



James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER

2055 South Pacheco St. Suite 100 & 200
P.O. Box 5135
Santa Fe, New Mexico 87505

Phone: (505) 955-1120
FAX (505) 955-1195

Marilyn L. Hill
Deputy State Treasurer

STATE TREASURER'S INVESTMENT COMMITTEE

TREASURER'S CONFERENCE ROOM

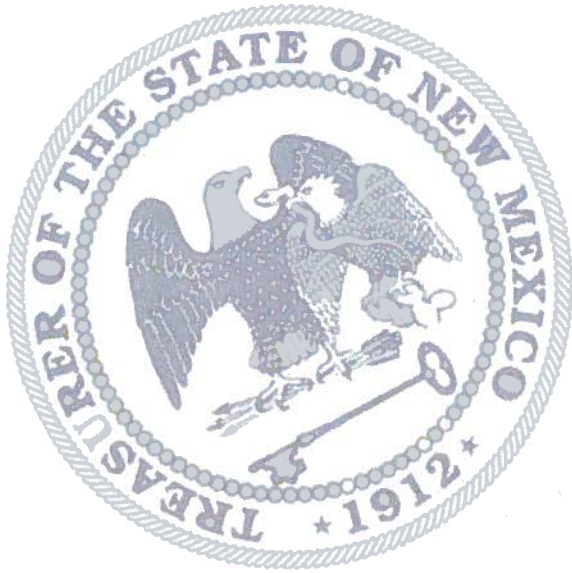


Abiquiu Fields- New Mexico Tourism Department Mike Stauffer

WEDNESDAY, MAY 8, 2013
9:00AM

Table of Contents

May 08, 2013 Agenda
April 10, 2013 Minutes
Executive Summary
Investment Policy Compliance Report
Davidson's- March 2013 Quarterly Investment Report
Quarterly Investment Review
Portfolio Summary- General Fund and Cash Projections
Portfolio Summary- Local Government Investment Pool (LGIP)
Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool
Portfolio Summary- Taxable Bond Proceeds Investment Pool
Portfolio Summary- Severance Tax Bonding Fund
Broker Dealer Activities
State Agency Deposit Balances
Collateral Report on Agency Deposits & CDs



1. May 8 , 2013 Agenda



James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER
2055 South Pacheco St. Bldg. 100
Santa Fe, New Mexico 87505

Marilyn L. Hill
Deputy State Treasurer

Phone: (505) 955-1120
FAX (505) 955-1195

STATE TREASURER'S INVESTMENT COMMITTEE
Treasurer's Conference Room
Wednesday, May 8, 2013, 9:00 a.m.

MEETING AGENDA (5 Min)

Roll Call

Introduction of Presenters and Guest

1. Approval of May 15, 2013 Agenda
2. Approval of April 10, 2013 Minutes

Action

Action

INVESTMENT REPORTS (30 min)

**Month Ended
March 31, 2013**

3. Executive Summary
4. Investment Policy Compliance Report
5. Davidson's- March 2013 Quarterly Investment Report
6. Quarterly Investment Review
7. Portfolio Summary -- General Fund and Cash Projection
8. Portfolio Summary -- Local Government Investment Pool (LGIP)
 - a. Investment Policy Red-Lined for Longer Maturing Collateral/ SB 24 Changes
9. Portfolio Summary -- Tax-Exempt Bond Proceeds Investment Pool
10. Portfolio Summary -- Taxable Bond Proceeds Investment Pool
11. Portfolio Summary -- Severance Tax Bonding Fund
12. Broker Dealer Activities

Informational

Informational

Informational

Informational

Informational

Informational/Action

Informational

Informational

Informational

Informational

**CASH MANAGEMENT
& COLLATERAL REPORTS (10 Min)**

**Month Ended
March 31, 2013**

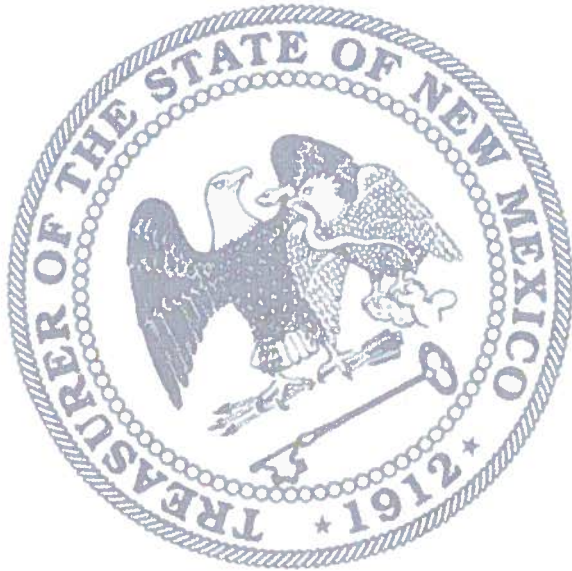
13. State Agency Deposit Balances
14. Collateral Report on Agency Deposits & CDs

Informational

Informational

COMMITTEE REPORTS (10 min)

15. Question Period
16. Next Meeting --Wednesday, June 12, 2013, 9:00 am
17. Adjournment



2. April 10, 2013 Minutes

New Mexico State Treasurer's Office

STIC Committee Meeting

Meeting Minutes

Wednesday, April 10, 2013

ROLL CALL – QUORUM PRESENT:

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:04 a.m. in the conference room of the State Treasurer's Office, 2055 South Pacheco Street, Santa Fe, New Mexico 87505.

Members present:

Honorable James B. Lewis, State Treasurer
Ms. Linda Roseborough, Chair
Mr. Jeff Primm designee for Ms. Stephanie Schardin Clarke, Board of Finance Director
Mr. Paul Boushelle, Public Member
Mr. Paul Cassidy, Public Member

Staff Present:

Ms. Marilyn Hill, Deputy State Treasurer
Mr. Spencer Wright, Portfolio Manager (PM)
Ms. Vikki Hanges, Portfolio Manager (PM)
Mr. Sam Collins, State Cash Manager
Mr. Arsenio Garduño, Collateral Manager
Ms. Cindy Cordova, General Counsel
Ms. Hannah Chavez, STIC Secretary
Mr. Henrich Edimo, Compliance Officer

Guests Present:

Ms. Deanne Woodring, Davidson Fixed Income Management (via Phone)
Mr. Peter van Moorsel, Legislative Finance Committee

1. Approval of Agenda:

Member Cassidy moved approval of the April 10, 2013 Agenda with an amendment to remove section item 7A as an action item and replace as an informational item only. Motion was seconded and passed unanimously by voice vote.

2. Approval of Amended Minutes: February 13, 2013 Minutes

Member Boushelle moved approval of the February 13, 2013 amended Minutes. Motion was seconded and passed unanimously by voice vote.

3. Approval of Minutes: March 13, 2013

Member Cassidy moved approval of the March 13, 2013 Minutes. Motion was seconded and passed unanimously by voice vote.

4. Executive Summary, Mr. Wright:

The STIC executive summary report content was presented.

- Member Cassidy inquired about the Fed minutes being released and where rates may be going? Mr. Wright responded that the Fed meeting was held before the unemployment rates were released and the unemployment levels were disappointing for the markets. In terms of *Quantitative Easing* and the Fed's actions we should see their monthly buying of \$85 million in securities continue till the end of the year.
- Discussion was held regarding the fluctuation of rates. Ms. Woodring noted that rate opportunities have been minimal for portfolio managers.
- Chair Roseborough commented that the financial markets hit breaking records during the past few days and that corporate earnings have been doing well and asked if this is sustainable as unemployment continues to be weak. Mr. Wright indicated with the stock markets, there is no place to go which pushes people towards riskier assets. Fundamentally, with the pressure on earnings it is not great for companies. Traditionally the stock market is an indicator of future growth. Currently, there is a disconnect with the stock market hitting highs while the future prospects are diminishing which could possibly be the Federal Reserve being so aggressive. Foreign Markets may be an option in the foreseeable future for diversification.
- Member Boushelle commented that with all the baby boomers retiring that do not have significant retirement income, will potentially get back into the stock market. Discussion continued regarding the majority of groups that depend on normalized fixed income rates.

5. Investment Policy Compliance Report, Mr. Wright:

Highlights of the STIC investment policy compliance report were presented.

6. Portfolio Summary- General Fund and Cash Projections, Mr. Wright:

Highlights of the STIC General Fund report were presented.

- Discussion was held regarding the municipal market rates. Member Cassidy questioned if there were any comments regarding rates and what is being seen? Mr. Wright responded that the New Mexico municipal rates are above the taxable rates. STO's investment funds have looked selectively at municipal paper, primarily in the BPIP's and some in the General Fund portfolios. Member Cassidy acknowledged that the STO is supporting the local communities but is also building value in its portfolios.

Highlights of the STIC Cash Projections report were presented.

- Member Cassidy commented on the increase of the core position. Ms. Woodring stated that her quarterly report will reflect the substantial value being obtained on the increase of the core balance and longer duration in relation to its benchmark.

7. Portfolio Summary- Local Government Investment Pool, Ms. Hanges:

Highlights of the STIC Local Government Investment Pool report were presented.

- Chair Roseborough provided an update regarding the LGIP and utilizing longer maturing collateral.
 - The STO staff is vetting the process and will create a red-line version draft of the investment policy. Next step is to meet with the Treasurer for review and to finalize the red-line draft. The final red-line draft of the investment policy will be presented to the STIC members in an upcoming STIC meeting and will be forwarded to the Board of Finance for review and consent.

- Credit and Direct Issues are being vetted internally. Member Cassidy provided his observation on the process and stated that analysis should include extensive research regarding yield versus risk.
- The concept of a Longer Duration LGIP Analysis is being vetted and STO will reach out to the municipal and county participants to see if this is something that they are interested in. Ms. Woodring commented that she is currently reviewing all the states that provide this service and will provide a list of them that offer longer term funds.

8. Portfolio Summary- Tax Exempt BPIP, Ms. Hanges:

Highlights of the STIC tax exempt BPIP report were presented.

- Ms. Hanges informed the committee about a good fail delivery that occurred with a security purchase of \$7.9mil of IADB in this portfolio as well as the Taxable BPIP that was due to settle on April 3rd when the dealer did not deliver. The trade did not settle until April 5th. JP Morgan reports reflected the trade settling on April 3rd. The STO was notified the next day by JP Morgan indicating the trade did not settle the prior day. Chair Roseborough added that there was no real risk to STO but STO is following up with JP Morgan to understanding the reporting process for this trade.

9. Portfolio Summary- Taxable BPIP, Ms. Hanges:

Highlights of the STIC taxable BPIP report were presented.

10. Severance Tax Bonding Fund, Mr. Wright:

Highlights of the STIC Severance Tax Bonding fund report were presented.

- Mr. Wright asked Mr. Primm if there was an indication of the size of the severance tax bond issue. Mr. Primm responded that he was unaware and should know by Friday when Member Clarke returns.

11. Broker Dealer, Mr. Wright:

The STIC broker dealer report was presented.

12. State Agency Deposit Balances, Mr. Collins:

Highlights of the STIC state agency deposit balances were presented.

13. Collateral Report on Agency Deposits & CD, Mr. Garduño:

Highlights of the STIC collateral report were presented.

- Member Cassidy asked Mr. Garduño if there have been any new bank issues. Mr. Garduño responded that the bank issues that he has seen are minimal exposure to the state.
- Member Cassidy requested a follow up from Mr. Garduño in regards to visiting banks round the state. Mr. Garduño commented that within the past month, STO has visited four institutions. Chair Roseborough commented that STO has rolled a few CDs over the last few weeks with our local banks as well.
- It was noted as of 3/1/13 US Bank has a letter of credit that fully collateralizes the LGIP position.

14. Audit Update

Chair Roseborough presented that STO staff and the Treasurer have met with the Board of Finance Sub-Committee to review the STO audit. STO plans to meet with Clifton Larson who will present to the Board of Finance next Tuesday.

