



June 27, 2018

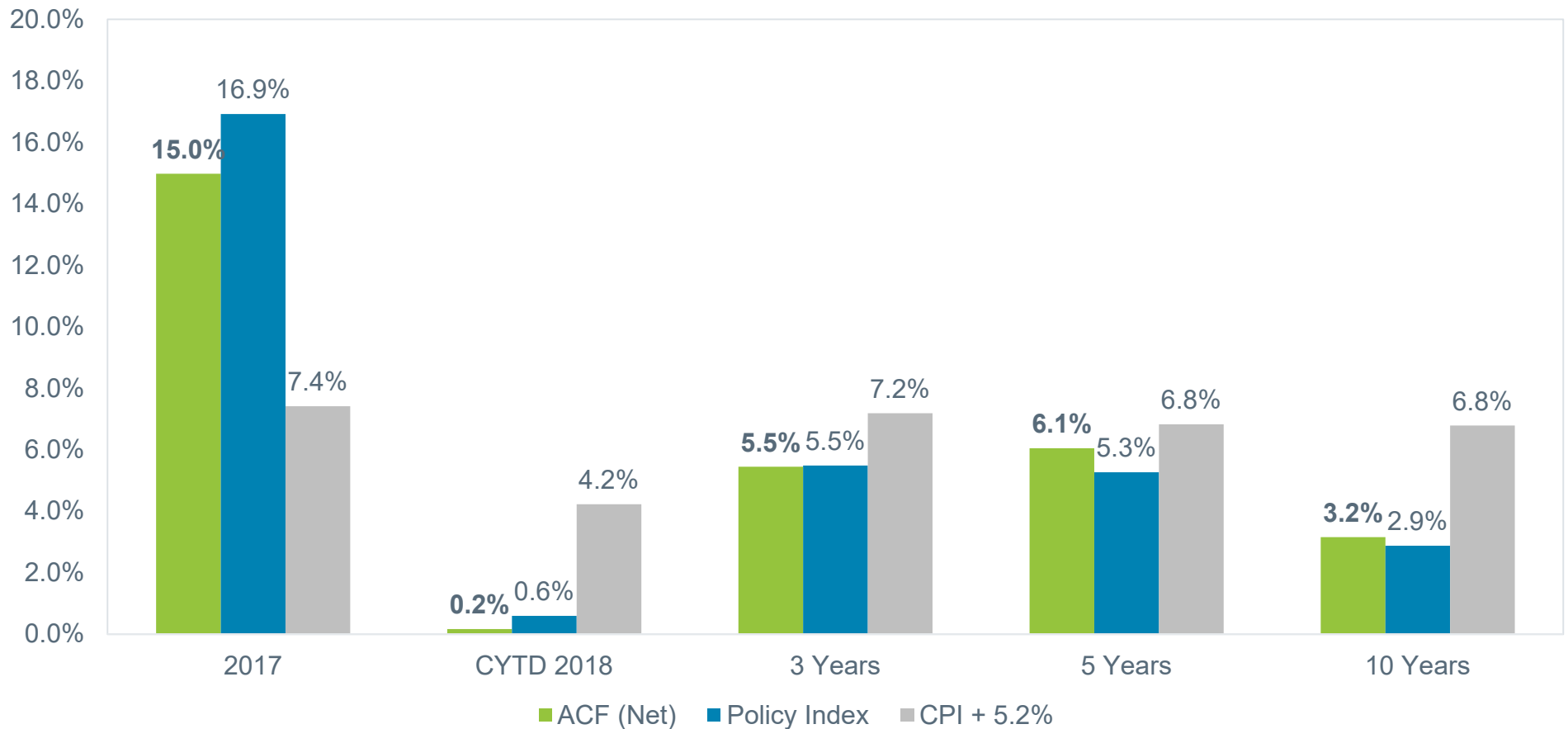
Investment Update

Albuquerque Community Foundation



Investment Performance Update

Total Fund Performance As of May 31, 2018



As of May 31, 2018. Performance is preliminary and subject to change. Returns are annualized for periods greater than one year.

