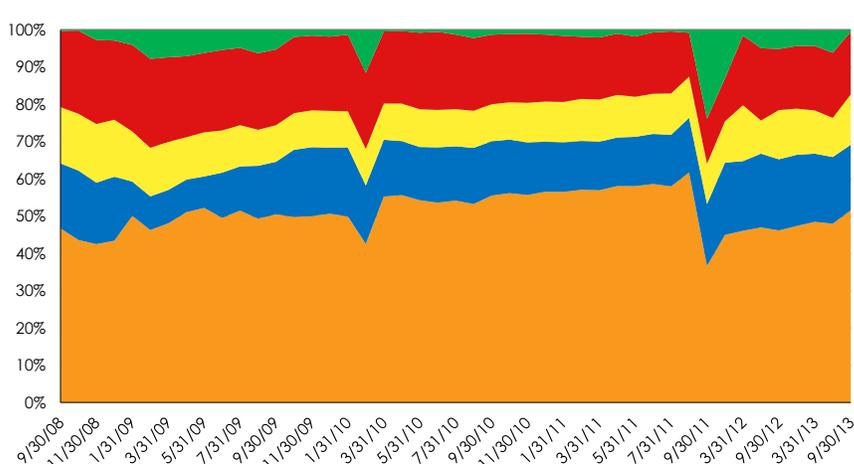


Asset Allocation

Five Year Historical Asset Allocation



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

Asset Class	Actual	Target	Over/Under Target
Equity	51.6%	45.0%	+6.6%
Fixed Income	17.6%	20.0%	-2.4%
Real Assets	13.5%	15.0%	-1.5%
Multi-Strategy	16.8%	20.0%	-3.2%
Cash	0.5%	0.0%	+0.5%

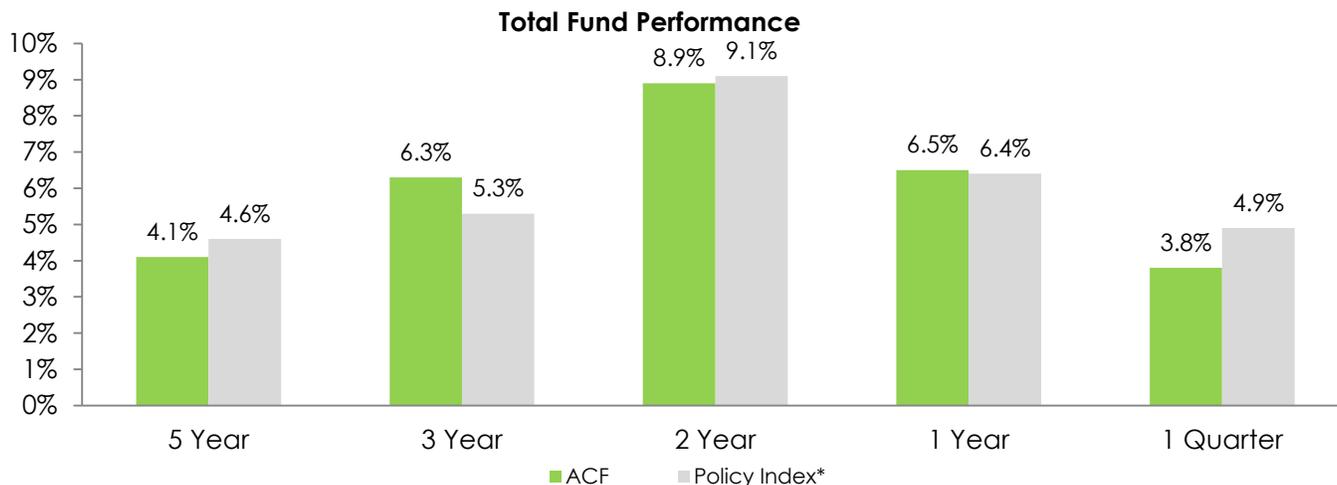
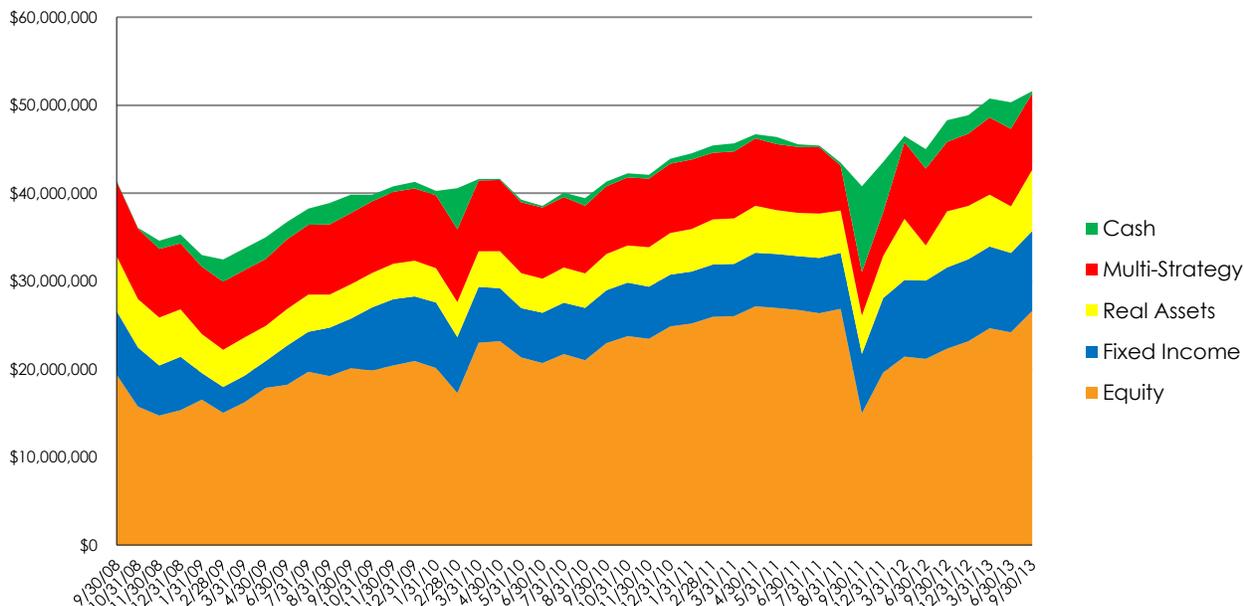
Investment Objective