- Discussion was held regarding the Audit. Member Boushelle asked if there were any findings that were crucial. Chair Roseborough commented that there were a total of five audit findings, one of them was book to bank, in which DFA is taking responsibility for.
- Mr. Collins informed the committee with an update on the cash remediation project, effective February 1st the new business processes were put into place. 130 new bank accounts were opened so that all state agencies have their own fiscal agent bank account. Mr. Collins stated that the initial priority was to get the current processes fixed and the reconciliation of data prior to February 1st will be decided at a later date. Chair Roseborough included that DFA has hired two personnel to work on the prior reconciliation.
- Discussion continued to include the responsibilities between STO and DFA. Treasurer Lewis stated back in 2003, state statute was changed indicating that DFA would be responsible to reconcile all accounts. The state accounting system SHARE was originally designed for state agencies to reconcile all accounts with DFA. STO and DFA are currently working together on getting a timeline with all chronology of where the state is with the accounting system. Appropriation of \$1.9 million from legislation has been approved for the treasury to use on the Treasury Management Module which includes the enhance Cash Management module and the Deal Management module for investments. There is no state treasury that has been found that uses the system which will lead to trial-n-error mode. Treasurer Lewis also indicated that DFA was in the process of updating hardware and software. Member Cassidy questioned who is in charge with the whole process. Treasurer Lewis responded that a committee has been created on the executive side with DOIT, DFA Secretary and the state Personnel Director. Mr. Primm stated that the governor and DFA's administration is taking the reconciliation matter very seriously.
- Treasurer Lewis commented that DFA and the Legislature agree that NM state statutes need to be reviewed to make sure they are tracking correctly to the business practices that are changing and need to identify the roles of both DFA and STO.

15. Legislative Update

Chair Roseborough reported the STO Senate Bill 24 was signed by the Governor with one amendment.

16. Question Period

No questions were asked.

17. Next Meeting- Wednesday, May 8, 2013, 9:00am

Chair Roseborough noted the date and time of next meeting.

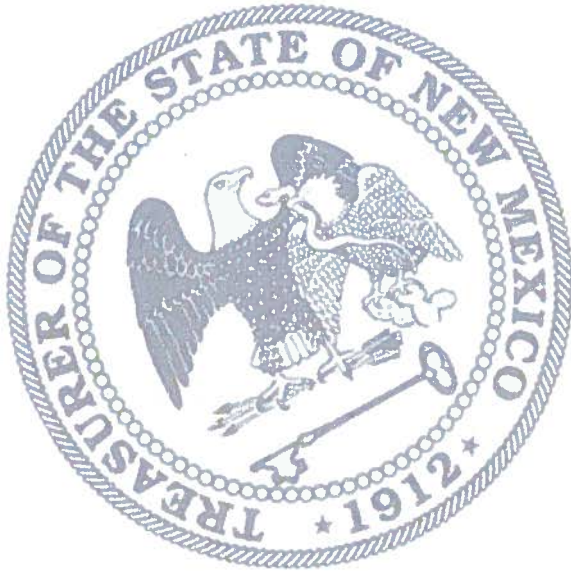
18. Adjournment

Chair Roseborough adjourned the meeting at 10:34 am

The adjournment was moved by Treasurer Lewis and motion was seconded and passed by unanimously by voice vote.

Minutes were taken by Ms. Hannah Chavez on April 15, 2013.

Minutes approved by Ms. Roseborough on May 6, 2013.



3. Executive Summary

Executive Summary

- Rate pressures continued during the months of March and April.
- The equity markets reached new highs for the third month in a row.
- March saw continued positive data on employment and retail sales.
- Fiscal concerns were partially addressed as Congress passed a bill that averted the possibility of a government shutdown and lessened the impact of budget cuts.
- Investor sentiment was tempered by continued concerns of a European debt crisis - Cyprus temporarily closed its banks to prevent a run on deposits.
- Cyprus agreed to a controversial bailout from the EU and IMF which included losses to current depositors.
- Fixed income markets were unchanged at month-end.
- March unemployment (reported in the beginning of April) was significantly weaker than expected.
- STO Cash balances remained strong through the projected low-point of the fiscal year.

US Treasury Yields

<u>Maturity</u>	<u>Feb 28</u>	<u>Mar 31</u>	<u>Change</u>
3-Month	0.07%	0.07%	0.00%
6-Month	0.12%	0.10%	(0.02%)
2-Year	0.23%	0.24%	0.01%
5-Year	0.76%	0.76%	0.00%
10-Year	1.87%	1.85%	(0.02%)
30-Year	3.08%	3.10%	0.02%

Source: Bloomberg LP

Portfolio Mark-to-Market and Monthly Change

With the improvement in market yields during March, the STO-managed portfolios¹ had positive results on a mark-to-market basis at the end of the month.

For each of the STO portfolios:

<u>Fund</u>	<u>Unrealized Gains²</u>	<u>Monthly Change in Unrealized Gains/Losses³</u>
General Funds	\$9.5 million	Increased \$0.2 million
Bond Proceeds Funds	\$3.5 million	Unchanged
Local Government Investment Pool	Not Material	Not Material
Severance Tax Bonding Fund	Not Material	Not Material

Source: QED

Portfolio Yields and Duration

As of the end of March, the portfolios had the following weighted average purchase yields and durations:

<u>Fund</u>	<u>Portfolio Yield⁵</u>	<u>Duration⁴</u>		<u>Percentage</u>
		<u>Portfolio</u>	<u>Benchmark</u>	
General Fund Liquidity	0.33%	25 Days		
General Fund CORE	0.77%	2.45 Years	2.26 Years	108%
Bond Proceeds - Tax Exempt	0.64%	1.44 Years	1.44 Years	100%
Bond Proceeds - Taxable	0.68%	1.36 Years	1.44 Years	94%
Local Government Investment Pool	0.11%	58 Days		
Severance Tax Bonding Fund	0.35%	3 Days		

Source: QED, JPMorgan

¹ This report does not include balances in or earnings on the Reserve Contingency Fund ("RCF"). The RCF was created in 2009 by the State Treasurer's Office as a vehicle to hold Reserve Primary Fund ("Primary Fund") assets of various LGIP participants after the Reserve Primary Fund encountered difficulties in the latter part of 2008 and entered into a process of liquidation.

² Calculated Unrealized Gains represent the market "value" of the portfolios as compared to their accounting book value. As such, they approximate the values if they were to be liquidated on the day that the calculation was performed. Market conditions change on a daily basis and the resulting calculations will also change with market movements.

³ Unaudited. Mark-to-market values are calculated using the QED system and weekly securities pricing from IDC. Market values are compared to carrying values which are adjusted for amortization/accretion of premium/discount. Securities, such as Certificates of Deposits, for which there is no quoted market price are carried at cost basis (amortized through the holding date).

⁴ Portfolio Durations are also calculated as of moment in time, specifically at month end.

⁵ Portfolio yields are calculated at a moment in time, specifically at month end. Each of these funds has considerable inflows and outflows during the month. As such, purchase yields during the month will vary with money flows and short-term investment rates.

Benchmark Performance Comparisons

As of the end of March, the STO portfolios had the following performance numbers relative to their respective benchmarks:

<i>Fund</i>	<i>Performance⁶</i>		
	<i>1 Month</i>	<i>3 Months</i>	<i>12 Months</i>
<i>General Fund Liquidity</i>	0.01%	0.04%	0.24%
<i>S&P Government Bond Index (Net)</i>	<u>0.00%</u>	<u>0.01%</u>	<u>0.06%</u>
<i>Relative Performance (BPs)</i>	0.01%	0.03%	0.18%
<i>Relative Performance (%)</i>	∞	300%	300%
<i>General Fund CORE</i>	0.06%	0.14%	1.43%
<i>BAML 0-5 US Treasury</i>	<u>0.02%</u>	<u>0.13%</u>	<u>1.04%</u>
<i>Relative Performance (BPs)</i>	0.04%	0.01%	0.39%
<i>Relative Performance (%)</i>	300%	108%	138%
<i>Bond Proceeds - Tax Exempt</i>	0.05%	0.12%	0.75%
<i>BAML 0-3 US Treasury</i>	<u>0.02%</u>	<u>0.10%</u>	<u>0.50%</u>
<i>Relative Performance (BPs)</i>	0.03%	0.02%	0.25%
<i>Relative Performance (%)</i>	250%	120%	150%
<i>Bond Proceeds - Taxable</i>	0.04%	0.13%	0.80%
<i>BAML 0-3 US Treasury</i>	<u>0.02%</u>	<u>0.10%</u>	<u>0.50%</u>
<i>Relative Performance (BPs)</i>	0.02%	0.03%	0.30%
<i>Relative Performance (%)</i>	200%	130%	160%
<i>Local Government Investment Pool</i>	0.02%	0.07%	0.24%
<i>S&P Government Bond Index (Net)</i>	<u>0.00%</u>	<u>0.01%</u>	<u>0.06%</u>
<i>Relative Performance (BPs)</i>	0.02%	0.06%	0.18%
<i>Relative Performance (%)</i>	∞	600%	400%

Source: JPMorgan

⁶ Relative performance is periodic total return compared to the return of the portfolio benchmarks. The Severance Tax Bonding Fund is not separately tracked.

Investment Earnings

Investment earnings for March are summarized in the table below. Declines in interest rates have adversely affected annual earnings amounts.

For each of the portfolios:

<i>Fund</i>	<i>Investment Earnings⁷</i>	
	<i>MTD</i>	<i>YTD</i>
<i>General Funds</i>	\$809,022	\$9,942,418
<i>Bond Proceeds Funds</i>	503,584	5,334,075
<i>Local Government Investment Pool</i>	87,262	972,336
<i>Severance Tax Bonding Fund</i>	38,067	229,801

Source: QED

Compensating Balances at Fiscal Agent Bank

During March, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$126 million. This balance earned a "soft-dollar" credit against processing fees assessed by the bank.

In December, the CIO in conjunction with the State Cash Manager targeted an overnight balance target of \$125MM at the fiscal agent bank. Maintenance of higher cash balances at the fiscal agent will decrease general fund returns.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$126,531,520
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$52,721
<i>Estimated Fiscal Year Earnings</i>	\$339,993

Source: Wells, Fargo & Co.

Monthly Investment Outlook

As detailed in the economic section of this report, March and April saw slight upticks in economic activity, with increases in employment levels and small glimmers of strength. Unemployment levels for March were a disappointing 88,000, however both January and February were revised upward.

The resolution – a delay actually – of the situation in Washington pushed back the effects of sequestration and the impending debt ceiling. The European situation, further compounded by difficulties in Cyprus and Slovenia, continues to keep pressure on short-term rates.

Implications for the Foreseeable Future

Unfortunately, current economic conditions portend low rates for the near term future – at least through the end of 2013.

We continue to try and add value where/when it becomes available, through selective credit additions as well as active duration management.

*Spencer Wright, Portfolio Manager –
General Funds and STBF*

⁷ Each fund is managed using different objectives, as more fully detailed in this report. As such, returns and earnings on the funds will vary on a month to month basis.

New Mexico State Treasurers Office Performance As of March 2013

Account ID	Portfolio Name	Market Value	Month	Trailing 3M	Fiscal YTD	YTD	1 YR	Since Inception	Inception Date
10933300	Local Government Investment Pool	563,626,529	0.02	0.07	0.18	0.07	0.24	1.15	01-Jul-2007
10933400	Overnight Repo Pool	357,793,891	0.02	0.05	0.18	0.05	0.24	0.91	01-Jul-2007
10933500	Tax Exempt Bond Proceeds	259,566,071	0.05	0.12	0.46	0.12	0.75	2.32	01-Jul-2007
10933900	Taxable Bond Proceeds	563,104,293	0.04	0.13	0.45	0.13	0.80	2.44	01-Jul-2007
00667701	General Fund	1,756,827,646	0.05	0.12	0.63	0.12	1.10	2.39	01-Jul-2007
10933700	General Fund Core	1,329,419,970	0.06	0.14	0.78	0.14	1.43	3.08	01-Jul-2007
10933600	General Fund Liquidity	427,407,675	0.01	0.04	0.17	0.04	0.24	0.88	01-Jul-2007
06677-BEN-0006	S&P Govt Pools Net yield		0.00	0.01	0.05	0.01	0.06	0.95	01-Jul-2007
06677-BEN-0012	BPIP Index ML 0-3 Treasury		0.02	0.10	0.36	0.10	0.50	2.34	01-Jul-2007
06677-BEN-0013	General Core Index ML 0-5 Treasury		0.04	0.13	0.56	0.13	1.04	3.34	01-Jul-2007
06677-BEN-0016	S&P LGIP Gross yield		0.01	0.04	0.13	0.04		0.14	01-Jun-2012
06677-BEN-0015	General Fund Total		0.02	0.09		0.09		0.07	01-Dec-2012

Performance shown is gross of manager fees



4. Investment Policy Compliance Report

Investment Policy Compliance Review

Primary and Secondary Bond Purchases/ Sales

During the month of March, the following were the ratio of primary and secondary bond transactions in the portfolios:

Primary Bond Volume	\$ 35,162,000	22%
Secondary Bond Volume	<u>121,986,000</u>	<u>78%</u>
Total	\$157,148,000	100%

Commissions Paid

As counterparty, the state transacts in purchase or sale sizes sufficient to achieve competitive results in the bidding or offering process. Implied in the market-clearing prices that we are offered is some form of dealer markup.

