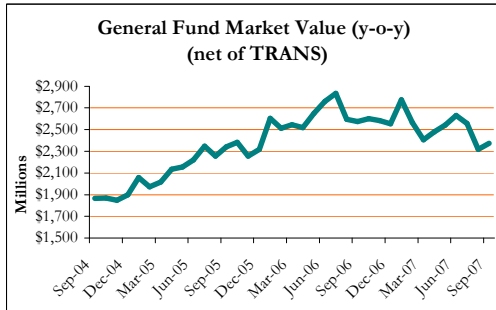


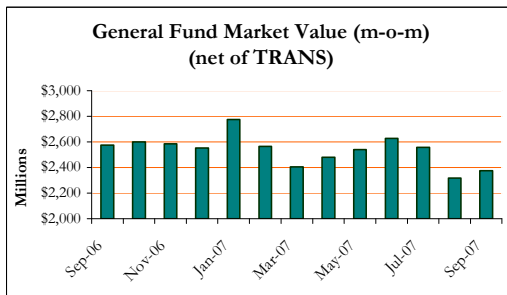
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 30, 2007

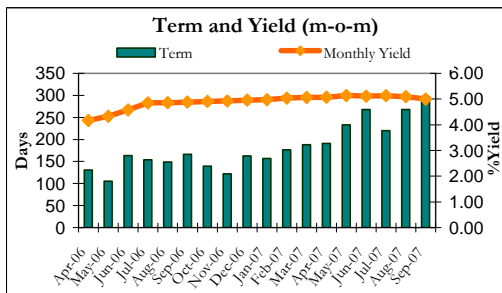
GENERAL FUND INVESTMENT PORTFOLIO



- The market value of the General Fund Investment Portfolio, net of TRANS, on September 30, 2007 was \$2.37 billion compared to \$2.58 billion at the same point last year and \$2.34 billion at the same point two years ago.



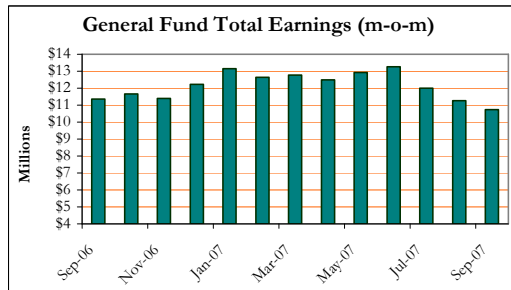
- During the month the market value of the portfolio increased 2.2% to \$2.37 billion from \$2.32 billion on August 31. The September month-end balance represents a 9.9% decrease from July's month-end balance of \$2.63 billion.



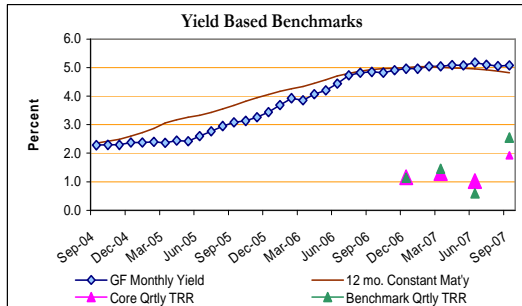
- The yield was 5.00% at month-end, down from 5.10% at August 31. The average term of the portfolio increased to 297 days from 268 days at August month-end.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	4.96%	\$1,450,899,985	52.3%	442
Repurchase Pool	5.00%	\$368,406,400	13.3%	1
Certificates of Deposit	4.94%	\$249,000,000	9%	125
Money Market Fund	5.42%	\$100,000,000	3.6%	1
Commercial Paper	4.98%	\$500,000,000	17.9%	32
Corporate Bonds	5.33%	\$104,520,000	3.9%	1238
Total:	5.00%	\$2,774,246,517	100.0%	297

- The month-end portfolio holdings were 52.3% in U.S. Agency bonds, 13.3% in the overnight repurchase pool, 9% in certificates of deposit, 3.6% in money market mutual funds, 17.9% in commercial paper, and 3.9% in corporate bonds.
- \$542 million of investments were purchased for the month: \$17 million of certificates of deposit were purchased or renewed for the CD portfolio; \$7 million of U.S. Agency securities were purchased for the TRAN redemption fund; \$440 million of direct obligation commercial paper was purchased; lastly, \$94.5 million of corporate bonds were purchased for the General Fund Core Portfolio.



