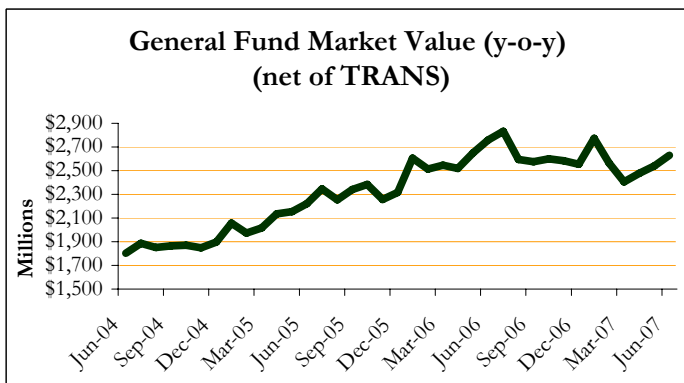


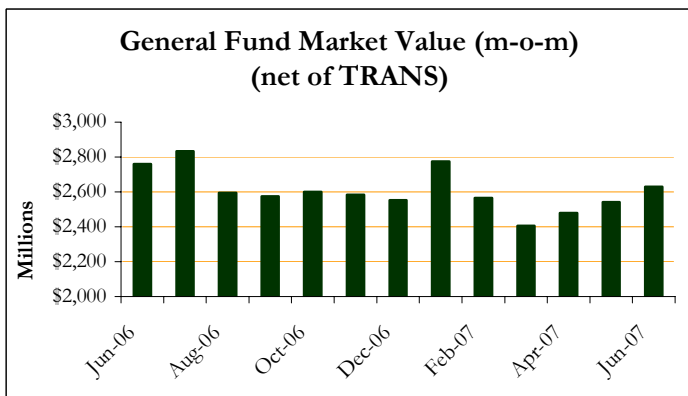
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

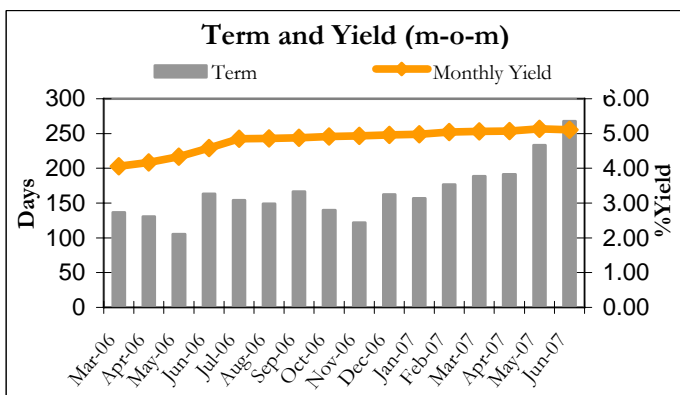
GENERAL FUND INVESTMENT PORTFOLIO



- The market value of the General Fund Investment Portfolio, net of TRANS, on June 30, 2007, was \$2.63 billion compared to \$2.76 billion at the same point last year and \$2.22 billion at the same point two years ago.



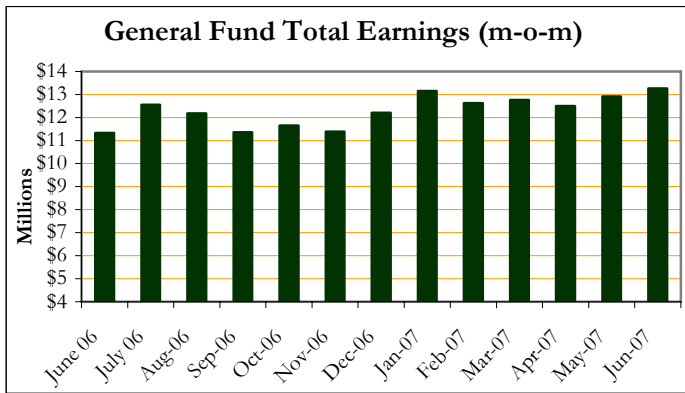
- During the month the market value of the portfolio increased 3.5% to \$2.63 billion from \$2.54 billion at May 31. The June month-end balance represents a 6.05% increase from April's month-end \$2.48 billion.