With regard to specific transactions, we process the bulk of our trades using an electronic trading platform. As such, we understand, and document, the market at the time of transaction. These trade terms are held as a part of our trade documentation as approved by STIC.

Variable Rate and Structured Note Holdings

At the end of March, total holdings of Variable Rate Notes were \$132,450,000.

General Fund Liquidity	\$ 20,000,000
LGIP	<u>112,450,000</u>
Total Holdings	\$132,450,000

The Variable Rate positions are primarily in US Government Agency securities.

We did not hold any structured notes during the month of March.

Transaction Variances and Inter-Portfolio Transactions

During March, there were no transaction variances which posed compliance issues. All trade information was entered correctly in our internal systems and in the systems used by our custody bank. All transactions for the month settled successfully. There were no price discrepancies.

In April, we had transactions in the Taxable and Tax-Exempt Bond Proceeds Accounts which did not settle on a timely basis. The counterparty to the trades also had settlement issues and the failed trades were acknowledged as "good fails". The trades were settled correctly within a week of the proposed settlement.

There were no inter-portfolio trades during the month.

There were several instances of inter-fund borrowing of cash balances between portfolios. STO personnel are working to develop transaction procedures regarding inter-fund borrowing and ensure that such borrowing between accounts is minimized and well documented.



5. Davidson's-March 2013 Quarterly Investment Report



**STATE OF NEW MEXICO
QUARTERLY STIC REPORT
MARCH 2013**

Davidson Fixed Income Management, Inc.
Deanne Woodring, CFA, Managing Director
(866) 999-2374 dwoodring@dadco.com

Contents



- **Executive Summary**
- **Portfolio Summaries**
 - Performance**
 - Allocation**
- **Market Overview**
- **Strategy Evaluation**
- **Project List**
- **Economic Report**

Executive Summary

2

- ❖ General fund strategy of maintaining stable liquidity balances and remaining fully invested in the market has added value to the funds. The duration has been positioned longer than the benchmark and the portfolio has been invested in approximately 30% US Treasury and 70% Agency securities.
- ❖ LGIP earnings rate remain consistent with the earnings of AAAM rated funds. Repurchase agreements have declined and bank deposits have increased. Bank Collateral was at 100% , (required by S&P) in the LGIP banks as of 3/31/13.
- ❖ BPIP funds have added value from the strategy of managing low liquidity and remaining, relative to the benchmark by \$1,705,718.22.
- ❖ Performance in all funds outperformed targeted benchmarks, primarily due to duration.

Performance for Quarter

PERFORMANCE REPORT

Portfolio Name	Market Value	3/31/2013	Total Return	1 Year
		Duration - End	12/31/12-3/31/13 Quarter End Yield	3/31/12-3/31/13 1 Year Return Yield
LGIP * Gross Yield	\$ 563,626,529.03	0.16	0.180%	0.21%
Fund Benchmark Gross Return		0.12	0.160%	0.16%
LGIP Net Yield		0.16	0.130%	0.16%
Fund Benchamrk Net Return		0.12	0.060%	0.06%

STO FUNDS

Portfolio Name	Market Value	3/31/2013	Total Return	1 Year	Percent
		Duration - End	12/31/12-3/31/13 Quarter Return	3/31/12-3/31/13 1 Year Return	
General Fund Liquidity	\$ 427,407,675.00	0.07	0.04%	0.24%	16.11%
Fund Benchmark		0.01	0.01%	0.06%	
General Fund Core	\$ 1,329,419,970.06	2.45	0.14%	1.43%	50.10%
Fund Benchmark		2.27	0.13%	1.04%	
BPIP Tax Exempt	\$ 333,634,860.00	1.44	0.12%	0.75%	12.57%
Fund Benchmark		1.43	0.10%	0.50%	
BPIP Taxable	\$ 563,104,293.45	1.36	0.13%	0.80%	21.22%
Fund Benchmark		1.44	0.10%	0.50%	
Total STO Investment Funds	\$ 2,653,566,798.51	1.708	0.119%	1.019%	100.00%

* Data Source: JP Morgan Custodial Reports

Davidson Fixed Income Management, Inc.

Investment Allocation

ALLOCATION REPORT

Portfolio Name	Market Value+Int	% Fund	Repo	Bank	Treasury	Agency	Corp/CP	Other
Total LGIP	\$ 563,626,529.03	100%	13.31%	24.16%	16.69%	38.09%	7.75%	
Liquidity	\$ 221,183,271.22	39%						
Investments	\$ 342,443,257.81	61%						

Portfolio Name	Market Value+Int	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total General Fund	\$ 1,756,827,645.06	100%							
Liquidity	\$ 427,407,675.00	24%	85.66%	6.50%		4.68%	0.0316	0.00%	
Investment Core	\$ 1,329,419,970.06	76%	0.65%	0.75%	30.29%	67.13%	0.00%	0.000%	1.18%

Portfolio Name	Market Value	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total Tax Exempt	\$ 333,634,860.00	100%	1.45%	1.16%	21.91%	50.41%	12.69%	1.16%	11.22%
Liquidity	\$ 19,725,740.81	6%							
Investments	\$ 313,909,119.19	94%							

Portfolio Name	Market Value	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total Taxable	\$ 563,104,293.45	100%	2.50%	3.24%	34.29%	49.24%	7.48%	0.23%	3.02%
Liquidity	\$ 53,664,438.91	10%							
Investments	\$ 509,439,854.54	90%							

TOTAL STO FUNDS \$ 2,653,566,798.51

* Data Source: JP Morgan Reports

Davidson Fixed Income Management, Inc.

Market Yields: What has really changed in the current market environment over the last year is yield volatility. In the old days, less than five years ago, the 2 year yields would move by over 200 basis points intra-year. This provided for opportunities and strategic value in timing and yield curve positioning. In 2008 the high of the 2 year was 3.07% and the low was .75%, with a range of 228 basis points. In 2004 the high was 3.03% and the low was 1.58%, or a change of 145 basis points. Compare that to the change in the 2 year note in 2012 of 12 basis points, a high of .33% and low of .21%. What you will say is “BORING,” “REALLY LOW” and “REALLY CHALLENGING TO MANAGE.” So we ask, can you make a difference in returns? The answer is “yes you can” through: 1) Maintaining low liquidity balances, 2) Remaining fully invested, 3) Utilizing duration, and 4) Focusing on the added spread in the portfolios relative to liquid alternatives. DFIM continues to focus on identifying specific purposes of funds to ensure that the investment profile matches the investment strategy.

The Government Dysfunction: The dysfunctional fiscal policy in Washington has started to move to a less heightened concern:

- The fiscal cliff compromise on tax rates was completed on New Year’s Day, with the so-called Bush tax cuts locked into place for 99% of Americans.
- The automatic spending sequester was signed into law on March 1, with \$85 billion in spending cuts through the end of the current fiscal year, with an additional \$1.1 trillion in spending cuts coming over the next decade.
- The March 27 deadline for the “Continuing Resolution” to fund the federal government was also pushed back to the end of the current fiscal year.

The Economy: Source - Action Economics

On Labor

“For today’s household survey data, we saw a big 206k March civilian employment drop alongside an even bigger 496k labor force decline, after a February report that revealed a 170k civilian employment gain but a 130k labor force decline that left an ugly 483k labor force drop through Q1 overall. The cycle will likely continue to display the disturbing quality of moves into and out of negative growth territory for the civilian and labor force series.”

On the Economy

“For the quarterly outlook, our Q1 GDP growth forecast was raised to 3.5% (was 3.0%) after a 0.4% Q4 clip. We’ve seen a 3.5% hours-worked growth clip in Q1, following a 1.7% Q4 pace. We expect 2.7% Q4/Q4 real GDP growth in 2013 that outpaces 2.1% Q4/Q4 growth in hours-worked for a 0.6% overshoot, following a 0.4% undershoot in 2012 with respective growth rates of 1.7% and 2.1%.”

Fed Policy

“The FOMC didn’t spring any major surprises, leaving rates and QE thresholds intact. Few believed that the Fed had the ammunition or inclination to make anything other than the most subtle shifts to its references for the economic and inflation outlooks. The economy managed to shrug off its “transitory factors” and was awarded the title of returning to “moderate.”

Market Overview

Economic Data

<u>Indicator</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 est</u>
Real GDP	-0.30	-3.10	2.40	1.80	2.20	2.00
CPI (YOY)	3.85	-0.35	1.63	3.17	2.08	1.90
Unemployment	5.80	9.30	9.60	8.90	8.10	7.60

Source: Bloomberg Fed Forecasts

Interest Rate Data

<u>Maturity</u>	<u>2010 Ending</u>	<u>2011 Ending</u>	<u>2012 Ending</u>	<u>Q1 2013 est</u>	<u>Q2 2013 est</u>	<u>Q3 2013 est</u>	<u>Q4 2013 est</u>
Fed Bank Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2 Year	0.60	0.24	0.25	0.24	0.29	0.36	0.43
10 Year	3.33	1.92	1.76	1.85	1.96	2.11	2.25

Source: Bloomberg ECFC

STRATEGY OBSERVATIONS:

- The expectation is for rates to remain low into mid-next year. The yield curve will likely steepen, with five year yields rising by more than the two year when rates do rise. DFIM's recommendation is to hold duration neutral to slightly long (110%) into 2013, and look to shorten durations in 2014.
- Suggest continuing to balance investments across the yield curve.
- Continue to maintain low liquidity balances.

Changes in the Treasury Market:

	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>3/31/13</u>
3-month bill	0.13	0.01	0.04	0.07
2-year note	0.59	0.25	0.25	0.24
5-year note	2.00	0.87	0.72	0.76
10-year note	3.30	1.95	1.76	1.84

Source: Bloomberg

History of General Fund Balances

Date	Liquidity	Investment	General Fund
3/31/2013	\$ 427,407,675.00	\$ 1,329,419,970.06	\$ 1,756,827,645.06
12/31/2012	\$ 549,813,143.00	\$ 1,327,596,053.00	\$ 1,877,409,196.00
9/30/2012	\$ 505,790,830.00	\$ 1,320,660,065.00	\$ 1,826,450,895.00
6/30/2012	\$ 829,301,822.00	\$ 1,209,226,400.00	\$ 2,038,528,222.00
3/31/2012	\$ 479,819,968.00	\$ 1,107,026,585.00	\$ 1,586,846,553.00
12/31/2011	\$ 551,442,887.00	\$ 928,349,393.00	\$ 1,479,792,280.00
9/30/2011	\$ 565,564,913.00	\$ 817,634,568.00	\$ 1,383,199,481.00
6/30/2011	\$ 606,832,361.00	\$ 809,267,737.00	\$ 1,416,100,098.00
3/31/2011	\$ 408,086,352.00	\$ 720,200,534.00	\$ 1,128,286,886.00
12/31/2010	\$ 462,957,172.00	\$ 639,305,706.00	\$ 1,102,262,878.00
9/30/2010	\$ 590,467,549.00	\$ 621,321,401.00	\$ 1,211,788,950.00
6/30/2010	\$ 600,611,169.00	\$ 567,442,675.00	\$ 1,168,053,844.00
3/31/2010	\$ 500,506,533.00	\$ 569,533,000.00	\$ 1,070,039,533.00
12/31/2009	\$ 603,296,802.00	\$ 603,296,801.00	\$ 1,206,593,603.00
3/31/2009	\$ 309,071,163.00	\$ 890,928,827.00	\$ 1,199,999,990.00
12/31/2008	\$ 806,081,312.00	\$ 1,340,330,127.00	\$ 2,146,411,439.00

Review of Inputs that Influence Strategy

10

- Liquidity Requirements - Priority
- Uncertainty in Liquidity Requirements 2008-2011
- Market Rates -2011
- Expectations of Market Rates -2011
- Credit Concerns-2011-2012

Strategy 2012-2013

Expectation for growing to stable balances

High quality securities – concern regarding credit

Longer Duration with the expectation of sustained lower rates

Strategy Implementation

- Target Liquidity Balances to be maintained at \$500MM
- Investment Component held shorter as fund balances were pressured for liquidity from 2011
- As funds stabilized higher balances were invested and duration was extended purposely to add value

ANNUAL	Date	Balance	Duration
General Fund Core		\$ 1,296,725,622.02	
	3/31/2013	\$ 1,329,419,970.06	2.45
	12/31/2012	\$ 1,327,596,053.00	2.73
	9/30/2012	\$ 1,320,660,065.00	2.39
	6/30/2012	\$ 1,209,226,400.00	2.27
	3/31/2012	\$ 1,107,026,585.00	2.46
	12/31/2011	\$ 928,349,393.00	1.95
	9/30/2011	\$ 817,634,568.00	1.95
Fund Benchmark			2.27

Attribution Analysis

12

Attribution Analysis: Evaluate how strategic decisions impacted earnings growth in the core fund.