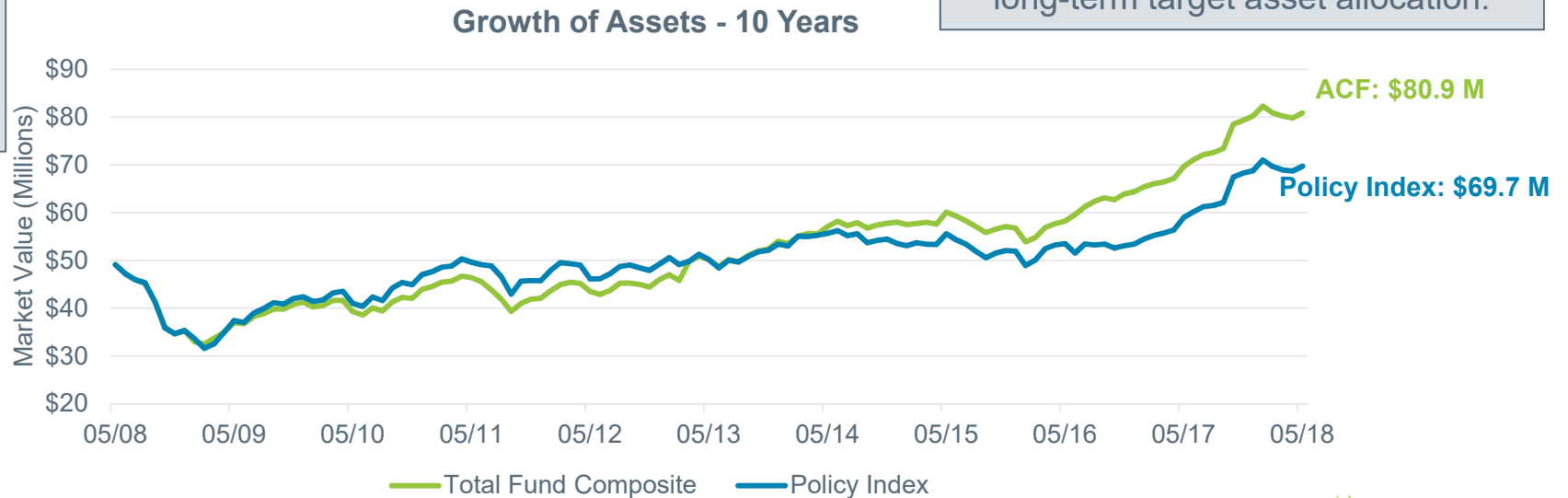
The Policy Index currently consists of 61% MSCI ACW IM Index (Net), 11% Fixed Income Custom Index, 5% Real Assets Custom Index, 13% NCREIF ODCE Index (AWA) (Net), and 10% HFRI Asset Wtd Comp Index. The Fixed Income Custom Index is 80% B US Agg Bond Index and 20% B US Universal Bond Index. The Real Assets Custom Index consists of an equal-weighted blend of the B Commodity Index, FTSE EPRA/NAREIT Gbl Index, and B US Trsy Infl Notes: 1-10 Yr Index through April 30, 2017; and the Fidelity Strat RR Composite Index thereafter.

Asset Allocation and Growth

Asset Allocation vs. Target Allocation				
	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences vs. Target (%)
Total Fund	80,855,293	100	100	-
Public Equity	40,572,910	50	48	2
Private Equity	8,117,219	10	13	-3
Fixed Income	12,922,149	16	11	5
Real Assets	3,922,578	5	5	0
Real Estate	5,758,815	7	13	-6
Multi-Strategy	8,549,535	11	10	1
Cash Equivalents	1,012,087	1	0	1

Over the past 10 years, the Foundation has grown from \$49.1 million to **\$80.9 million** today.

The portfolio is currently in the process of transitioning to the new long-term target asset allocation.



Key Drivers of 2017 Performance

1. Exposure to Public Equities

- Led by non-U.S. stocks, global equity markets returned 24.0% and significantly outpaced U.S. fixed income markets, gaining 3.5% in 2017.

2. Meaningful Exposure to Alternative Investments

- Exposure to multi-strategy (hedge funds) and real estate contributed positively to overall returns, as did real assets allocations.