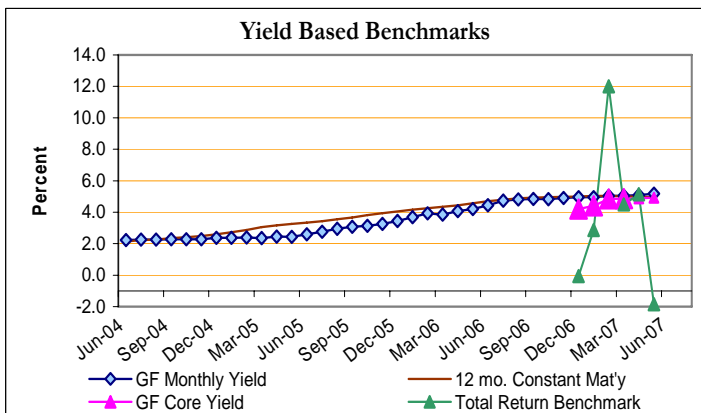
- The yield was 5.11% at month-end, down from 5.14% at the end of May. This drop was due to higher-yielding TRANS-matched assets maturing for use in TRANS redemption. The average term of the portfolio increased to 268 days from 233 days at May month-end.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	4.95%	\$1,276,293,492	48.6%	498
Repurchase Pool	5.33%	\$519,155,701	19.8%	1
Certificates of Deposit	4.96%	\$245,000,000	9.3%	155
Money Market Fund	5.30%	\$100,000,000	3.8%	1
Commercial Paper	5.32%	\$441,633,460	16.8%	44
Municipal Sponge	5.18%	\$30,000,000	1.3%	4
Corporate Bonds	5.50%	\$10,607,000	0.4%	1083
Total:	5.11%	\$2,628,689,653	100.0%	268

- The month-end portfolio holdings were 48.6% in U.S. Agency bonds, 19.8% in the overnight repurchase pool, 9.3% in certificates of deposit, 3.8% in money market mutual funds, 16.8% in commercial paper, 1.3% in municipal sponge bonds, and 0.4% in corporate bonds.
- \$351.4 million of investments were purchased for the month: \$56.5 million of certificates of deposit were purchased or renewed for the CD portfolio; \$269.8 million of sponge bonds were purchased from the State and the City of Albuquerque; \$15 million of U.S. Agency securities and \$10 million of corporate bonds yielding over 5.50% were purchased for the Core portfolio with May and June 2010 maturities respectively.



- Earnings for June were \$13.2 million, an increase of 2.6% from May earnings of \$12.9 million and an increase of 6.2% over June 2006 earnings of \$11.3 million. Fiscal year-to-date earnings totaled \$149.3 million compared to \$97.2 million through the same period last fiscal year.



NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

Investment Strategy Employed During the Past Quarter

- **General Fund:** General Fund investments during the quarter were laddered for the Core segment and cash-matched to known liabilities for the liquidity segment. Investment in asset-backed commercial paper resumed during the quarter thereby enhancing yield for the liquidity segment of the portfolio. At quarter-end, liquidity was increased substantially to ensure timely TRANs redemption and execution of temporary financing for both state and municipal entities.

For the core segment of the portfolio, a disciplined approach of investing into sell-offs was used to lock in rates at the higher end of the yield range. Conversely, rallies were avoided in light of the underlying upward trend in rates. This provided a stronger defensive posture to the portfolio should rates rise, while also optimizing the benefit of extending duration should rates fall. This strategy served the portfolio well as the core segment outperformed its total return benchmark while generating lower volatility of return.

Investment Strategy Plan For the Next Quarter

- **General Fund:** As the new quarter begins, excess liquidity in the liquidity segment of the portfolio will be drawn down and investments will continue to be cash matched to liabilities. Occasional weighting to either side of the portfolio's maturity targets may occur as market or economic conditions warrant.