Primary Attribution Components:

1. Security Types: Treasury/Agency/Corporates
2. Duration Exposure
3. Yield Curve Positioning

Added Value versus the Index

13

100% Treasury Index – 0-5 Year Index – Changed in June 2012

Review period 3/31/12-3/31/13

Return of Treasury 0-5 Index	1.04%
Return of the General Fund Core	1.43%
Average Annual Invested Fund	\$1,296,725,622

Added Return of Portfolio:

Benchmark 1.04% on Balance	\$13,485,946
Portfolio Return 1.43% on Balance*	\$18,543,176
Difference in Earnings	\$5,057,230

* Not actual- calculation based on annual return and weighted average balance

Asset Class Attribution:

INDEX COMPARISONS: For analysis purposes the 1-5 year index returns are being used. Evaluation involves removing duration variations to compare asset class attribution.

<u>Index Returns</u>	<u>Duration</u>	Quarter Ending <u>3/31/2013</u>	<u>Last</u> <u>Year</u>	<u>Last</u> <u>3 Years</u>	<u>Last</u> <u>5 Years</u>	<u>Last</u> <u>10 Years</u>
<i>US Treasury 0-5 Year</i>	2.27	0.13	1.04	1.94	2.18	2.96
US Treasury 1-5 Year	2.73	0.15	1.26	2.36	2.61	3.26
TIPS 1-5 Year	1.33	0.39	1.59	3.62	3.15	N/A
US Agency 1-5 Year	2.38	0.14	1.19	2.04	2.81	3.34
US Agency 1-5 Year Bullet	2.68	0.15	1.31	2.28	3.10	3.57
US Agency 1-5 Year Callable	1.39	0.13	0.75	1.11	1.79	2.63
1-5 Year Corp AA-AAA	2.75	0.58	3.92	3.78	4.69	4.20
0-5 Yrs WAL Mortgages	2.78	-0.02	1.83	3.78	4.74	4.64

Strategy Review

15

DFIM and the STO Investment team made the decision to extend duration in January 2012, this strategy has added value to the STO assets. Through investing in a higher quality, longer duration portfolio the portfolio grew by \$5,057,229.93 more than the benchmark. \$453,853.97 was from Agency exposure and \$4,603,375.96 was from duration decision. STO created more growth through this strategy then through remaining neutral in duration and adding exposure to corporate bonds.

STRATEGY COMPARISONS- DURATION NEUTRAL			
ASSET CLASS VALUE		Earnings Extracted	Value Added
US TREASURY 0-5 BENCHMARK NEUTRAL	\$	13,485,946.47	
DURATION NEUTRAL -Actual Asset Allocation 30% US/70% Agency	\$	13,939,800.44	\$ 453,853.97
DURATION NEUTRAL - ADD 10% Corporate Credit/-10% less US	\$	17,389,090.59	\$ (3,903,144.12)
DURATION VALUE			
ACTUAL STRATEGY USING LONGER DURATION HIGHER QUALITY	\$	18,543,176.39	\$ 5,057,229.92
Value of Agency	\$	453,853.97	
Value of Longer Duration Strategy	\$	4,603,375.96	

GENERAL CORE FUND STRATEGY EVALUATION

16

Portfolio Name	Market Value	Duration - End
	\$	
General Fund Core	WEIGHTED AVERAGE 1,296,725,622.02	
	3/31/2013 \$ 1,329,419,970.06	2.45
	12/31/2012 \$ 1,327,596,053.00	2.73
	9/30/2012 \$ 1,320,660,065.00	2.39
	6/30/2012 \$ 1,209,226,400.00	2.27
	3/31/2012 \$ 1,107,026,585.00	2.46
	12/31/2011 \$ 928,349,393.00	1.95
	9/30/2011 \$ 817,634,568.00	1.95
Fund Benchmark		2.27

Benchmark	1 Year Return	Enhancement
1.04%	1.43%	0.39%
\$ 13,485,946.47	\$ 18,543,176.39	\$ 5,057,229.93
70.00%	Agency	\$ 453,853.97
	Duration	\$ 4,603,375.96

BPIP TAX EXEMPT BONDS STRATEGY EVALUATION

17

<i>Portfolio Name</i>		<i>Market Value</i>	<i>Duration - End</i>
BPIP Tax Exempt	WEIGHTED AVERAGE	\$ 378,133,878.75	
	3/31/2013	\$ 333,634,860.00	1.44
	12/31/2012	\$ 333,634,860.00	1.42
	9/30/2012	\$ 336,821,750.00	1.5
	6/30/2012	\$ 508,444,045.00	0.7
	3/31/2012	\$ 378,600,173.00	1.09
	12/31/2011	\$ 479,586,856.00	0.95
	9/30/2011	\$ 463,874,692.00	1.24
Fund Benchmark			1.43

<i>Benchmark</i>	<i>1 Year Return</i>	<i>Enhancement</i>
0.50%	0.75%	0.25%
\$ 1,890,669.39	\$ 2,836,004.09	\$ 945,334.70
	Agency	
	70.00%	\$ 397,040.57
	Duration Value	\$ 548,294.12

BPIP TAXABLE BONDS STRATEGY EVALUATION

18

Portfolio Name		Market Value	Duration - End
BPIP Taxable	WEIGHTED AVERAGE	\$ 593,550,821.86	
	3/31/2013	\$ 563,104,293.45	1.36
	12/31/2012	\$ 601,718,464.97	1.40
	9/30/2012	\$ 562,198,342.00	1.34
	6/30/2012	\$ 647,182,187.00	1.16
	3/31/2012	\$ 571,345,721.00	1.72
	12/31/2011	\$ 631,829,432.00	1.24
	9/30/2011	\$ 678,129,015.00	1.24
Fund Benchmark			1.43

Benchmark	1 Year Return	Enhancement
0.50%	0.80%	0.30%
\$ 2,967,754.11	\$ 4,748,406.57	\$ 1,780,652.47
	Agency Value	
	70.00%	\$ 623,228.36
	Duration Value	\$ 1,157,424.10

Projects



- ❖ **Credit Review Process**
- ❖ **Reconciliation Procedures**
- ❖ **Investment Policy – Format based on PERA 11/12 approved policy**

Disclosure Statement

20

**This report is provided for the purpose of assisting in the monitoring the performance and asset allocation of STO portfolios
The data is provided by JP Morgan and STO internal reports from QED.
The information contained herein has been obtained from, or is based upon, sources believed by us to be reliable but no representation
or warranty is made as to its accuracy or completeness.
Opinions expressed are solely those of DFIM and its employees.**

Addendum to support attributions analysis

21

	<u>Duration</u>	<u>Implied Added Yield to 0-5 Treasury Index</u>	<u>Actual</u>
<u>1-5 Year Index Returns</u>			
US Treasury 0-5 Year	2.27		1.04
US Treasury 1-5 Year	2.73		1.26
TIPS 1-5 Year	1.33		1.59
US Agency 1-5 Year	2.38		1.19
US Agency 1-5 Year Bullet	2.68	0.05	1.31
US Agency 1-5 Year Callable	1.39		0.75
1-5 Year Corp AA-AAA	2.86	2.66	3.92
0-5 Yrs WAL Mortgages	2.78	0.57	1.83

DURATION NEUTRAL TO TREASURY		Average Balance 1 Year	
	Implied* 1 Year Return	\$	% of Portfolio
		1,296,725,622.02	
UST Treasury 0-5 Year	1.04%	\$ 13,485,946.47	100%
US Agency	1.09%		
Corp 1-5 Year Corporate	3.70%		
0-5 Year WAL Mortgagees	1.61%		

*Assumption added spread of 1-5 credit to the return of the 0-5 year

DURATION NEUTRAL TO TREASURY		Average Balance 1 Year	
ACTUAL WEIGHTING	Implied 1 Year Return	\$	% of Portfolio
		\$ 1,296,725,622.02	
UST Treasury 0-5 Year	1.04%	\$ 4,045,783.94	30%
US Agency	1.09%	\$ 9,894,016.50	70%
Corp 1-5 Year Corporate	3.70%		
0-5 Year WAL Mortgagees	1.61%		
		\$ 13,939,800.44	
	Added Value Agency	\$ 453,853.97	

DURATION NEUTRAL TO TREASURY		Average Balance 1 Year	
USING 10% Corporates	Implied 1 Year Return	\$	% of Portfolio
		\$ 1,296,725,622.02	
UST Treasury 0-5 Year	1.04%	\$ 2,697,189.29	20%
US Agency	1.09%	\$ 9,894,016.50	70%
Corp 1-5 Year Corporate	3.70%	\$ 4,797,884.80	10%
0-5 Year WAL Mortgagees	1.61%		
		\$ 17,389,090.59	

VALUE OF ACTUAL STRATEGY OF 30/70% with longer Duration			
ACTUAL	\$	1,296,725,622.02	
1 Year Return			% of Portfolio
1.43%	\$	18,543,176.39	100%
	\$	5,057,229.93	Added \$5,057,229.92
	\$	453,853.97	Agency Add
	\$	4,603,375.96	Duration Value
	\$	1,154,085.80	Value over Neutral Credit

U.S. Economic and Fixed Income Market Review for Q1 2013

Prepared April 5, 2013

Nothing to Fear but Fear Itself?

A remarkable windfall for Wall Street was the lead story for the first quarter of 2013, as earnings and equity optimism swept aside various fiscal thresholds that were predictably kicked down the road. Though growth around the globe appeared to be faltering, especially in Europe, improved jobs and housing outlooks in the U.S. seemed to gain some traction. With the peak of partisan rancor passing with November elections, some decoupling took place over the course of the first quarter. With the Fed continuing to prime the monetary pumps, the BoJ joining in and the ECB mulling fresh steps of its own after dodging the bullet on the Cyprus bank run, blue chip stocks took this as a green light to set fresh historic highs.

Though the self-inflicted and more draconian sequester spending cuts were expected to take a toll on the U.S. economy, like the fiscal cliff before them, markets rode out the immediate shock. The greatest fear appeared to be fear itself (thanks FDR), though the cumulative effects of the fiscal contraction will still provide headwinds for growth. The Fed accordingly passed on a couple opportunities during Q1 to shorten or define the horizon of its quantitative easing program. Though professing capacity for flexibility on its dual mandate and policy stance ahead, the Fed remained wary of past “head fakes” in spring growth and awaits evidence of “substantial” improvement in the jobs sector.

The S&P 500 rallied over 14% from November lows to quarter-end highs. In contrast, the bond market remained jaded and suspicious that about dire predictions about the “great asset rotation” from bonds to stocks that was all set to take place this year. From January lows near 1.80%, the T-note yield took a couple violent stabs above 2.0%, only to quickly run out of gas and subside once again. Of course, it doesn't hurt that the NY Fed continues to purchase \$85 bln in

Treasuries and MBS per month to keep the vigilantes at bay. This, along with sputtering global growth, and ongoing low inflation expectations, helped keep yields subdued.

Japan Votes for Reflation

Following a change of political regime in Japan, stagnation was shunned for a fresh attempt at reflation. This combined trillions in yen stimulus with plans for a more dovish Bank of Japan to kick-start the economy with fresh quantitative easing. Following the lead of the Fed should have not been that controversial, but it was accompanied by sharp declines in the yen and a massive upswing in the Nikkei 225 – one of the biggest macro bets of the quarter. From November lows the N-225 gained over 30% to March highs, while the yen sank over 17%, providing a windfall for those leveraged funds nimble enough to capitalize on the FX risk through overlay or dynamic hedging. Bank of Japan's Kuroda doubled down by confirming plans to sharply boost the monetary base.