3. Underweight Allocation to Private Equity

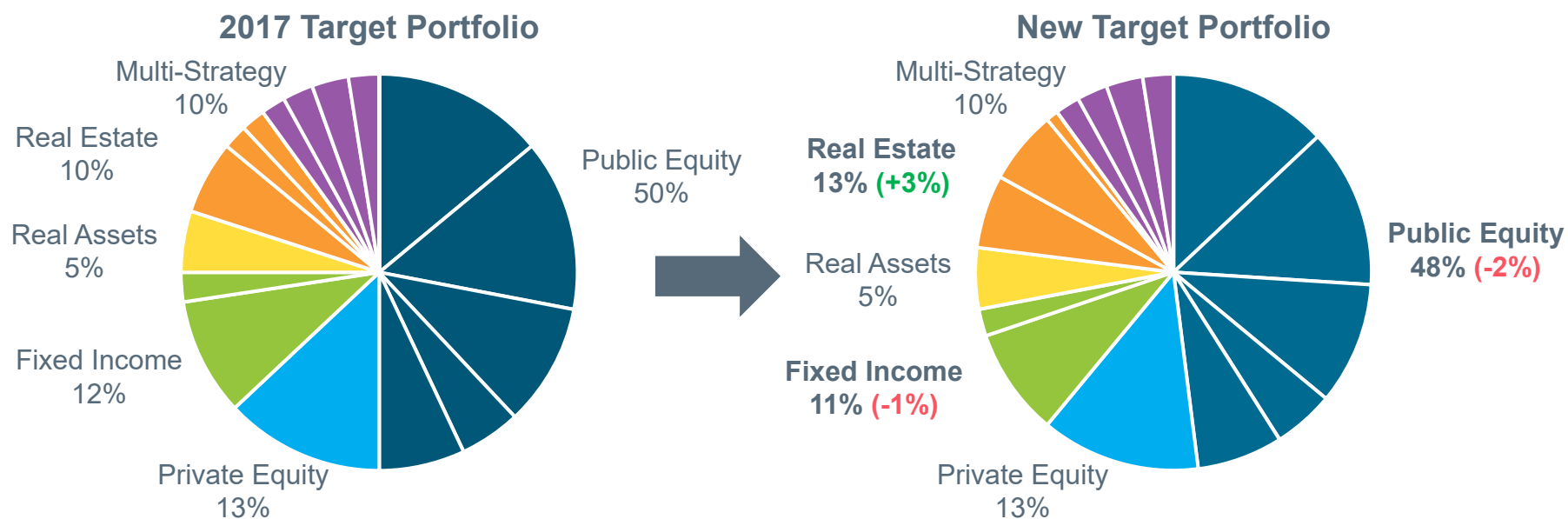
- ACF's 2017 performance ranked in line with the median peer but trailed the policy index.
- Underweight allocation to private equity (8.7% vs. 13.0% strategic target) detracted from relative results.

4. Mixed Active Manager Performance

- Fixed income, real assets, real estate, and multi-strategy exceeded their respective benchmark returns, while public equity trailed its broad market index.

2017-2018 Completed Initiatives

RVK and the Investment Committee continue to monitor and evaluate opportunities to increase the likelihood of meeting the Foundation's long-term objectives.



2017-2018 Completed Initiatives:

- **Asset Allocation Adjustments**
 - Modest increase to long-term strategic Real Estate allocation
- **Spending Policy Analysis**
 - Confirming appropriateness of spending rate
- **Additional Real Estate Commitments**
 - New and existing real estate managers
- **Updated Private Equity Commitment Schedule**
 - Including new commitments to achieve long-term target