Investments in the General Fund core segment will continue to be laddered with a focus on buying market weakness and avoiding strength. The portfolio will continue investing slightly beyond the 36-month time horizon into 42 months. Also, in a contrarian vein, as credit spreads widen, it is anticipated that investments in high-grade corporate bonds and asset-backed securities may be executed on a selective basis. The core segment will not be purchasing collateralized debt, loan, mortgage, or home equity obligations.

Asset Mix and Maturity Targets

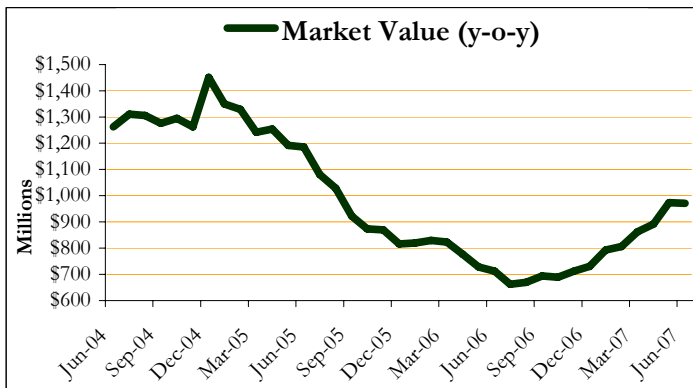
- **General Fund:** The liquidity segment of the portfolio will continue to target a weighted average maturity (WAM) from 21 to 45 days remaining either short or long of that target as either the market or the state's liquidity needs require. Commercial paper will continue to be purchased for the portfolio, with a preference given to direct-offer CP. As opportunities arise, the fund may purchase agency callable securities, deep in the money, trading to the call as a means of diversifying asset mix while maintaining yield.

The core segment of the portfolio was significantly under weight its maturity and duration targets. This condition should likely remain as the 4- to 5-year portion of the yield curve should continue to under perform. Portfolio laddering will continue with emphasis placed on selective buying into weakness and the higher end of rate bands. The portfolio should reach duration of 1.5 to 1.6 years during the upcoming quarter.

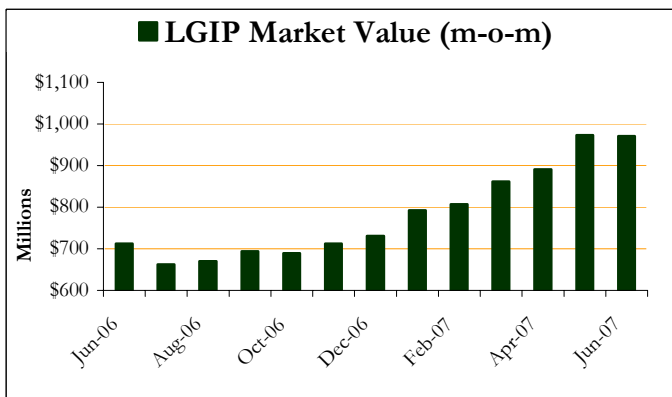
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

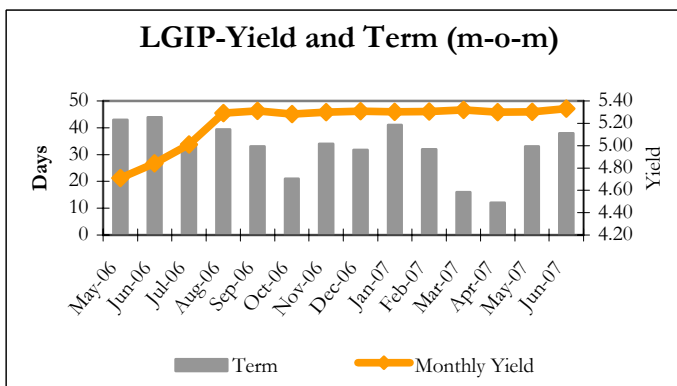
NEW MEXIGROW LOCAL GOVERNMENT INVESTMENT POOL (LGIP)



- The year-over-year market value of the LGIP portfolio as of June 30 was \$970 million, compared to a market value of \$713 million at the same period last year and \$1.38 billion at the same period two years ago.



