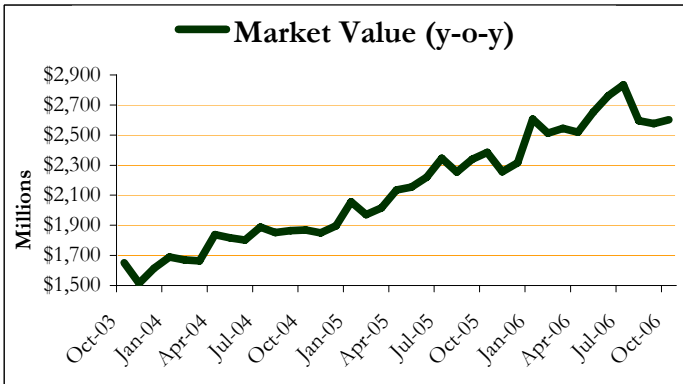


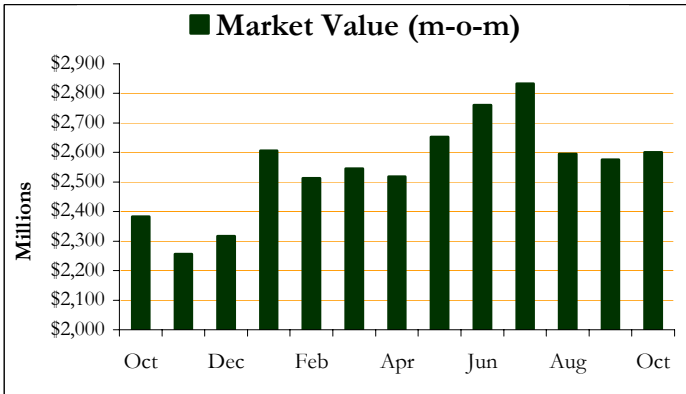
# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of October 31, 2006

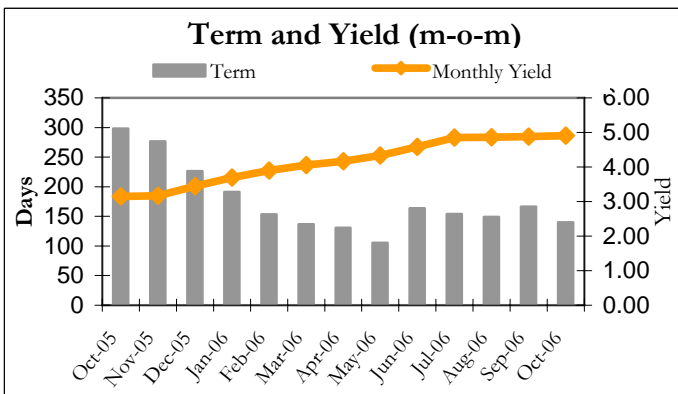
## GENERAL FUND INVESTMENT PORTFOLIO



- The market value, net of TRANS, of the General Fund Investment Portfolio, on October 31, 2006 was \$2.60 billion, compared to \$2.37 billion at the same point last year and \$1.94 billion at the same point two years ago.



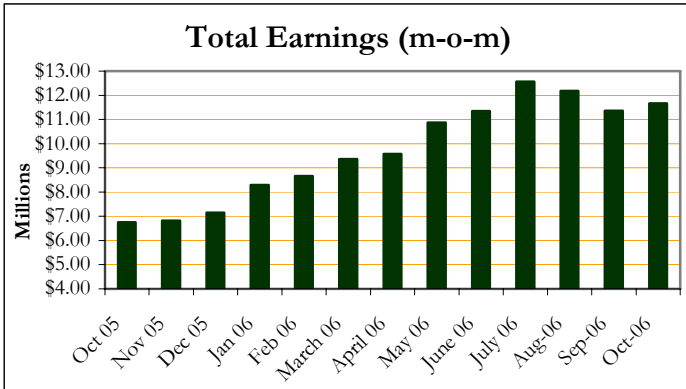
- The market value of the General Fund at month-end was \$2.60 billion, an increase of 1.1% from September's \$2.57 billion and an increase of 0.38% from August's \$2.59 billion.



- The yield on the General Fund was 4.91% at month-end, up from 4.88% in September. The average term of the portfolio decreased to 139.7 days, down from 166.4 days in September.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	4.74%	\$1,879,041,165	62.6%	207
Repurchase Pool	5.30%	\$585,009,770	19.5%	1
Certificates of Deposit	4.89%	\$239,500,000	7.9%	110
Money Market Fund	5.26%	\$100,000,000	3.3%	1
Commercial Paper	5.35%	\$197,308,093	6.5%	3
<b>Total:</b>	<b>4.91%</b>	<b>\$3,000,859,028</b>	<b>100.0%</b>	<b>139</b>

- As of October 31, the dollar-weighted asset mix of the General Fund was comprised of 62.6% in U.S. agency bonds, 19.5% in the overnight repurchase pool, 7.9% in certificates of deposit, 6.5% in commercial paper, and 3.3% in money market mutual funds.
- October investment activity in the General Fund included the purchase of \$197.16 million in commercial paper with an average yield of 5.35% and an average term of 7.6 days. The maturity of these investments was cash matched to November disbursements.