Cyprus Acid Test for ECB

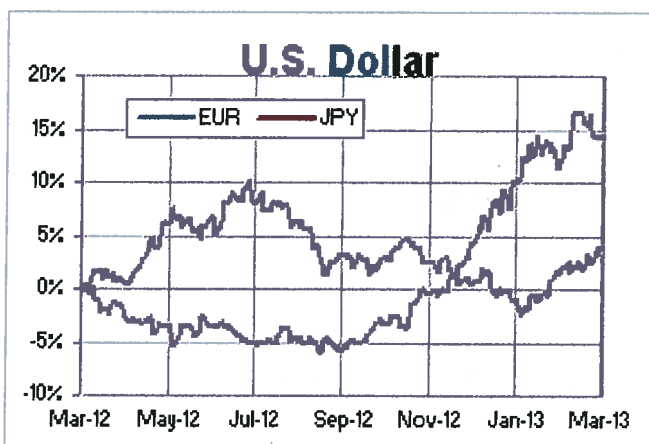
In Europe, the Italian political stalemate and near-collapse of the Cyprus financial system put ECB resolve to the test again in Q1. By insisting on depositor haircuts across the spectrum even below 100k euros in Cyprus, the ECB nearly caused a stampede out of European banks, before the government there kept that threshold intact for insured deposits. Yet draconian capital controls remain in place for now and haircuts of as much as 60% have been contemplated for large depositors. Moreover, economic survey indicators and inflation readings have continued to slide in Europe, undermining confidence in the core countries in addition to the embattled periphery. No coincidence

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

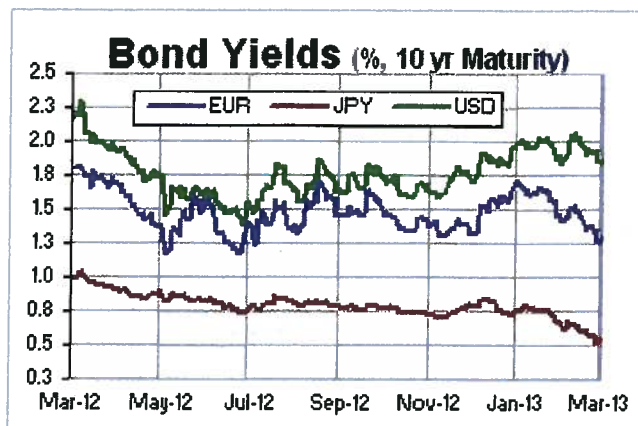
that the euro peaked at over \$1.37 before plunging over 7% to 1.2750.

Fed in No Rush to Pull QE Plug

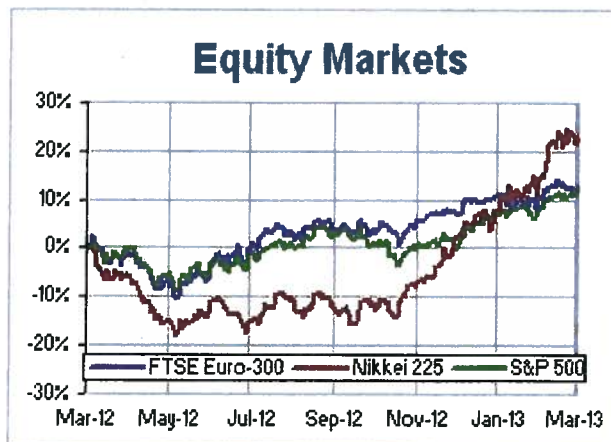
That's not to say the Fed's stance has been without controversy. Over the turn to the New Year rhetoric from the hawks heated up, seeking a more substantive exit strategy. The new mantra became "tapering" off quant easing purchases, but the doves remained resolute that the exceptional policy would remain in place while improvements in the jobs outlook were incremental and not substantial. Consistently low inflation readings also have bought the Fed some extra time, while contractionary fiscal policy and fitful global growth provided cause for caution.



The dollar index exploded out of the gates in Q1 and rallied dramatically mostly against the yen on assumptions of a sea change in macro-economic policy in Japan after a lost decade or two of growth. The dollar index surged from Feb-1 lows of 78.91 to highs of 83.30 by Mar-27. Dollar-yen snapped higher from Jan-1 lows of 83.70 to mark a high of 96.71 on Mar-12 – the highest elevation since Aug 2009. Against the euro the moves over the quarter were more circuitous as the European currency at first bounced from Jan-4 low under 1.30 to hit a high on Feb-1 of 1.3711 on the apparent success of the ECB in calming nerves in the periphery through its implied OMT threat. But elections in Italy went off the rails and the country remains without a government. The FX market began to price in something rotten in Brussels after marking that peak and the euro skidded to lows of 1.2750 by the end of Q1.



Short-yields eased over much of the quarter after marking a high in late January as the ECB began to accept LTRO loan repayments from European banks, which raise the specter of tighter lending conditions. The 2-year yield spiked from 0.238% to clear 0.29% before eroding for the rest of the quarter right back to the 0.233% area. Likewise, it was a round trip for the T-note yield, which ramped up from late-Jan lows near 1.80% to test 2.07% in Mar, only to fall back down to the low-1.80s again by quarter-end. The 2s-10s spread accordingly began the quarter near +156 basis points before widening out to the +178 bp area, only to retreat to +156 bp again. Likewise, the Bund/T-note spread began Q1 near -30 basis points, but blew out to -53.5 bp and ended the quarter near -55 bp. JGBs rallied hard, benefitting from the flight to safety as well, with the JGB/T-note spread tightening from the -95 bp area to -130 bp as Japan 10-year yields collapsed to the 50 bp area.



Stocks were on a tear over the quarter as still-solid corporate earnings and a relatively benign reaction

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

to the fiscal cliff and sequester hurdles helped give investors a leg up. It was as if the fear of the fiscal shenanigans was greater than the actual triggering of spending cuts. After all, if Congress can't agree, at least in their infinite wisdom they laid the groundwork for automatic cuts from the ashes of their own incompetency. The S&P 500 finished the year under 1,400, bolting higher in the first week and carrying that momentum right up until the sequester cuts triggered at the end of February, when the index stalled at 1,530. Having heard that record play before, investors then steeled their resolve and coiled for another push to historic highs of 1,570 by quarter-end. Likewise, the DJIA shot from year-end lows of 12,883 to a high of 14,585 by Mar-28. NASDAQ Comp leapt from 2,953 to 3,270.

Americas - Market Quotes

3/29/2013	current		Chg Over		
	level	1 wk	4 wks	13 wks	1 year
S&P 500	1569.2	0.8%	3.6%	10.7%	11.4%
Dow Indust.	14578.5	0.5%	3.7%	11.3%	10.3%
Nasdaq Comp.	3267.5	0.7%	3.4%	9.4%	5.7%
S&P/TSE Comp.	12749.9	-0.1%	-0.6%	3.0%	2.9%
Mex Bolsa	44077.1	3.3%	-0.1%	1.4%	11.5%
US 1yr yld	0.73	-0.01	-0.02	-0.11	-0.32
Canada 1yr yld	1.79	0.00	-0.03	-0.15	-0.12
US 10yr yld	1.85	-0.08	-0.03	0.11	-0.36
Canada 10yr yld	1.86	0.04	0.02	0.07	-0.25
USD-MXP	12.32	-0.3%	-3.6%	-5.1%	-3.8%
USD-CAD	1.017	-0.6%	-1.3%	2.2%	1.9%

The Toronto stock exchange underperformed in the quarter, rising only 3.0% compared to the Dow's 11.0%. Yet, Canada's economic outlook has improved in recent months, as a variety of indicators underpin expectations for a pick-up in Q1 GDP following the disappointingly weak growth seen in the second half of 2012. While uncertainty surrounding the growth outlook remains elevated, encouraging developments in oil prices and production, employment and hours worked are consistent with the expected pick-up in GDP growth during Q1 and raise the possibility of growth outpacing expectations for a subdued rebound in Q1 and 2013.

Asia - Market Quotes

3/29/2013	current		Chg Over		
	level	1 wk	4 wks	13 wks	1 year
Nikkei 225	12397.9	0.5%	7.3%	20.1%	23.0%
Hang Seng	22299.6	0.8%	-3.1%	-1.4%	8.5%
All Ordinaries	4979.9	-0.0%	-2.7%	6.8%	12.7%
Japan 1yr yld	0.45	0.00	-0.01	-0.04	-0.10
Aussie 1yr yld	3.58	-0.01	0.03	-0.11	-1.45
Japan 10yr yld	0.55	-0.01	-0.11	-0.25	-0.44
Aussie 10yr yld	3.41	-0.15	0.06	0.06	-0.57
USD-JPY	94.2	-0.3%	1.8%	9.4%	13.6%
AUD-USD	1.041	-0.3%	1.9%	0.3%	0.6%
USD-KRW	1111.4	-0.7%	2.6%	-3.7%	-1.9%

BoJ Aims to Double its Money

In the first week of April the BoJ confirmed all the hype and speculation. Kuroda plans to double the monetary base and the amounts outstanding of JGBs, as well as ETFs in two years, and more than double the average remaining maturity of JGBs. The decision was made unanimously and will include an increase in the monetary base by an annual pace of about Y60-70 trillion and it will increase JGBs and their maturity extensions an annual pace of about Y50 trillion with a view to encourage a further decline in interest rates across the yield curve. JGBs with all maturities including 40-year bonds will be made eligible for purchase and the average remaining maturity of purchases will be extended from three years to about seven years. It aimed to lower the risk premium of asset prices and will purchase ETFs and J-REITs at an annual pace of Y1 tln and Y30 bln respectively. It will also suspend the bank note rule temporarily while this new operation is in place, whereby now holdings of long term JGBs can exceed bank notes in circulation. At the time the market took the moves positively and USD-JPY jumped from 92.90 to over 95.00 on the more aggressive policy moves. The full BoJ statement can be found [here](#).

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

Europe - Market Quotes

3/29/2013	current		Chg Over			
	level	1 wk	4 wks	13 wks	1 year	
FTSE Euro 300	1188.9	-0.0%	1.5%	4.5%	11.2%	
FTSE UK-100	6411.7	0.3%	0.8%	7.7%	11.2%	
Euro 1yr yld	0.43	-0.01	-0.02	-0.02	-0.95	
U.K. 1yr yld	0.91	0.00	-0.02	-0.10	-0.95	
Swiss 1yr yld	0.26	-0.00	-0.01	0.00	-0.14	
Euro 10yr yld	1.29	-0.09	-0.17	-0.03	-0.51	
U.K. 10yr yld	2.16	0.31	0.19	0.35	-0.04	
Swiss 10yr yld	2.05	0.00	1.35	1.53	3.05	
EUR-USD	1.282	-1.3%	-1.8%	-3.2%	-3.9%	
GBP-USD	1.520	-0.2%	0.3%	-5.6%	-5.0%	
USD-CHF	0.949	0.9%	1.3%	3.9%	5.2%	

Commodity indices tracked sideways to lower over the quarter as concerns about Chinese growth cast a long shadow over the global commodity markets. Compared to the end of 2012, the RJ/CRB index sank 3.26% by the end of Q1, while the S&P GSCI shed 5.4%. NYMEX crude oscillated roughly between \$89-98/bbl, supported by optimistic stock markets, but capped by deteriorating economic fundamentals. Though held below \$100/bbl, gasoline at the pump remained dear enough to provide headwinds for unbridled growth and consumption. Weakness in precious and industrial metals continued to extend, with gold back-sliding from highs near \$1700 to trade under \$1540 this week as dollar and equity strength continued to suck the life out of this “safe haven” and inflation trade.

Commodities - Market Quotes

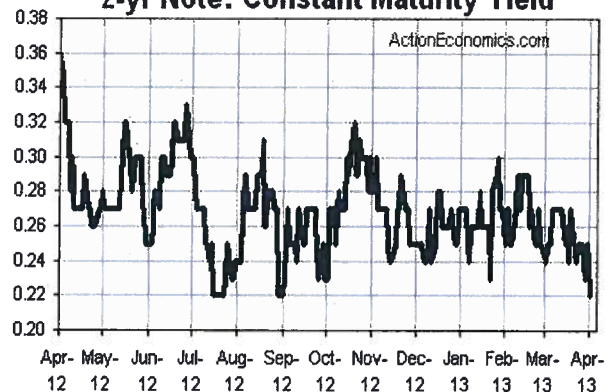
3/29/2013	current		Chg Over			
	level	1 wk	4 wks	13 wks	1 year	
CRB	296.4	0.6%	1.2%	0.3%	-3.9%	
GSCI	655.0	1.3%	1.1%	1.4%	-4.9%	
Oil	97.23	3.8%	5.6%	7.0%	-5.6%	
Gold	1598.60	-0.6%	1.2%	-3.9%	-4.2%	
Copper	349.66	0.0%	-3.1%	-3.8%	-10.5%	

The VIX S&P equity volatility index was fairly tame for most of the period, as the trend remained your friend in equities without much in the way of any serious corrections from the bull run. Only the sequester panic at the end of Feb caused much of a hiccup in the VIX, when it shot from its 13-14 range to probe 19 on Feb-25. The VIX subsequently fell back below a super complacent 12 before migrating back toward 13 again.