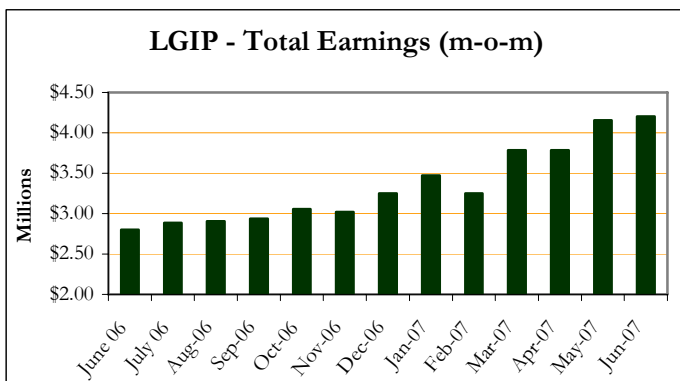
- During the month the market value of the portfolio decreased .3%, from \$973 million in May to \$970 million. Participant contributions were \$86.3 million and withdrawals were \$90.8 million.



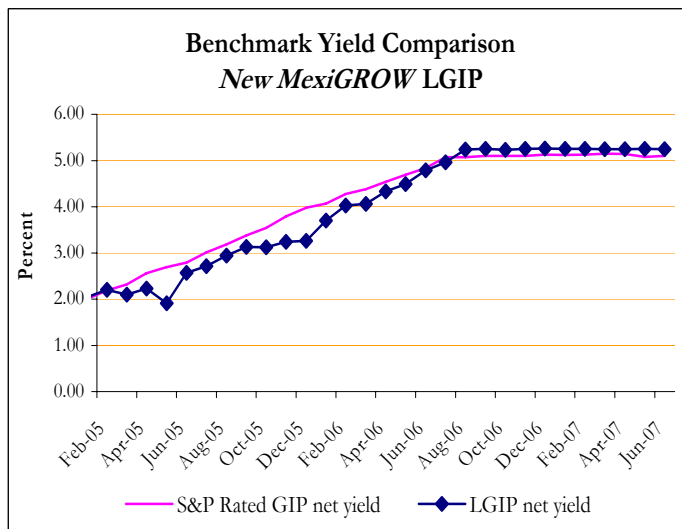
- The gross yield was 5.33% at June 30, an increase from May month-end of 5.30%. The weighted average maturity at June 30 was 38 days, up from the May 31 weighted average maturity of 33 days and within the S&P-set limit of 50 days.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	5.30%	\$63,713,945	6.6%	318
Commercial Paper	5.38%	\$323,418,694	33.3%	49
Money Market Funds	5.30%	\$582,700,000	60%	1
LGIP Bank Account	4.94%	\$637,134	.1%	1
Total:	5.33%	\$970,469,773	100.0%	38

- The month-end portfolio holdings were 6.6% in U.S. government agency securities, 33.3% in A-1+ commercial paper, 60% in AAA money market funds, and 0.1% in the bank account balance.
- June investment activity in the LGIP portfolio was comprised of the purchase of \$187.6 million in A-1+ commercial paper with an annualized yield of 5.38% and average term of 74 days.



- LGIP earnings for June totaled \$4.2 million, a slight increase from May earnings of \$4.1 million. Fiscal year-to-date earnings totaled \$40.8 million compared to \$31.8 million through the same period last fiscal year.



- The 30-day net yield of the LGIP as of June 30 was 5.25%, outperforming the 30-day net S&P Rated Government Investment Pool (GIP) index (5.1%) by 15 basis points. The 30-day gross yield of the LGIP at month-end, 5.33%, matched the 30-day gross S&P Rated GIP index of 5.33%. The administrative fee assessed to participants for May was 4 basis points; fees collected through June 30, the fiscal year-end, totaled \$384,000.

NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

Investment Strategy Employed During the Past Quarter

- **New MexiGROW LGIP:** In compliance with the S&P AAAM rating maintenance criteria that the asset mix and asset types purchased for the portfolio be at least 50% A-1+ (or AAA) rated with the remaining 50% being A-1 (or AA) rated, the portfolio maintained at least 98% of A-1+ rated investments. The weighted average maturity (WAM) was maintained at 50 days or less, averaging a 27.5 day WAM during the quarter. Maturity dates of purchased securities were laddered by week to provide constant cash inflows; however, the money market funds continued to be the primary instrument used for liquidity needs due to their competitive short-term rates. Use of A-1+ commercial paper was maximized and longer-term callable agency securities with semi-annual or quarterly call features were reintroduced to the portfolio by quarter-end in order to enhance the overall pool yield.

Investment Strategy Plan For the Next Quarter

- **New MexiGROW LGIP:** Compliance with rating criteria will continue to mandate the investing strategy for the LGIP. Investment in commercial paper and agency discount notes will be utilized for shorter-term investments. Callable agency securities will be utilized to enhance yields and extend WAM. AAA rated money market funds will continue to be used for investment, taking advantage of the favorable short-term rates while they last. Additionally, the overnight repurchase pool will be re-introduced to the LGIP.

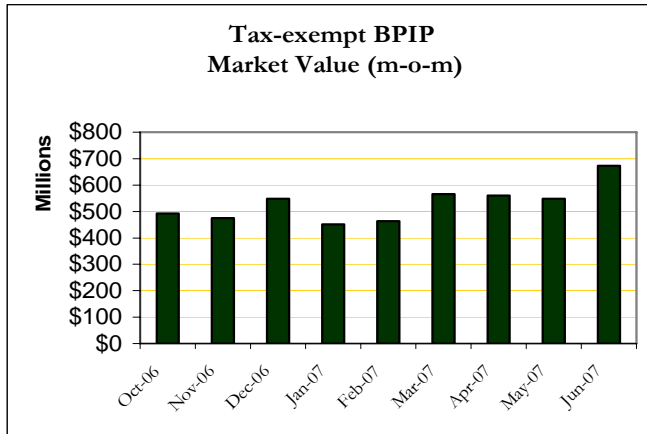
Asset Mix and Maturity Targets

- **New MexiGROW LGIP:** The WAM for the LGIP will be maintained at 50 days or less, but primarily staying within 30 days while short-term rates are favorable. Asset allocation will fluctuate between commercial paper, agency discount notes and callable bonds, money market funds, and the overnight repurchase pool depending on the most favorable yield and portfolio investment compliance limits. Commercial paper and agency discount notes will be utilized for shorter-term maturities, agency callable securities for longer-term maturities, and money markets for liquidity and investment when advantageous.
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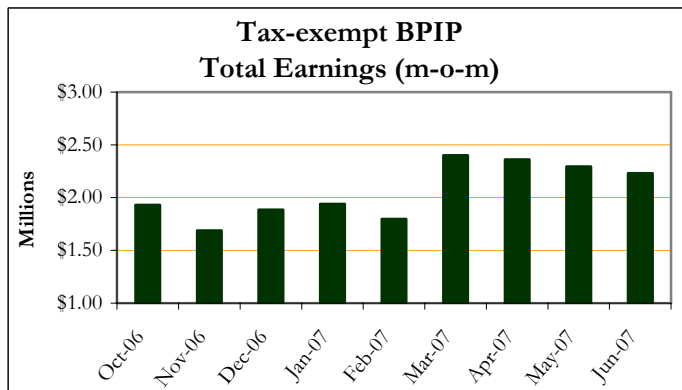
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