- Earnings for September were \$10.74 million, a decrease of 5.0% from August's earnings of \$11.3 million and a decrease of 5.8% from September 2006 earnings of \$11.4 million. Fiscal year-to-date earnings totaled \$34 million compared to \$36.1 million through the same period last fiscal year.



NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 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 ABCP was selective over quarter, allowing most ABCP to roll off the portfolio to be replaced with direct obligations. Liquidity is being redeployed into the ABCP space as underlying collateral pools are analyzed and shock tested.

For the core portfolio, the global liquidity crisis of August and September opened significant opportunity to invest in credits as spread product widened to multi year highs. At quarter end core investments were scaled into investment grade corporate securities in finance, brokerage, and banking. Core purchases for the quarter ranged from 24 months to 5 years in maturity.

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 scaled into spread product as opportunities arise. The portfolio will continue investing beyond the 36-month time horizon. As credit spreads widen, it is anticipated that investments in high-grade asset-backed securities may be initiated on a selective basis.

Asset Mix and Maturity Targets

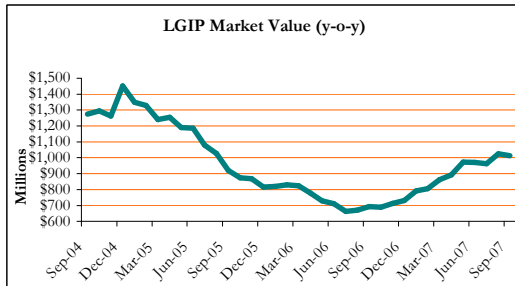
- **General Fund:** The liquidity segment of the portfolio will continue to target a weighted average maturity (WAM) from 21 to 45 days remaining either short or long of that target as either the market or the state's liquidity needs require. Commercial paper will continue to be purchased for the portfolio, 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 will subside as investment continues into the 48 and 60 month portion of the curve. Portfolio laddering will continue with emphasis placed on selective buying into weakness. The portfolio should reach duration of 1.5 to 1.7 years during the upcoming quarter.

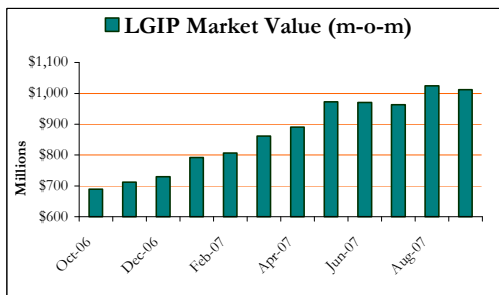
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 30, 2007

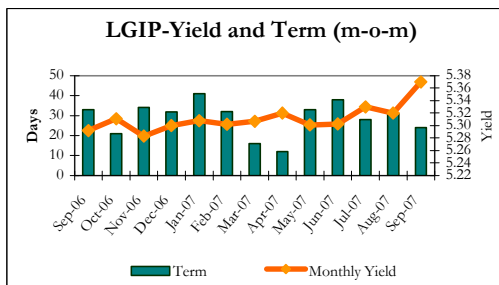
NEW MEXIGROW LOCAL GOVERNMENT INVESTMENT POOL (LGIP)



- The year-over-year market value of the LGIP portfolio as of September 30 was \$1.013 billion, compared to a market value of \$694 million at the same period last year and \$921 million at the same period two years ago.