Bonds Balk at “Great Rotation”

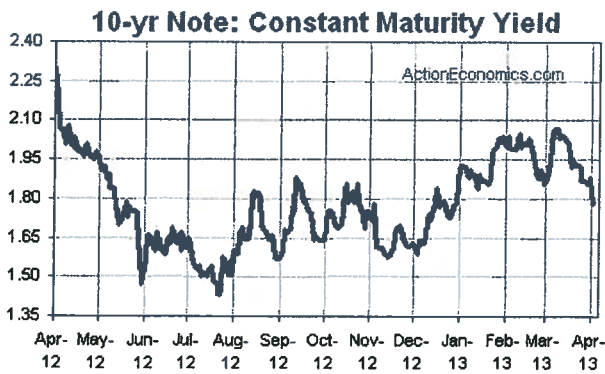
Everything had been set in place for a wholesale shift out of bonds and into stocks, except that the bond market didn't get the message. Ironically the combination of headwinds from fiscal tightening and incredibly loose monetary policy provided a “Bernanke Put” option on Treasuries. Indeed, policy shifted at the turn of the year from Operation Twist (selling short and buying long maturities) to just outright purchases of \$45 bln Treasuries/month. In other words, the Fed has your back by buying the majority of longer-dated Treasury issuance each month. For a bonus, the trade benefits from any instability on the geopolitical or financial fronts.

2-yr Note: Constant Maturity Yield



The 2-year yield shot to highs in late January after the ECB announced the first of series of LTRO paydowns by European banks. These were thought likely to drain liquidity and push up short-term rates. The 2-year accordingly popped to a quarter-high yield of 0.293% on Jan-29, though it was all downhill from there, especially without any Fed Twist selling. The short note finished Q1 just under 0.25% thanks in part to Cyprus -- in line with the 0-0.25% Fed funds target rate -- before sliding to 0.222% in the first week of April. Historic easing by the BoJ and a dovish ECB concerned about “downside risks” put the 2-year in a bullish mood.

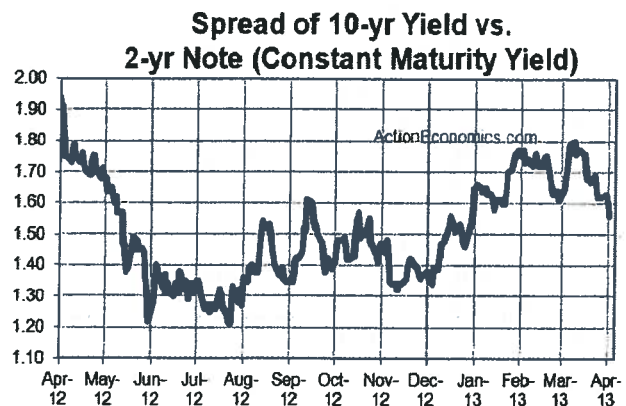
This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.



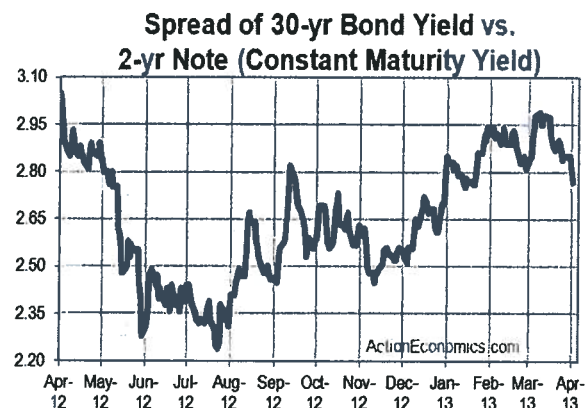
The 10-year yield came full circle on the quarter after threatening to blow back out the top of its numb range. After ending the year at 1.75%, the T-note made a foray above 2.0% three times over the course of the quarter before one last stab to 2.07% in early March. But slowing global growth, eroding domestic fundamentals and the surge in Bunds on the flight out of Italy and Cyprus all conspired to keep a lid on yields. The note finished the quarter firmly as the yield drifted back down to 1.83%, falling further to start Q2 near 1.75% again.



Same for the cash bond; it came full circle after ramping up from the 3.0% area at the beginning of the quarter to clear 3.25%, only to sink back down to 3.0% again to finish out March. Note, in early April it tumbled to lows near 2.85% as easy money from Japan and the weak U.S. Mar payrolls report compounded risk aversion again.



The 2s-10s spread steepened out to start things off as the Fed anchored the short-end, while the long-end responded to economic recovery hopes priced into the forward-looking stock market. Indeed, the spread widened out from the +145 basis point area to probe +180 bp before flattening back to +155 basis points again.



Treasury Yield Curve (Constant Maturities)

	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
3-mth	0.07	0.00	-0.03	0.00	-0.02
6-mth	0.10	-0.01	-0.01	-0.01	-0.05
1-yr	0.13	-0.01	-0.02	-0.02	-0.06
2-yr	0.24	-0.01	-0.03	-0.03	-0.04
5-yr	0.68	-0.09	-0.22	-0.14	-0.17
10-yr	1.72	-0.15	-0.34	-0.21	-0.29
30-yr	2.87	-0.23	-0.38	-0.23	-0.26

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

ECB Eyes Further Action as Surveys Slump

ECB and BoE left monetary policy unchanged at their April meetings, as widely expected. There was no statement from the BoE, but Draghi openly acknowledged the weakening of survey indicators, even in Germany and has opened the door to another rate cut a bit further. The ECB is monitoring developments carefully and stands ready to take action, so another set of weak survey indicators in April could see the ECB cut again in May or June, when the next set of updated forecasts are out. The ECB is also looking at further non-standard measures, although with the ECB's institutional constraints, the options on that front clearly are limited.

Draghi's important first paragraph noted the drop in inflation further below 2%, and repeated that monetary and loan dynamics remain subdued, while inflation expectations remain firmly anchored in line with the aim of keep inflation below but close to 2% over the medium term. However, on the economic front, he stressed that weak economic activity has extended into the early part of the year and highlighted that while a gradual recovery is still projected for the second half of the year, this is subject to downside risks. Against this background the ECB's monetary policy stance will remain accommodative for as long as needed, but at the same time, the ECB will in coming weeks "monitor very closely all incoming information on economic and monetary developments and assess any impact on the outlook for price stability". During the press conference Draghi said a few times that while the central bank doesn't pre-commit, it stands ready to act, which basically means a rate cut could come as early as May if confidence indicators continue to deteriorate even in Germany.

The ECB is also monitoring money market conditions and their potential impact and Draghi repeated that the central bank will continue with fixed rate tender procedures with full allotment for as long as necessary. During the press conference Draghi also highlighted that the ECB is looking at further non-standard measures and financing conditions for the Eurozone's bulk of small and medium sized enterprises (SMEs). However, given the ECB's mandate and its institutional set up quantitative easing in the form of asset purchases as seen in other major economies are not really an

option for the Eurozone, which means the ECB is facing some difficulties in coming up with further non-standard measures. Still Draghi did stress that the OMT remains an important tool.

Turning to the economic outlook in more detail, the ECB is still hanging on to the hope that the recovery in global demand will support exports, while the accommodative monetary policy should benefit domestic demand. Financial markets have also improved since last summer and "notwithstanding recent uncertainties" this should work their way through to the real economy. So the base line scenario is still that there will be a gradual recovery in the second half of the year. However, downside risks have clearly increased with the downturn in even the German Ifo and PMI numbers and Draghi did highlight during the Q&A that the weakness has now extended even to countries previously less affected. This clearly is a concern. If the expected German recovery doesn't materialize, the rest of the Eurozone will almost certainly remain stuck in recession. The downside risks, according to the ECB, not surprisingly therefore relate to "the possibility of even weaker than expected domestic demand" alongside "slow or insufficient implementation of structural reforms in the euro area", which "have the potential to dampen the improvement in confidence and thereby delay the recovery.

At the same time inflation has already fallen to just 1.7% and is expected to drop further below the 2% upper limit for price stability over the next year. Inflation expectations are still firmly anchored and we don't think there is a real risk of deflation, but with M3 growth also slowing down again and the growth rate of loans to non-financial corporations still negative at 1.4% the doves at the ECB council clearly have a number of arguments to put forward. Still, the statement also highlights that "considerable progress has been made since last summer in improving the funding situation of banks, in strengthening the domestic deposit base in stressed countries and in reducing reliance on the Eurosystem as reflected in payments".

At the same Draghi stressed that "in the light of recent experience" which means in the light of the

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

Cyprus debacle, it is clear that the Single Supervisory Mechanism and the Single Resolution Mechanism require swift implementation. Draghi surely wasn't a fan of the initial idea to include insured deposits in the bailout terms, which he called "less than smart," but also stressed that inside or outside the Eurozone Cyprus' economic model just wasn't sustainable. So euro-exit would not have helped much in this situation.

Bund futures rallied going into the press conference and only came slightly off highs as Draghi refused to clearly commit to a rate cut. Basically, the central scenario still remains for a gradual recovery, which should mean unchanged rates throughout the year. At the same time confidence indicators over the next month will be key. If there is another set of weak data, especially in Germany, then the ECB clearly has opened the door to a rate cut in May today. If on the other hand survey findings improve in April, then the ECB will hold out on the rate front. Further non-standard measures with the aim to improve especially financing conditions for SMEs on the other hand are clearly in the making.

Turning to the BoE, the MPC left the repo rate at 0.5% and the QE total at GBP 375 bln unchanged at the conclusion of its April meeting, as had been anticipated by strong consensus. No statement was issued, as is usual after no-change decisions, so we'll have to wait until the minutes are released on Apr-17 for insight. The last two meetings had seen three of the nine MPC members dissent in favor of expanding QE, and we expect the minutes from the April meeting to show that they will have continued to vote in favor of another GBP 25 bln in QE, but to have again been out-voted by their six colleagues. The doves' position has been undermined by February CPI, which ticked higher to 2.8% y/y from 2.7%, and by strength in both shop price inflation and the services PMI survey in March.

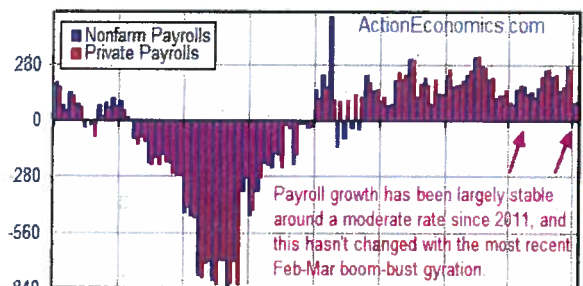
We expect that the BoE to refrain from initiating a further round of QE or rate cut throughout the year due to sticky inflation and gradual recovery in growth. A Reuter's poll (late March) found the consensus of market economists placing 60% odds of another GBP 25 bln in QE to be announced either in May or June.

U.S. Jobs Data Show Q4 Hours-Worked Climb

The tiny 88k U.S. March payroll rise shook the markets, as did weak earnings and household job and labor force declines with a participation rate drop to a 34-year low of 63.3%. Yet, the workweek rose to a cycle-high 34.6 to leave a firm 0.3% hours-worked climb, and upward payroll back-revisions took the sting out of the March jobs undershoot. We trimmed our factory sector outlook with today's report, but we boosted our Q1 GDP forecast thanks to hours-worked firmness and a narrow February trade deficit. Our income estimates remain unchanged.

For nonfarm payrolls, we saw an 88k March headline gain that included a 95k private payroll rise but a 7k government payroll drop, following 61k in upward payroll revisions in the prior two months that reflected a 33k boost in private employment and a 28k hike government payrolls.

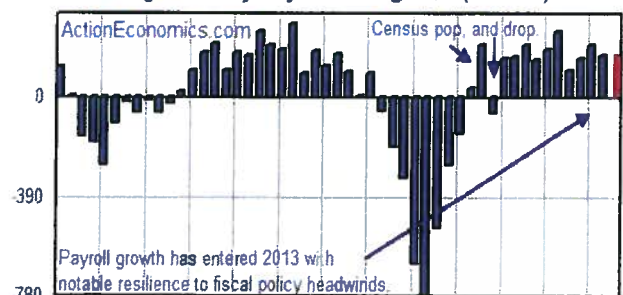
Total and Private Payroll Changes (1000s)



Mar-07 Dec-07 Sep-08 Jun-09 Mar-10 Dec-10 Sep-11 Jun-12 Mar-13

Goods employment rose by 16k in March due to job gains of 18K in construction and 1k in mining, though with a 3k payroll drop at factories. Hours-worked for the goods sector fell by 0.1%, with 0.3% declines for construction, mining and factories.