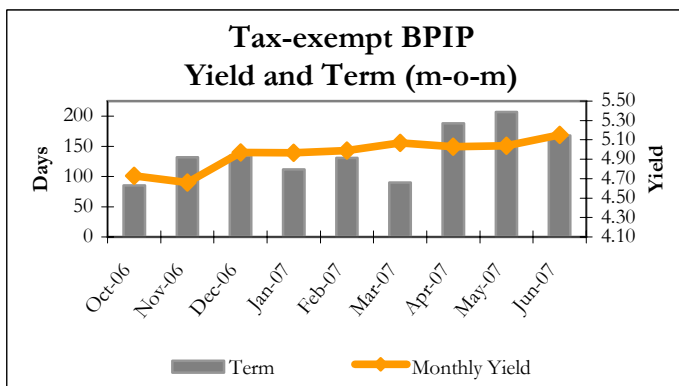
TAX-EXEMPT BOND PROCEEDS INVESTMENT POOL (BPIP)



- The market value of the Tax-exempt BPIP as of June 30, 2007, was \$673.4 million.
- During June the market value of the fund increased 22.9% from \$547.6 million to \$673.4 million. The approximate \$126 million increase was the net result of new issue proceeds (\$136 million), property tax revenues, interest earnings, and project expenditures.



- Earnings for the month were \$2.23 million. The month-end yield was 5.15% and the term was 168 days.
- The Tax-exempt BPIP yield at June 30, 5.15%, was 52 basis points above the highest arbitrage yield limit of any bond issue in the fund, 4.62%, which is also the selected benchmark.



TAX-EXEMPT BOND PROCEEDS INVESTMENT POOL

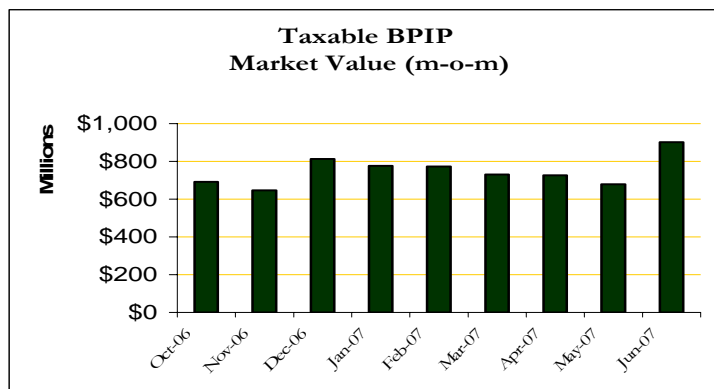
Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Overnight Repo Pool	5.33%	\$ 347,002,676	51.5%	1
U.S. Treasuries	4.98%	\$ 189,125,177	28.1%	221
U.S. Agencies	5.05%	\$ 129,238,405	19.2%	449
Commercial Paper	5.30%	\$ 8,110,406	1.2%	32
Total:	5.15%	\$ 673,476,664	100%	168

- The breakdown of month-end portfolio holdings was 51.5% in the overnight repurchase pool, 28.1% in U.S. Treasury notes and bills, 19.2% in U.S. Agency bonds, and 1.2% in commercial paper.
- There were no purchases during June.

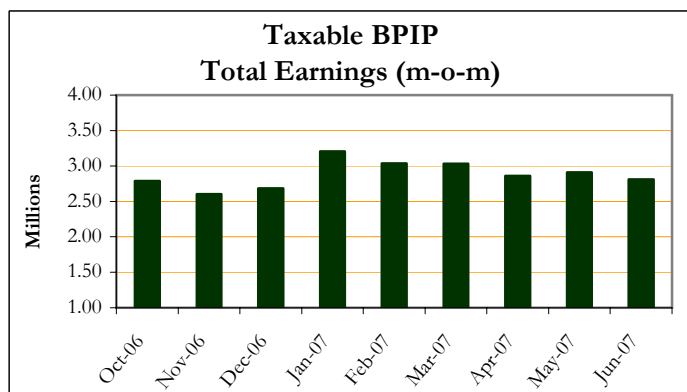
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