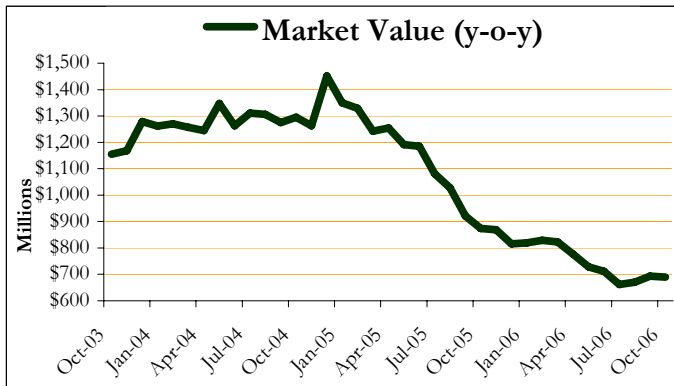


- The General Fund earnings for October were \$11.65 million, an increase of 2.6% over September earnings of \$11.35 million and an increase of 72.5% over October 2005 earnings of \$6.75 million. Fiscal year to date earnings total \$47.7 million compared to \$25.2 million through the same period last fiscal year.

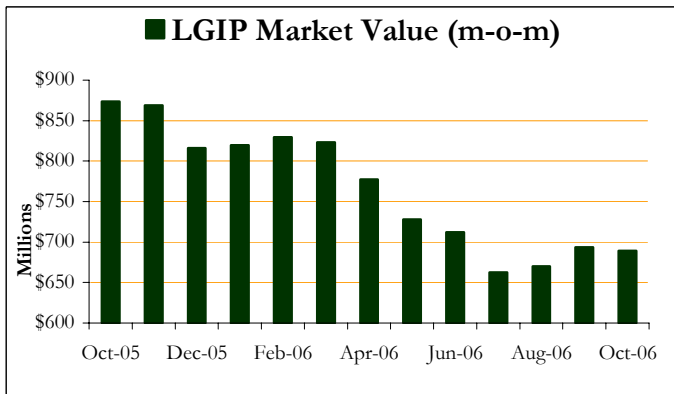
# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of October 31, 2006

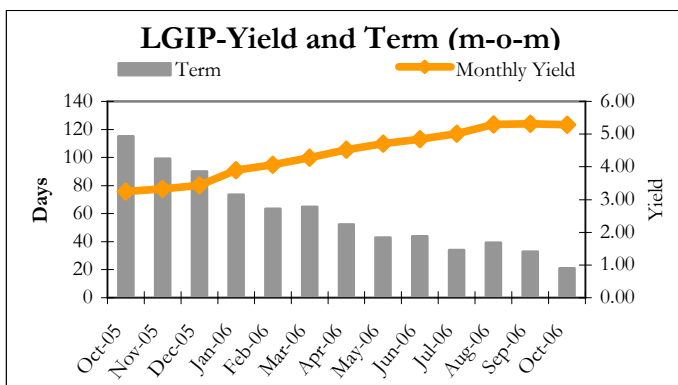
## NEW MEXIGROW LOCAL GOVERNMENT INVESTMENT POOL (LGIP)



- The market value of the LGIP portfolio as of October 31 was \$689.39 million, compared to a market value of \$873.29 million at the same period in the prior fiscal year and \$1.290 billion at the same period two years ago.



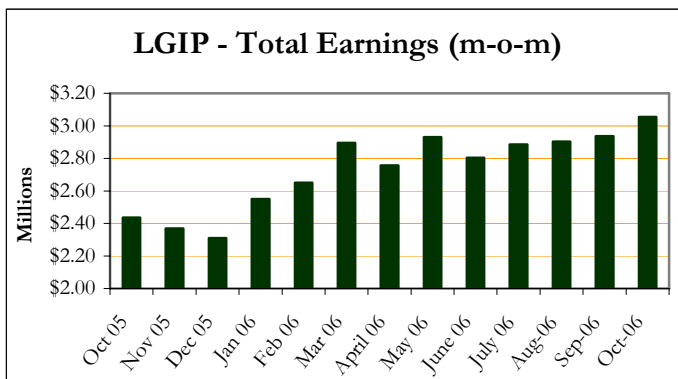
- The market value of the portfolio as of October 31 was \$689.39 million, a decrease of 0.6% from the \$693.64 million market value at September 30. The nominal decrease in pool balance is reflective of small fluctuations that occurred during the past two months but, overall, the pool is considered stable.