Average Monthly Payroll Change/Qtr (thsnd's)



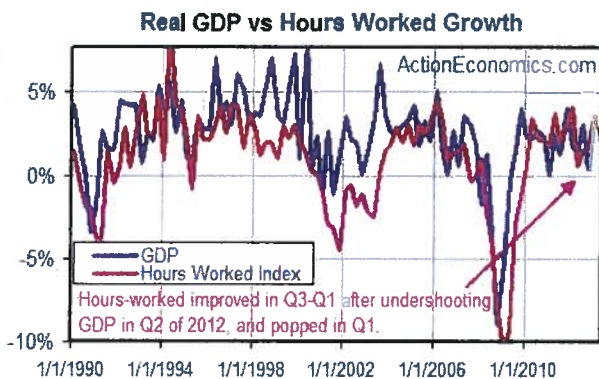
Q400 Q401 Q402 Q403 Q404 Q405 Q406 Q407 Q408 Q409 Q410 Q411 Q412

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

The workweek rose to a cycle-high 34.6 in March that matched its peak from February of last year, from 34.5 in this February and 34.4 in January. Hours-worked rose by 0.3% following a 0.5% February gain but a trimming of the January drop to 0.1% from 0.2% to leave a firm 3.5% climb for Q1 overall.

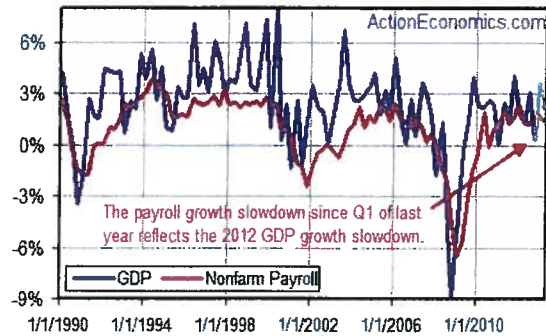
Jobs Data and Q1

For the quarterly outlook, our Q1 GDP growth forecast was raised to 3.5% (was 3.0%) after a 0.4% Q4 clip. We've seen a 3.5% hours-worked growth clip in Q1, following a 1.7% Q4 pace. We expect 2.7% Q4/Q4 real GDP growth in 2013 that outpaces 2.1% Q4/Q4 growth in hours-worked for a 0.6% overshoot, following a 0.4% undershoot in 2012 with respective growth rates of 1.7% and 2.1%.



Our Q1 GDP forecast implies a 1.0% Q1 productivity growth rate that partly reverses a 1.9% contraction rate in Q4, as GDP growth sharply underperformed payrolls in Q4 but is over-performing now. The Q4/Q4 productivity growth figures show a 0.5% 2012 climb despite last year's real GDP growth undershoot of hours-worked because the BLS output figures do not include the farm sector, which was weak in 2012 because of the drought. We expect a farm sector reversal in 2013 that boosts GDP relative to hour-worked, though we expect the same 0.5% productivity gain in 2013. Nonfarm payroll growth proved fairly stable over the Q3-Q1 period despite GDP zigzags that left a weak Q4 figure that was bracketed by larger Q3 and Q1 gains, as shown below.

Real GDP vs Nonfarm Payroll Growth



The workweek has climbed substantially from the 33.8 cycle-low in October of 2009 and 34.1 in December of 2008 when the last recession began.

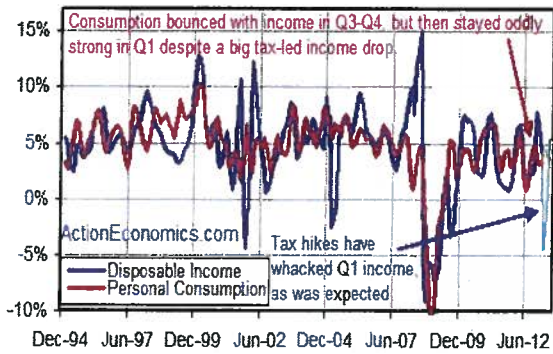


Jobs Data and the March Forecasts

For the other March reports, we assume a 0.4% personal income gain that receives a modest 0.1% boost via a lingering recovery from the December income pulled-ahead that left a deep January trough. We've seen big headline income gyrations that included a 1.0% February bounce, a 3.7% January plunge, and gains of 2.6% in December and 1.0% in November. Over the five-month period income gains averaged just 0.3%, with net restraint from a \$125 bln payroll tax hit starting in January. Our estimates imply Q1 contraction rates of 3.3% for income and 4.5% for disposable income, following respective Q4 gains of 8.1% and 7.9%.

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

Consumption vs. Disposable Income Growth



Quarterly Construction Employment Growth

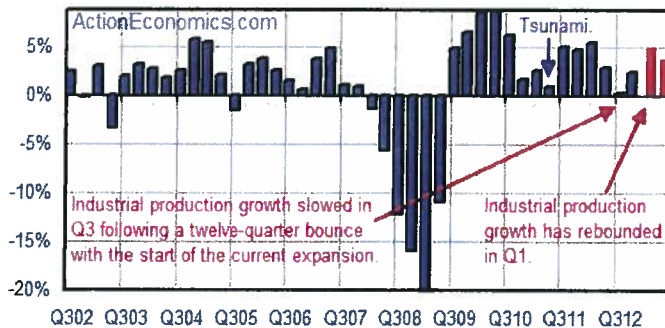


Industrial production should post a 0.2% March rise following a 0.8% February surge but lean 0.1% gains in the prior two months. We saw March hours-worked declines of 0.3% for both factories and mining. The vehicle assembly rate rose by an estimated 2.5% in March to a 11.0 mln rate, following a 4.2% February gain but larger 6.5% January drop. We expect a 2%-3% March utility surge following prior gains of 1.6% in February and 3.9% in January for a big Q1 utility lift to the factory sector. For Q1, we assume a 5.0% industrial production growth following a 2.4% Q4 clip and a lean 0.3% Q3 figure, versus 1%-9% growth rates over the prior twelve quarters.

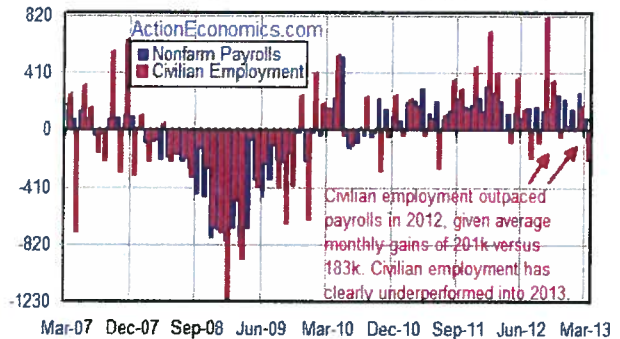
The March Household Data

For today's household survey data, we saw a big 206k March civilian employment drop alongside an even bigger 496k labor force decline, after a February report that revealed a 170k civilian employment gain but a 130k labor force decline that left an ugly 483k labor force drop through Q1 overall. The cycle will likely continue to display the disturbing quality of moves into and out of negative growth territory for the civilian and labor force series.

Industrial Production Growth



Payroll & Civilian Employment Changes (1000s)



For construction, hours-worked fell 0.3% in March with an 18k construction payroll gain. We assume a 1.0% March construction spending gain that extends the 1.2% February reversal of the 2.1% December drop. Nonresidential construction should continue to rebound alongside ongoing strength in new home construction but public construction weakness that may be aggravated into Q2 by sequestration.

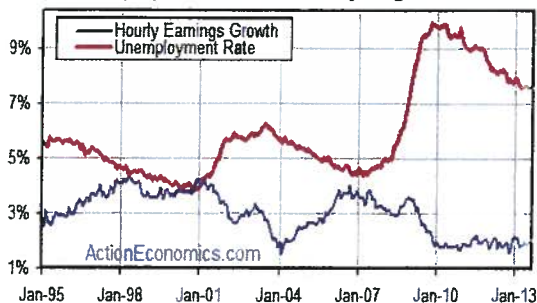
The jobless rate fell to a cycle-low 7.6% (7.57%) in March from 7.7% in February, 7.9% in January and 7.8% in November and December. The rate remains well below the 9.0% rate seen as recently as September of 2011. The labor force participation rate fell in March to 63.3% to leave the lowest figure since May of 1979, from a prior 32-year low of 63.5% in February that was also seen last August.

The flat March average hourly earnings figure followed 0.1% increases in both February (was

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

0.2%) and January. The y/y wage gain fell to 1.8% from 2.1% in the prior three months, versus a cycle-low 1.6% in October, as shown below.

Unemployment Rate and Hourly Wage Growth



The y/y figures should fluctuate around 2% into 2013 as wage gains likely take years to reclaim the 3.8% peak in June of 2007. We have a slight cyclical climb in total labor costs as gauged by the quarterly ECI figures thanks to firmness in benefit costs early in this expansion, though benefit cost gains slowed in early-2012. ECI y/y growth as of Q4 sat at 1.9% alongside a 2.5% benefit cost rise, versus respective cycle-lows in Q4 of 2009 of 1.4% and 1.5%.

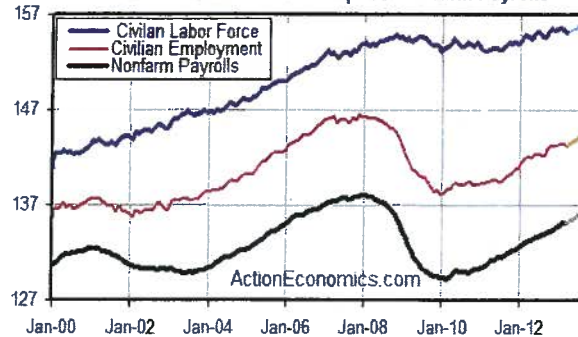
Growth in the ECI and components, Y/Y



For the cycle as a whole we've seen a downward ratcheting in labor force participation that has allowed a just a small rise of 286k since the cyclical peak back in May of 2009, which reflects a tiny 0.2% four-year labor force increase. This has occurred despite ongoing 1%-1.5% annual growth in the working age population that leaves a "hole" of about 4%. Presumably these workers will reappear as job growth gains steam in this cycle, and any labor force re-acceleration will provide a headwind for jobless rate declines.

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

Household Labor Force & Emp. vs Nonfarm Payrolls



Payrolls vs Other March Labor Market Indicators

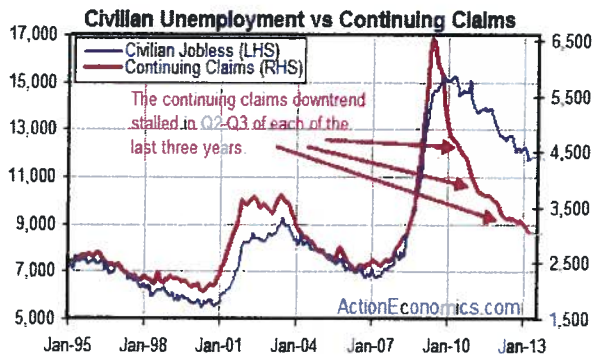
March payroll weakness bucked strength in initial claims data through mid-March before its climb into the Easter weekend, and firmness in the weekly AutoNews vehicle assembly data. The data seemed to track declines in most consumer confidence and producer sentiment measures and a lean 158k March ADP figure, as well as possible private sector sequestration effects. Tax rate hikes are also a likely negative factor for the labor market, though solid retail sales and even stronger consumption data in the last income report suggests otherwise. Initial claims tightened through the March BLS survey week before late-month back-up to leave a 353k average thus far in March that follows a similar 352k in February but higher prior averages of 359k in January, 365k in December and 400k in November. The 341k March BLS survey week reading undershot prior BLS readings of 366k in February and 350k in January.

Nonfarm Payroll Changes vs Initial Claims

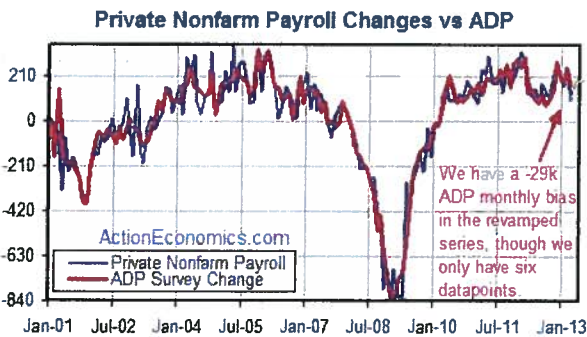


Continuing claims have tightened considerably since a Sandy-induced November bounce, following a Q2-Q3 2012 stalling in the pace of improvement

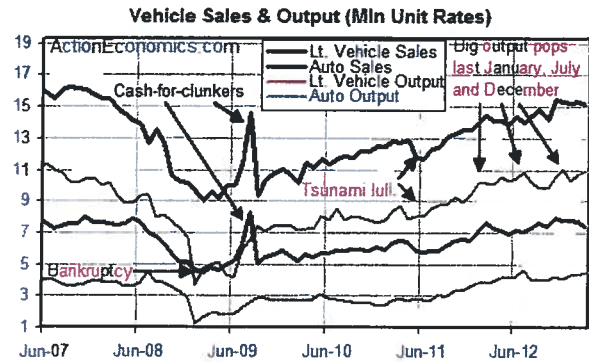
that paralleled the pattern in 2011 and 2010, as shown below.