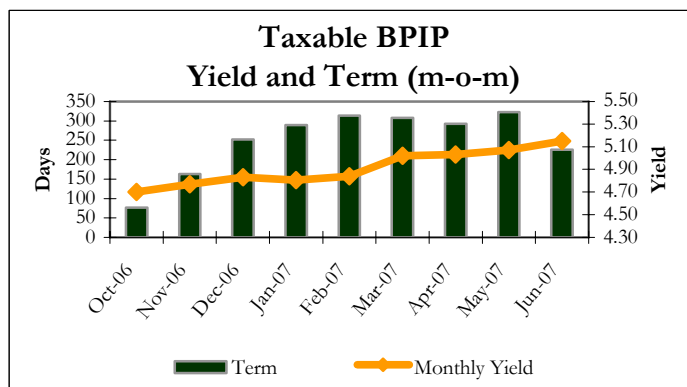
TAXABLE BOND PROCEEDS INVESTMENT POOL (BPIP)



- The market value of the Taxable BPIP as of June 30 was \$902 million.
- During June the market value of the fund increased 32.9%, from \$678.7 million to \$902 million. The approximate \$223 million increase was a result of new issue proceeds (\$233 million) and project expenditure draws.



- Interest earnings for the month totaled \$2.8 million. The month-end yield was 5.15% and the term was 226 days.
- June 30 benchmark yields were:
5.09%: 2-year Constant Maturity Agency 12-month moving average; and,
5.10%: Merrill Lynch custom index: 10% of the 0-3 year Treasury and 90% of the 1-3 year Agency.



TAXABLE BOND PROCEEDS INVESTMENT POOL

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Overnight Repo Pool	5.33%	\$ 335,674,930	37.2%	1
Flex Repos	2.68%	\$ 13,876,318	1.5%	120
US Agency Notes/Bonds	5.06%	\$ 367,565,035	40.7%	497
US Treasury Notes	4.79%	\$ 14,937,100	1.6%	545
Money Market Fund	5.29%	\$ 170,000,000	18.8%	1
Total:	5.15%	\$ 902,053,383	100%	226

- The breakdown of month-end portfolio holdings was 37.2% in the overnight repurchase pool, 1.5% in flex repurchase agreements, 40.7% in U.S. Agency notes and bonds, 1.6% in U.S. Treasury notes, and 18.8% in money market mutual fund shares.
- There were no purchases during June.

NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of June 30, 2007

Investment Strategy Employed During the Past Quarter

- **BPIP:** Both Bond Proceeds Investment Pools invested assets to either a) match debt service liabilities, or b) match estimated project draw liabilities. The amount and timing of outstanding bond issues determine the liability schedule which, in turn, determines the maturity schedule (i.e., ladder) as well as the target weighted average maturity (WAM) of the portfolio. At the end of the quarter both pools were fully invested. That is, all proceeds were invested in the amount up to, and as far out as, the longest dated liability, thus meeting their WAM targets (320-390 days).

Investment Strategy Plan For the Next Quarter

- **BPIP:** The new quarter brings new bond issue proceeds into the pool, both in the Tax-exempt Pool (\$136 million) and the Taxable Pool (\$233 million), totaling \$369 million. The total of these proceeds will be invested within the next three to six months to match the new issuance-associated liabilities along the entire 0-3 year yield curve.

Asset Mix and Maturity Targets

- **BPIP:** The WAM of each portfolio met its respective target during the quarter. With new bond issuance, however, both portfolios are once again short to their targets and in need of further investment. Much of the planned investment will be in treasury and agency securities as well as corporate bonds and certain asset-backed securities. Almost nine months since inception, it should be noted that most of the legacy flexible repurchase agreements (often yielding as low as 2%) have matured and been reinvested in higher-yielding securities (between 4.8% and 5.3%), making a large difference between the current quarter-end yield of approximately 5.15% and the approximately 4.6% yield at the inception date.
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