

## **ALBUQUERQUE COMMUNITY FOUNDATION**

### **INVESTMENT MANAGEMENT SUMMARY**

The Albuquerque Community Foundation ('Foundation') is a public foundation established in 1981 to serve a broad range of charitable purposes in the Greater Albuquerque area. Because the Foundation expects to operate in perpetuity, wise stewardship of the funds entrusted to it is essential to the Foundation's mission. Therefore, the Board of Trustees of the Foundation has adopted policies and procedures to ensure its accountability to donors, beneficiaries, and the greater Albuquerque Community.

All Investment Managers ("Managers") employed by the Foundation shall either be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940 and provide the most recent investment advisor registration form (ADV Part II) filed with the (SEC), or be exempted from registration under the Investment Advisors Act of 1940 exclusion for organizations regulated by the Bank Holding Company Act of 1956. Organizations exempted from Federal-level registration due to having assets under management of less than \$25,000,000 are not permitted.

The Foundation will structure its investment philosophy around the concept of complementary Managers, which are responsible for specific asset categories and management styles. In implementing its philosophy the Foundation may use separate accounts, commingled funds, or mutual funds to accomplish its objectives.

Management of the Fund is a long-term responsibility. Therefore, long-term objectives of at least 20 years are the standard to be observed.

### **PHILOSOPHY**

The central objective of the Foundation's investment philosophy is to provide a stable and increasing stream of income for its charitable beneficiaries. Long term, full diversification through all viable investment categories is desired in order to eliminate dependence on one or two categories which could adversely impact the Foundation's returns.

## **INVESTMENT COMMITTEE**

The Investment Committee of the Albuquerque Community Foundation shall consist of 10 members. At least three members shall be appointed from the Board of Trustees. Other non-Board members may serve on the Committee at the discretion of the President of the Board of Trustees who appoints all members. The Investment Committee will meet at least quarterly to review investment performance, asset allocation, and all other matters related to fiduciary oversight of investment assets.

## **INVESTMENT OBJECTIVES**

The objective of the total return investment management program is to produce growth and income sufficient to support both donor goals and fund 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 (inflation rate) plus 4.0% plus Foundation's administration fees. Significant emphasis shall be placed upon the preservation and enhancement of the purchasing power of the principal amount of assets in the investment account. The Managers should concentrate their efforts on total return, which will increase the corpus of the fund and thereby increase the purchasing power of the assets under management.

## **DISTRIBUTION OF FUNDS**

The Foundation's distribution policy recognizes the inherent conflict between serving current community needs while maximizing the growth of Foundation Assets. The current annual distribution percentage is 4% of the time-weighted average balance of each fund for the previous 20 quarters.

## ASSET ALLOCATION

The Investment Committee has evaluated the various investment asset classes available, considering the historical rates of return and relative levels of risk associated with each. The Investment Committee recognizes that, over the long-term, the allocation among various asset classes may be the single most important determinant of the Foundation's investment performance. An asset allocation policy was developed using appropriate best practice tools such as a mean/variance optimizer or other tools as appropriate. Foundation assets shall be invested according to the following maximum and minimum ranges for each asset class as stated below:

Asset Allocation Policy Adopted December 2005  
(Last Amendment January 2017)

<b>ASSET CLASS</b>	<b>TARGET</b>	<b>RANGE</b>
Total Equity	50%	40% - 60%
Total Fixed Income/Cash	12%	2% - 22%
Total Real Estate	10%	5% - 15%
Total Real Assets	5%	0% - 15%
Total Multi-Strategy	10%	0% - 20%
Total Private Equity	13%	3% - 23%
Total	100%	100%

## INVESTMENT CONSULTANT

The Investment Committee has engaged an independent investment consulting firm to assist the Committee's activities. The Consultant is expected to be proactive in recommending changes in investment strategy, asset allocation, and Investment Managers if the situation warrants change.

The Foundation is utilizing the services of RVK, Inc. (“RVK”) of Portland, Oregon. RVK is registered with the SEC as an Investment Advisor and has been performing Investment Consultant services for more than 30 years. RVK is not engaged in any line of work other than investment consulting, nor does it have any affiliation with any bank, brokerage firm, or money manager.

RVK provides full investment consulting services to 62 endowments and foundations. RVK advises on approximately \$4.2 billion for endowments and foundations and \$700 billion in total.

RVK has extensive experience serving endowment and foundation clients and currently serves several other endowments and foundations in New Mexico. RVK serves as a trusted advisor committed to exceptional and proactive client service with a long-term investment focus. RVK works with the Albuquerque Community Foundation to design and deliver a portfolio with the highest return for the Foundation’s level of acceptable risk, given the Foundation’s mission-critical objectives and tolerance for volatility.

### **INVESTMENT MANAGERS AND FEES**

Names of investment managers and fees charged are available to donors on request. Please contact us at [nick@abqcf.org](mailto:nick@abqcf.org).