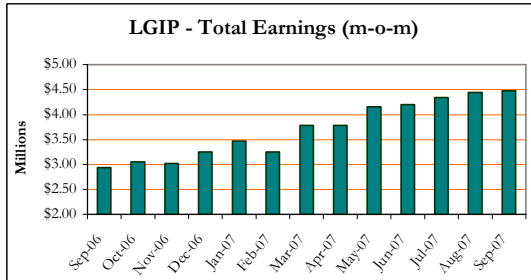
- During the month the market value of the portfolio decreased 1.2%, from \$1.025 billion in August to \$1.013 billion. Participant contributions for September were \$40.3 million. Withdrawals during September totaled \$54.5 million.



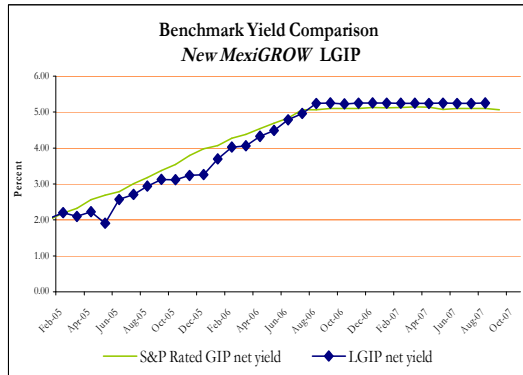
- The gross yield was 5.35% at September 30, a .4% decrease from August month-end of 5.37%. The weighted average maturity at September 30 was 24 days, down from the August 31 weighted average maturity of 31 days and within the S&P-set limit of 50 days.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	5.23%	\$104,872,521	10.36%	205
Commercial Paper	5.43%	\$94,758,010	9.36%	17
Money Market Funds	5.36%	\$812,460,000	80.22%	1
LGIP Bank Account	4.76%	\$653,244	.06%	2
Total:	5.35%	\$1,012,743,775	100.0%	24

- The month-end portfolio holdings were 10.36% in U.S. government agency securities, 9.36% in A-1+ commercial paper, 80.22% in AAA money market funds, and .06% in the bank account balance.
- There were no security purchases during September.



- LGIP earnings for September totaled \$4.48 million, a .67% increase from August earnings of \$4.45 million. Fiscal year-to-date earnings totaled \$13.3 million compared to \$8.7 million through the same period last fiscal year.



- The 30-day net yield of the LGIP as of September 21 was 5.30%, outperforming the 30-day net S&P Rated Government Investment Pool (GIP) index (5.07%) by 23 basis points. The 30-day gross yield of the LGIP at month-end, 5.36%, surpassed the 30-day gross S&P Rated GIP index of 5.3%. The administrative fee assessed to participants for September was 3.8 basis points; fees collected through September 30 totaled \$96,001.

NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 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 99% of A-1+ rated investments. The weighted average maturity (WAM) was maintained at 50 days or less, averaging a 28 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. Purchases of A-1+ commercial paper was restricted to only direct issue during August with no purchases of this asset type since. Purchases of longer-term callable agency securities with call features were continued during the quarter in order to enhance the overall pool yield. The annual review of the LGIP portfolio by S&P was conducted on July 25 with the AAAm rating being renewed and several compliance criteria relaxed.

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 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 liquidity cash flows. The use of an overnight repurchase pool is still being formalized with Columbia Management and, as yet, an estimated launch date has not been provided. Investment in A-1+ commercial paper will be restricted to direct issue only. More active investment in fixed income securities is planned for the next quarter in order to redirect liquidity from the money market funds in anticipation of declining money market yields in the short end of the yield curve.

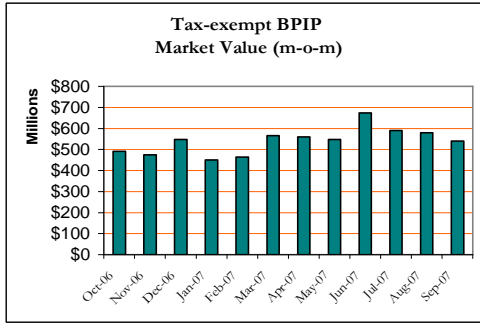
Asset Mix and Maturity Targets

- **New MexiGROW LGIP:** The WAM for the LGIP will be maintained at 60 days or less as the recent annual rating review allowed for a 10 WAM expansion and, with yield curve normalization, will allow the portfolio to take advantage of favorable longer-term yields. Asset allocation will fluctuate between direct issue 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 needs.

