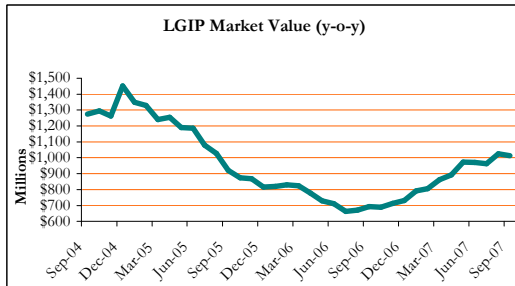


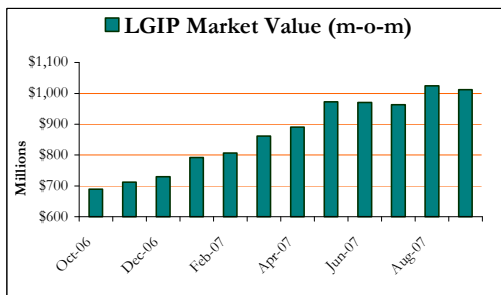
# NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of September 30, 2007

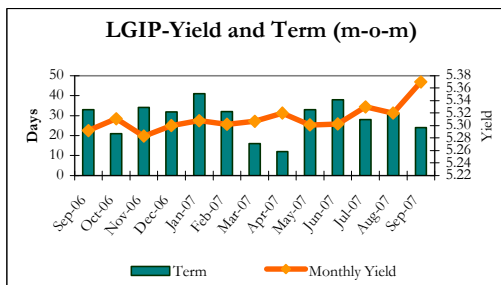
## NEW MEXIGROW LOCAL GOVERNMENT INVESTMENT POOL (LGIP)



- 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.



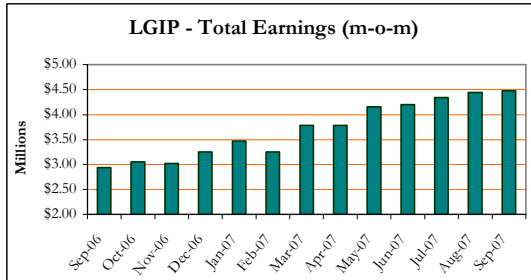
- During the month the market value of the portfolio decreased 1.2%, from \$1.025 billion in August to \$1.013 billion. Participant contributions for September were \$40.3 million. Withdrawals during September totaled \$54.5 million.



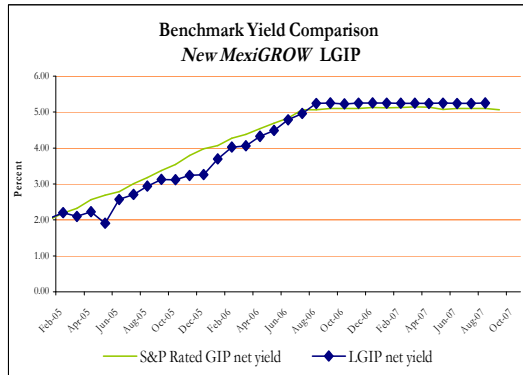
- The gross yield was 5.35% at September 30, a .4% decrease from August month-end of 5.37%. The weighted average maturity at September 30 was 24 days, down from the August 31 weighted average maturity of 31 days and within the S&P-set limit of 50 days.

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
<b>Total:</b>	<b>5.35%</b>	<b>\$1,012,743,775</b>	<b>100.0%</b>	<b>24</b>

- 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.