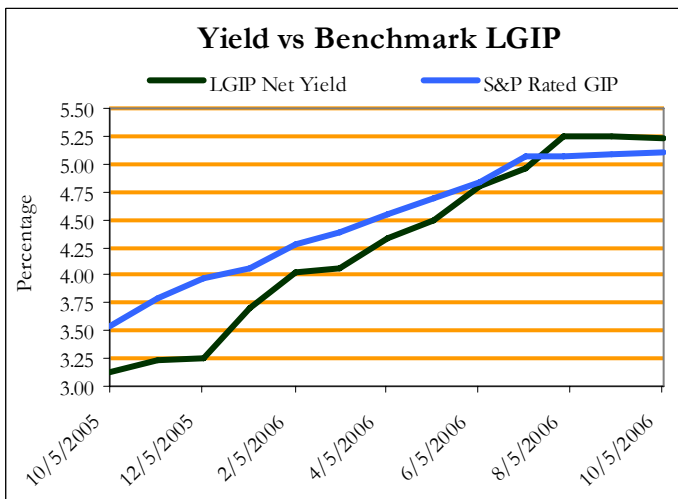
- The gross yield of the LGIP portfolio decreased 2.8 basis points to 5.28% at October 31. The weighted average maturity at October 31 was 21 days, down from the September 30 weighted average maturity of 33 days, and still within the allowable limit of 50 days.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	5.25%	\$287,640,854	41.7%	39
Commercial Paper	5.39%	\$169,716,193	24.6%	15
Money Market Funds	5.28%	\$218,000,000	31.6%	1
Certificates of Deposit	4.39%	\$11,500,000	1.6%	22
LGIP Bank Account	5.02%	\$ 2,533,314	0.4%	1
<b>Total:</b>	<b>5.28%</b>	<b>\$689,390,361</b>	<b>100.0%</b>	<b>21</b>

- At October 31, the portfolio was comprised of 41.7% in U.S. government agency securities, 24.6% in A-1+ commercial paper, 31.6% in AAA money market funds, 1.6% in CDs, and 0.4% in the bank account balance.
- October investment activity in the LGIP portfolio included the purchase of \$60 million in A-1+ commercial paper with an average yield of 5.33% and average term of 31 days. In addition, \$40 million in agency discount notes was purchased with an average yield of 5.24% and average term of 146 days.



- Total LGIP earnings for October were \$3.06 million, a slight increase over September earnings of \$2.94 million. Fiscal year-to-date earnings for the LGIP totaled \$11.77 million compared to \$10.55 million through the same period last fiscal year.



- The 30-day net yield of the LGIP as of October 31 was 5.23%, outperforming the 30-day net S&P Rated Government Investment Pool index (5.10%) by 13 basis points. However, the 30-day gross yield of the *New MexiGROW* LGIP at October 31, 5.28%, trailed the 30-day gross S&P Rated GIP index of 5.32% by 4 basis points. The administrative fee assessed to participants for October was 5.5 basis points.

# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of October 31, 2006

## TAXABLE BOND PROCEEDS INVESTMENT POOL

- The market value of the Taxable BPIP as of October 31, 2006, was \$691.8 million.
- The Taxable BPIP was separated from the broader BPIP (i.e., tax-exempt and taxable) on October 1, 2006; as such, there is no month-over-month comparison.
- The yield and term for the month of October were 4.7% and 77 days, respectively.

TAXABLE BOND PROCEEDS INVESTMENT POOL				
Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Overnight Repo Pool	5.30%	\$ 422,960,353	61.2%	1
Flex Repos	3.10%	\$ 190,399,698	27.5%	253
Commercial Paper	5.39%	\$ 77,938,004	11.3%	53
Total:	4.70%	\$ 691,798,005	100%	77

## PORTFOLIO SUMMARY

- The Taxable BPIP was comprised of 61% of assets in the overnight repurchase pool, 28% in flex repurchase agreements, and 11% in commercial paper.
- Approximately \$80 million of commercial paper was purchased during October. Of the \$80 million, roughly three \$26 million investments were laddered to mature in November, December, and January, covering draw-down liabilities for those months.
- On October 31 a flex repurchase agreement worth \$7.45 million and yielding 2.25% matured.
- In October, approximately \$5.9 million was drawn down for project expenditures.
- Earnings for October totaled \$2.79 million.

# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of October 31, 2006

## TAX-EXEMPT BOND PROCEEDS INVESTMENT POOL

- The market value of the Tax-exempt BPIP as of October 31, 2006, was \$492.1 million.
- The Tax-exempt BPIP was separated from the broader BPIP (i.e., tax-exempt and taxable) on October 1, 2006; as such, there is no month-over-month comparison.
- The yield and term for the month of October were 4.73% and 85.1 days, respectively.