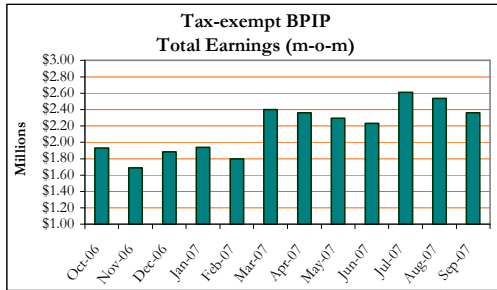
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 30, 2007

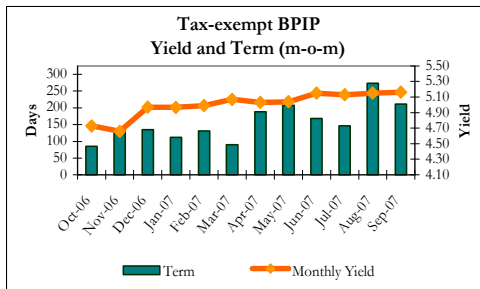
TAX-EXEMPT BOND PROCEEDS INVESTMENT POOL (BPIP)



- The market value of the Tax-exempt BPIP as of September 30, 2007, was \$539.8 million.
- During September the market value of the fund decreased 6.7%, from \$579.1 million at August 31 to \$539.8 million at September 30. The approximate \$39 million decrease was the net result of property tax revenues, interest earnings, and project expenditure draws.



- Interest earnings for the month totaled \$2.36 million, down from August earnings of \$2.54 million. Fiscal year to date earnings totaled \$7.50 million.



The Tax-exempt BPIP month-end yield and term were 5.16% and 211 days.

The month-end yield was 80 basis points above the selected benchmark, 4.36%, which is the highest arbitrage yield limit of any bond issue in the fund.

**TAX-EXEMPT BOND PROCEEDS INVESTMENT
POOL**

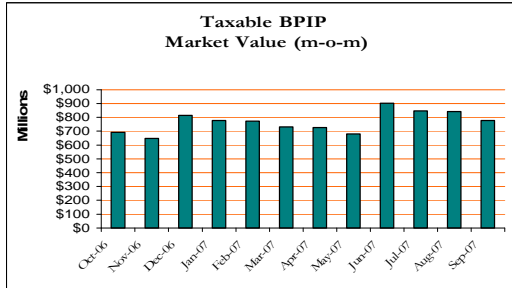
Asset Type	Yield	Market Value	% of Portfolio	Term (days)
U.S. Agencies	5.18%	\$ 216,867,062	40.1%	414
Money Market Fund	5.44%	\$ 160,000,000	29.6%	1
U.S. Treasuries	4.96%	\$ 130,373,317	24.1%	203
Overnight Repo Pool	5.00%	\$ 32,643,150	6.2%	1
Total:	5.16%	\$ 539,883,529	100%	211

- Month-end portfolio holdings included U.S. Agency Bonds (40.1%); shares in AAA rated institutional money market funds (29.6%); U.S. Treasury Bills and Notes (24.1%); and units in the overnight repurchase pool (6.2%).
- Investment activity during September included the purchase of \$11 million in U.S. agency securities.

