923	6.0%
Cash	Cash Equivalents	Daily	\$3,013,923	6.0%

*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.