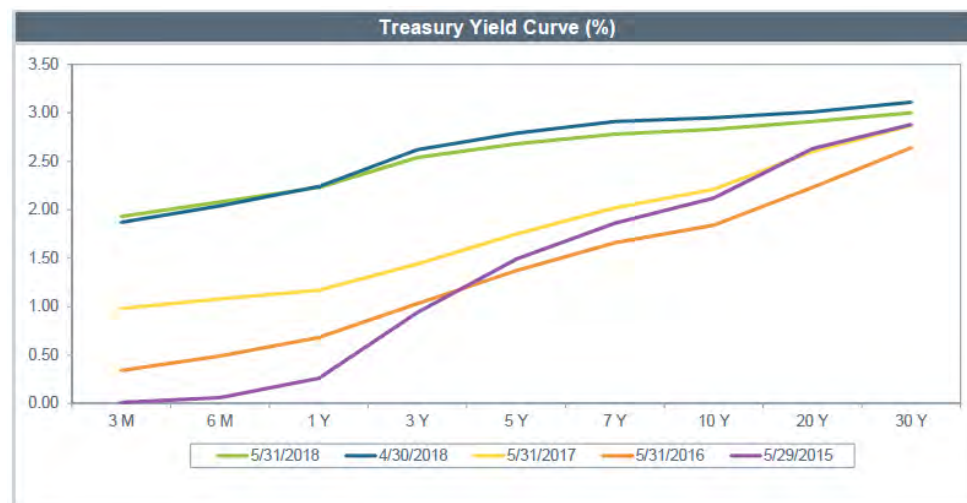
Upcoming Initiatives

- Updated Spending Policy Analysis
 - Annual review of spending policy rate and long-term sustainability
- Private Equity & Real Estate Commitments
 - 2018 Commitments
 - Ongoing Monitoring of Allocation Pacing
- Ongoing Review & Benchmarking of Investment Managers
- Ongoing Review of Investment Policy & Asset Allocation

Capital Markets & Economic Update

		As of	Average						
			12/31/2017	12/31/2016	12/31/2015	12/31/2014	10-Yr	20-Yr	40-Yr
Treasury - 10 Year	2.83%	5/31/2018	2.40%	2.45%	2.27%	2.17%	2.56%	3.67%	6.29%
CPI YoY (Headline)	2.80%	5/31/2018	2.20%	1.70%	0.70%	0.80%	1.63%	2.17%	3.55%
Unemployment Rate	3.80%	5/31/2018	4.10%	4.60%	5.00%	5.60%	6.93%	5.93%	6.28%
WTI Crude Oil per Barrel	\$67	5/31/2018	\$60	\$54	\$37	\$53	\$75	\$59	\$42
US Dollar Total Weighted Index	89.36	5/25/2018	87.47	95.76	94.46	85.13	80.58	86.49	92.89
Gold Spot per Oz	\$1,299	5/31/2018	\$1,303	\$1,152	\$1,061	\$1,185	\$1,283	\$852	\$622

- After another year of strong equity markets and historically low volatility in 2017, volatility levels have increased significantly in 2018.
- U.S. equity markets have outperformed international stocks, along with a strengthening Dollar, a trend reversal from 2017.
- U.S. bond markets have faced recent headwinds as interest rates have risen sharply CYTD.



Market Performance (%)	Asset Class	2017	CYTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	US Stocks	21.1	2.6	15.1	10.7	12.8	9.2
MSCI EAFE (Net)	Non-US Developed Stocks	25.0	-1.6	8.0	4.3	5.9	2.1
MSCI EM (Net)	Emerging Market Stocks	37.3	-2.6	14.0	6.2	4.5	1.6
Bloomberg US Agg Bond	US Bonds	3.5	-1.5	-0.4	1.4	2.0	3.7
NCREIF ODCE (Gross)*	Private Real Estate	7.6	2.2	8.1	10.0	11.4	5.1

As of May 31, 2018, unless noted otherwise. Performance for NCREIF ODCE (Gross) is as of March 31, 2018 and available quarterly.



Forward-Looking Themes

- **Lower Long-Term Return Expectations**
 - Long-term returns for diversified portfolios will likely be lower than experienced in recent history as prices for risk assets remain relatively high and credit spreads remain tight (i.e. expensive).
- **Tightening Monetary Policy**
 - The Federal Reserve continues to tighten monetary policy in the U.S. by increasing the Federal Funds rate and unwinding its balance sheet of agency bonds.
 - Monetary policy in Europe could potentially follow suit in the near future as economic conditions continue to improve in the U.K. and E.U.
- **Relatively Expensive U.S. Stock Market**
 - Prices for U.S. stocks remain well above their historical averages. Foreign stock prices are closer to historical averages.
- **Potential Impact of Geopolitical Events**
 - Developments concerning U.S. trade policy, North Korea, Iran, and Italy could impact future market volatility.

PORTLAND

CHICAGO

NEW YORK

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