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 made its initial contribution Bridge Investment Group during the third quarter. Bridge seeks to invest in opportunistic and distressed real estate at discounts to replacement costs. The initial call represented approximately 62% of committed capital.
- ACF received a partial distribution from Common Sense. The Foundation is in the process of redeeming from Common Sense. Per the agreement with Common Sense, redemptions are made only quarterly.
- The foundation funded Titan, a tactical long/short equity manager, to replace Common Sense.
- The Foundation transitioned from the Invesco mutual fund to the commingled fund during the quarter. This reduced management fees by 0.20%.
- IronBridge, a U.S. Small/Mid cap manager was terminated during the quarter and replaced with DFA U.S. Small Cap Core.
- Slocum recommends the Foundation conduct a review of its Real Assets structure. With slowing global growth and a strengthening U.S. dollar, it creates a challenging backdrop for commodities and precious metals. Slocum recommends reviewing the structure to diversify the sources of risk and return within the asset group. Slocum continues to believe the Albuquerque portfolio is properly positioned and broadly diversified between domestic and global mandates, which should enable 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 up +3.8% trailing its *Policy Index* by -110 basis points. On a year-to-date basis, the portfolio is up +5.3%, modestly trailing its *Policy Index* by -50 basis points. During the quarter all composites produced positive absolute returns. The main reason for the Foundation trailing its *Policy Index* is due to Long/Short equity managers, who lagged traditional equities during the third quarter.
- In what seems like a rerun of a poorly written sitcom, political rhetoric dominated headlines during the third quarter. The first half of the quarter saw investors concerned with the potential end of the Fed's asset purchases while the latter part of the quarter saw concerns over the impending government shut down. U.S. equity markets were able to post their third consecutive quarter of positive absolute returns despite the U.S. political theater, ongoing concerns over job growth, stalled unemployment figures, political unrest in Syria, and uncertainty over the Fed tapering its asset purchases. Global equity markets fared better than U.S. markets, as economic data from foreign countries continued to show global economic activity is strengthening glacially. Europe outgained domestic markets on expectations that European economies will continue to expand and China overcame concerns of a slowdown as recent manufacturing data showed its economy picking up, at least for now. In Japan, "Abenomics" supported the resurgence in Japanese markets, with officials letting taxes rise 3% on the belief the economy is strong enough to endure the increase. Uncertainty continues to reign supreme, as markets weigh future central bank actions while digesting increasingly choppy economic data. Continued growth differentials in developed and emerging economies, political gridlock, and concerns over global economic stability look like they will continue to dominate headlines.

* 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	September 30, 2013	Target
Total Portfolio			\$51,600,017	100%
Equity			\$26,607,756	51.6%
Global Equity			\$11,484,630	22.3%
Dodge & Cox	Global Value	Daily	\$6,176,676	12.0%
Dreyfus	Global Equity	Daily	\$5,307,954	10.3%
Large Cap Equity			\$1,783,334	3.5%
Vanguard Dividend Appreciation	U.S. Large Cap Dividend	Daily	\$1,783,334	3.5%
SMID Equity			\$4,449,504	8.6%
DFA	U.S. Small Cap	Daily	\$4,449,504	8.6%
International Emerging Markets Equity			\$1,456,505	2.8%
Eaton Vance	Structured Emerging Markets	Daily	\$1,456,505	2.8%
Long/Short Equity			\$2,704,179	5.2%
Common Sense	Long/Short	Annually	\$1,678,451	3.3%
Titan	Long/Short	Quarterly	\$1,025,728	2.0%
Private Equity			\$4,729,605	9.2%
Private Equity	Private Equity	Illiquid	\$4,729,605	9.2%
Fixed Income			\$9,087,184	17.6%
PIMCO Unconstrained	Opportunistic	Daily	\$2,262,286	4.4%
Colchester Global Bond	Global Bond Fund	Monthly	\$2,164,441	4.2%
Janus	Core Fixed Income	Daily	\$3,115,893	6.0%
T. Rowe Price Emerging Markets	Emerging Market Bond Fund	Daily	\$1,544,564	3.0%
Real Asset			\$6,962,832	13.5%
Blackstone Resources Select Offshore Fund	All Cap Real Asset	Monthly	\$3,900,797	7.6%
Invesco Balanced Risk Commodity Strategy	Real Asset	Daily	\$1,647,213	3.2%
Bridge Real Estate Opportunity Capital Fund	Real Asset/Real Estate	Illiquid	\$1,414,823	2.7%
Multi-Strategy			\$8,691,180	16.8%
BlackRock Tempus Fund Ltd	Multi-Strategy Hedge Funds	Semi-Annual	\$3,296,565	6.4%
Magnitude International Class A	Multi-Strategy Hedge Funds	Quarterly	\$2,912,901	5.6%
PIMCO All Asset Fund - Institutional	Tactical Asset	Daily	\$1,485,028	2.9%
Silver Creek Low Vol Strategies II, Ltd	Multi-Strategy	Liquidating	\$996,687	1.9%
Cash			\$251,064	0.5%
Cash	Cash Equivalents	Daily	\$251,064	0.5%

*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.