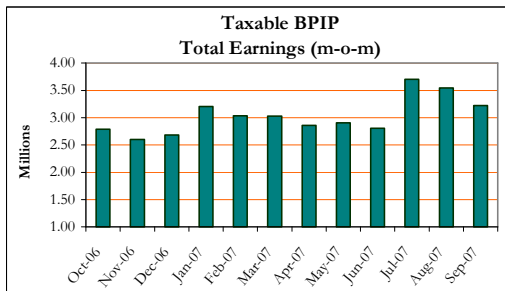
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 30, 2007

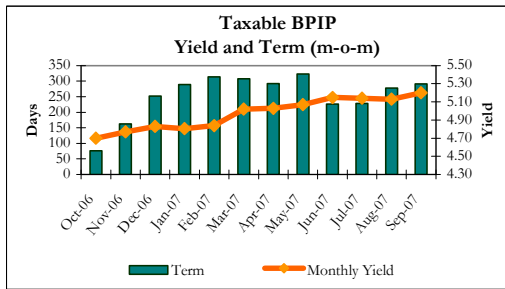
TAXABLE BOND PROCEEDS INVESTMENT POOL (BPIP)



- The market value of the Taxable BPIP as of September 30, 2007, was \$775.7 million.
- During September the market value of the fund decreased 7.7%, from \$841 at August 31 to \$775.7 million at September 30. The approximate \$65 million decrease was the result of monthly project expenditure draws.



- Interest earnings for the month totaled \$3.22 million, down from August earnings of \$3.54 million. Fiscal year to date earnings totaled \$10.46 million.



- The Taxable BPIP month-end yield and term were 5.20% and 291 days.

The month-end yield was 17 basis points above the 2-year CMA index (5.03%); and 80 basis points above the Merrill Lynch 10%, 0-3 year Treasury/90%, 1-3 year Agency custom index (4.40%).

**TAXABLE BOND PROCEEDS INVESTMENT
POOL**

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
US Agency Notes/Bonds	5.14%	\$ 504,972,171	65.0%	437
Money Market Fund	5.44%	\$ 170,000,000	21.9%	1
Overnight Repo Pool	5.00%	\$ 65,721,435	8.5%	1
Corporate Bonds	5.78%	\$ 18,885,998	2.4%	888
US Treasury Notes	4.79%	\$ 15,121,850	2.0%	456
Flex Repos	2.71%	\$ 1,076,123	.2%	30
Total:	5.20%	\$ 775,777,577	100%	291

- Month-end portfolio holdings included U.S. Agency Notes and Bonds (65.0%); AAA rated institutional money market fund shares (21.9%); units of the overnight repurchase pool (8.4%); Corporate Bonds (2.4%); U.S. Treasury Bills and Notes (2%); and Flex Repurchase Agreements (.2%).
- Investment activity during the September included the purchase of \$5 million in U.S. Agency bonds.

NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 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, determine 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 short their targets as investment of July's new issue proceeds totaling \$369 million continues into Q4. The overarching investment consideration this quarter was to lock in rates on short, high quality government securities as a) investors flocked to quality during August and b) the FOMC was forced to reduce the fed funds target rate and the market continues to price in future rate cuts.

Investment Strategy Plan For the Next Quarter

- **BPIP:** What remains of July's new issue proceeds will be invested during the next quarter, with a focus on increasing portfolio allocations of high quality corporate and asset backed securities. The plan is to invest remaining proceeds/cash aggressively so that by December, when new issue proceeds once again shorten WAM, portfolios avoid cash drag as the yield curve steepens and money market rates fall.

Asset Mix and Maturity Targets

- **BPIP:** The actual WAM of each portfolio will meet if not exceed target WAM during the next quarter, working away at excess liquidity. The risk of holding excess cash (falling money market rates) in the next three to six months exceeds the benefit (liquidity) given the added cushion that both portfolios currently mark substantial unrealized gains in high quality, liquid securities should an anomalously large project draw exceed modeled estimates and portfolio cash flows and require a sale of assets.

Anecdotally, it should be noted that October marks the one year anniversary of the BPIP investment program, which in the last year has increased annualized interest earnings from about \$51 million to \$68 million (a 33% increase) on the same base of about \$1.2 billion in bond proceeds.