<b>TAX-EXEMPT BOND PROCEEDS INVESTMENT POOL</b>				
Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Overnight Repo Pool	5.30%	\$ 217,932,821	44.3%	11
Flex Repos	3.37%	\$ 127,661,413	25.9%	87
U.S. Treasuries	5.04%	\$ 110,622,909	22.4%	65
U.S. Agencies	5.31%	\$ 35,914,940	7.4%	95
<b>Total:</b>	<b>4.74%</b>	<b>\$ 492,132,083</b>	<b>100%</b>	<b>85</b>

## PORTFOLIO SUMMARY

- The Tax-exempt BPIP was comprised of 44.3% in the overnight repurchase pool, 25.9% in flex repurchase agreements, 22.4% in U.S. Treasuries, and 7.3% U.S. Agency securities.
- No purchases were made during October. Approximately \$9.05 million was drawn down for projects; \$1.02 million was deposited from property tax revenue; and \$21.3 million for debt service payments was deposited from the severance tax bonding fund.
- Earnings for the month were \$1.9 million.
- The Tax-exempt BPIP yield for October was 4.73%, eleven basis points above 4.62%, which is the highest arbitrage yield of any bond issue in the fund and the chosen benchmark given the goal to earn just enough positive arbitrage on all issues.

# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of October 31, 2006

## ECONOMIC OUTLOOK

The reported Gross Domestic Product for October is 1.8%. This result is in line with last month's observations that the economy was cooling. Strength still remains in several areas of the economy, but there is noticeable deterioration in the longer term trends of most indicators. High levels of liquidity in both domestic and international markets are providing support to most asset prices. This support is likely to pull back temporarily as central bankers attempt to slow the growth rate of money supply within their economies. If international central banks are successful in reducing inflationary levels of money supply growth, there will be some decline in raw asset price inflation. While global supply and demand imbalances will continue to support commodity prices in the longer term, temporary pullbacks will aid the U.S. at this critical juncture.

In light of these factors, the STO is using this opportunity to extend durations on both the General Fund and Bond Proceeds Investment Pool portfolios. The laddering of longer term General Fund and Bond Pool investments was initiated in the month of September. The laddering of the portfolios will be substantially increased going forward to hedge against the risk of a potential rate cut going into the second or third quarter of 2007. To the extent possible within the allowable 50-day weighted average maturity, the LGIP portfolio will also extend duration where advantageous in the 30-day to 6-month range.

**TABLE 1**  
**New Mexico State Treasurer**  
**Broker Participation - All Funds**

Fiscal Year 2006-2007

**Volume**  
(\$ in thousands)  
**FY07**

<b><u>Broker/Dealer</u></b>	<b><u>Jul-06</u></b>	<b><u>Aug-06</u></b>	<b><u>Sep-06</u></b>	<b><u>Oct-06</u></b>	<b><u>YTD Total</u></b>	<b><u>Percent</u></b>	
Bank of America	147,313	49,426	70,694	-	267,433	10.5%	Bank of America
Citigroup	320,564	92,955	-	47,116	460,635	18.1%	Citigroup
Merrill Lynch	205,051	105,792	202,697	122,674	636,214	25.0%	Merrill Lynch
Morgan Stanley	149,455	24,672	133,077	19,664	326,868	12.9%	Morgan Stanley
UBS	-	52,251	-	-	52,251	2.1%	UBS
FTN	-	-	86,072	-	86,072	3.4%	FTN
Lehman	154,349	-	20,327	-	174,676	6.9%	Lehman
Bear Stearns	-	-	-	-	-	0.0%	Bear Stearns
Goldman Sachs	106,093	11,940	-	59,934	177,967	7.0%	Goldman Sachs
CS First Boston	159,504	-	54,469	89,755	303,728	12.0%	CS First Boston
Direct Purchase	19,884	-	-	34,864	54,748	2.2%	Direct Purchase
<b>Total</b>	<b>\$ 1,262,213</b>	<b>\$ 337,036</b>	<b>\$ 567,336</b>	<b>\$ 374,007</b>	<b>\$ 2,540,592</b>	<b>100.0%</b>	

**Purchases:**

Primary Market	540,577	233,554	100,643	176,906	1,051,680	41.4%
Secondary Market	<u>721,636</u>	<u>103,482</u>	<u>466,693</u>	<u>197,101</u>	<u>1,488,912</u>	<u>58.6%</u>
<b>Total</b>	<b>\$ 1,262,213</b>	<b>\$ 337,036</b>	<b>\$ 567,336</b>	<b>\$ 374,007</b>	<b>\$ 2,540,592</b>	<b>100.0%</b>