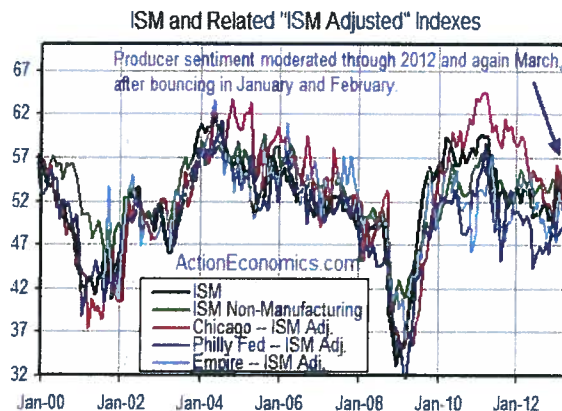
It will take time to learn what the relationship is between the revamped ADP figures and the monthly jobs data. The "as reported" ADP figures have posted gyrations around private payrolls of 63k in March, -56k in February, 28k in January, -9k in December, -138k in November, and -59k in in October. We have a 29k average undershoot for the six months since the methodology change, with a 59k average absolute error that sits above the 45k average absolute error for the survey median.



The figures from [AutoNews](#) have firmed since October following a summer drop from a July cycle-high. We assume a 11.0 mln vehicle assembly rate in March that matches the December cycle-high, as shown below.



The major factory sentiment surveys mostly fell in March after rising through the December-February period, but moderating before that through mid-2012. We saw a drop the ISM-adjusted average for the five most-watched surveys to 51 from 53 in February, 52 in January, 51 in December and recent-lows of 50 in the prior two months. The graph below shows the [ISM](#) figures, and the associated ISM-adjusted figures for the [Chicago ISM](#), [Empire State Philly Fed](#) and [ISM-NMI](#) reports.



Despite today's disappointing March payroll data, the firm hours-worked figures and narrow February [trade gap](#) support our assumption that we're poised for upward revisions in the Fed's GDP forecasts at the June 18-19 FOMC meeting from the 2.3%-2.8% central tendency estimates revealed with the [December 12-13 FOMC policy statement](#). We assume a 2.7% Q4/Q4 2013 real GDP growth rate, versus the 1.7% 2012 Q4/Q4 climb.

Today's 7.6% jobless rate is consistent with the 2013 central tendency forecasts of 7.3%-7.5% for the Q4 rate. Inflation data for Q1 show little need

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

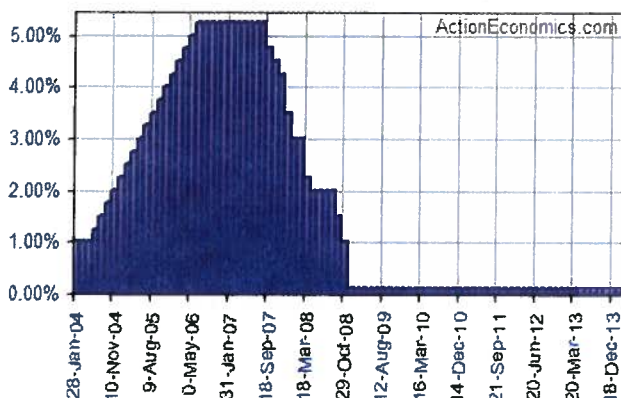
for changes in the 2013 central tendency forecasts of 1.3%-1.7% for PCE chain prices, and 1.5%-1.6% for the core figures, given our respective forecasts of 1.7% and 1.6%.

The 2013 outlook remains sensitive to the fate of legislation to extend the debt ceiling past May 18. Most economists now assume that sequestration cuts will largely be implemented as is, though we may still see some tweaks with legislation around the debt limit deal, and there remains hope for the kind of "grand bargain" that would boost the U.S. economy to a higher growth path.

Fed Trims Forecasts and Defers QE Exit

The FOMC didn't spring any major surprises, leaving rates and QE thresholds intact. Few believed that the Fed had the ammunition or inclination to make anything other than the most subtle shifts to its references for the economic and inflation outlooks. The economy managed to shrug off its "transitory factors" and was awarded the title of returning to "moderate growth" once again, following its "pause" in January. The most significant development was the explicit reference to more restrictive fiscal policy, which ensured that the Fed wouldn't veer from its ultra-accommodative course just yet. Updated economic assumptions were trimmed on the intermediate horizon in terms of GDP and inflation, though jobless rate estimates were lowered in response recent rate declines.

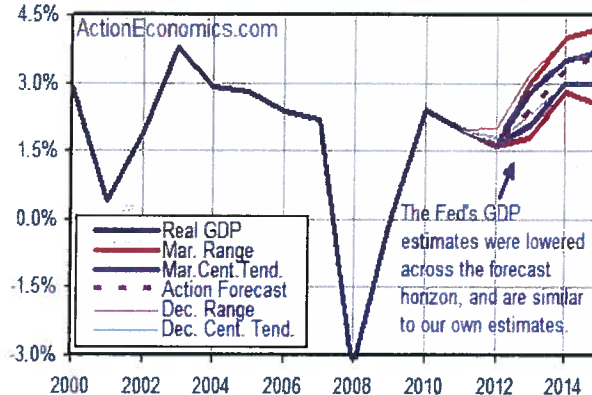
Fed Funds Targets at FOMC Meeting Dates



The statement indicated that economic growth returned to a "moderate pace" and longer term inflation expectations remain stable. Labor conditions have

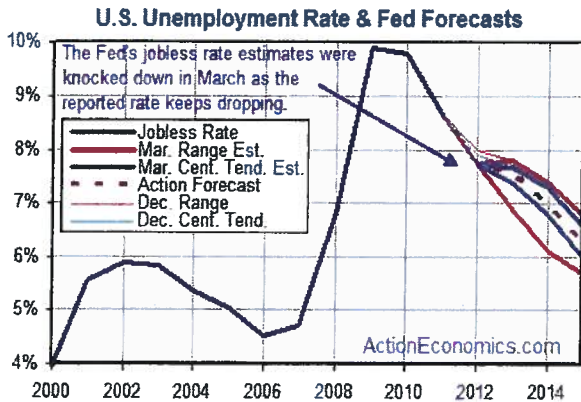
shown signs of improvement, but unemployment remains elevated. The Fed said spending advanced and housing strengthened, but it added "*fiscal policy has become somewhat more restrictive.*" This alluded to the fiscal cliff via the January tax hikes and March sequestration cuts that have yet to be fully felt. The statement also edited out the phrase on "*global financial strains,*" and merely indicated it continues to see downside risks to the economic outlook. The Fed reiterated that it will "*continue to take appropriate account of the likely efficacy and costs of [QE] purchases as well as the extent of progress toward its economic objectives.*" In addition, KC Fed's George dissented once more.

U.S. Real GDP Growth & Fed Forecasts, Q4/Q4

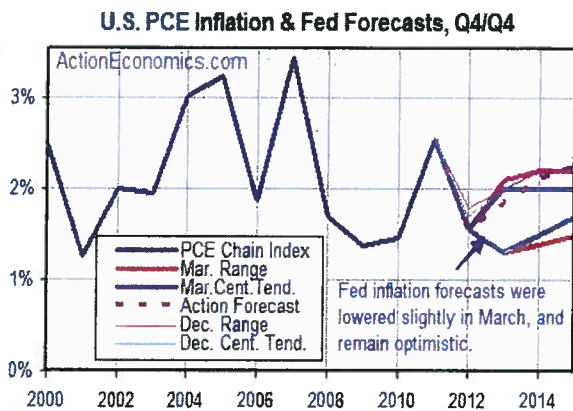


On the economy: "*Information received since the Federal Open Market Committee met in January suggests a return to moderate economic growth following a pause late last year. Labor market conditions have shown signs of improvement in recent months but the unemployment rate remains elevated. Household spending and business fixed investment advanced, and the housing sector has strengthened further, but fiscal policy has become somewhat more restrictive... Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. The Committee continues to see downside risks to the economic outlook.*"

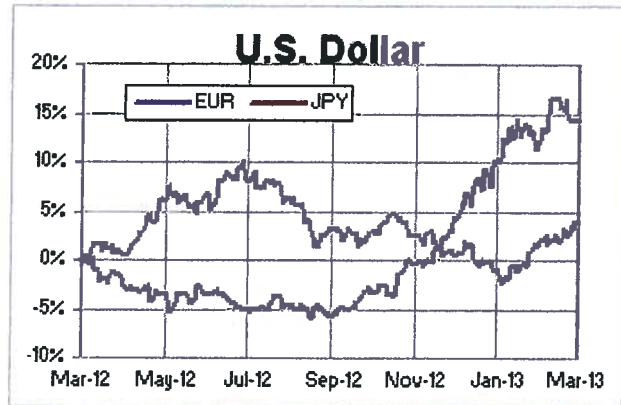
This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.



On inflation: "Inflation has been running somewhat below the Committee's longer-run objective, apart from temporary variations that largely reflect fluctuations in energy prices. Longer-term inflation expectations have remained stable.... The Committee continues to see downside risks to the economic outlook. The Committee also anticipates that inflation over the medium term likely will run at or below its 2 percent objective."



George dissents again: "Voting against the action was Esther L. George, who was concerned that the continued high level of monetary accommodation increased the risks of future economic and financial imbalances and, over time, could cause an increase in long-term inflation expectations."



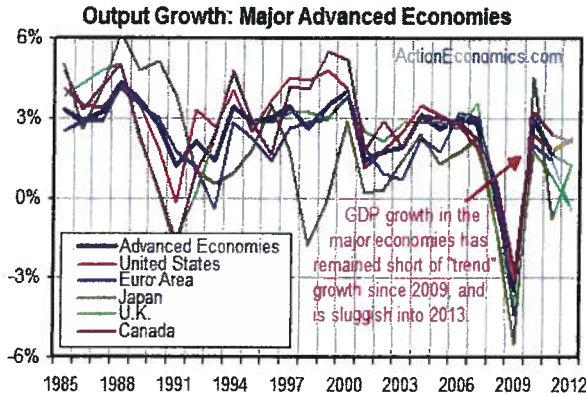
FOMC Projections at the Mar 19-20 Meeting vs Dec 11-12, 2012 Revealed at the Mar 20 Press Conference, vs Our Own Forecasts									
Q4/Q4 Figures	Fed Fore.		Fed Cent.		Dec, 13		Dec, 13		Action
	Range	Tendency	Range	Range	Cent. Tend.	Fore.			
2013									
Real GDP	2.0%	3.0%	2.3%	2.8%	2.0%	3.2%	2.3%	3.0%	2.7%
Unemp Rate (Q4)	6.9%	7.6%	7.3%	7.5%	6.9%	7.9%	7.4%	7.7%	7.5%
PCE Prices	1.3%	2.0%	1.3%	1.7%	1.3%	2.0%	1.3%	2.0%	1.7%
PCE Core Prices	1.5%	2.0%	1.5%	1.6%	1.5%	2.0%	1.6%	1.9%	1.6%
Fed Funds Rate*	0.2%	1.0%	0.2%	0.2%	0.2%	1.0%	0.2%	0.2%	0.2%
2014									
Real GDP	2.6%	3.8%	2.9%	3.4%	2.8%	4.0%	3.0%	3.5%	3.3%
Unemp Rate (Q4)	6.1%	7.1%	6.7%	7.0%	6.1%	7.4%	6.8%	7.3%	7.0%
PCE Prices	1.4%	2.1%	1.5%	2.0%	1.4%	2.2%	1.5%	2.0%	2.1%
PCE Core Prices	1.5%	2.1%	1.7%	2.0%	1.5%	2.0%	1.6%	2.0%	1.9%
Fed Funds Rate*	0.2%	2.7%	0.2%	0.5%	0.2%	2.7%	0.2%	0.5%	0.5%
2015									
Real GDP	2.5%	3.8%	2.9%	3.7%	2.5%	4.2%	3.0%	3.7%	3.7%
Unemp Rate (Q4)	5.7%	6.6%	6.0%	6.5%	5.7%	6.8%	6.0%	6.6%	6.4%
PCE Prices	1.6%	2.6%	1.7%	2.0%	1.5%	2.2%	1.7%	2.0%	2.2%
PCE Core Prices	1.7%	2.6%	1.8%	2.1%	1.7%	2.2%	1.8%	2.0%	2.1%
Fed Funds Rate*	0.2%	4.5%	0.6%	1.2%	0.2%	4.5%	0.5%	2.0%	2.0%
Longer Run									
Real GDP	2.0%	3.0%	2.3%	2.5%	2.2%	3.0%	2.3%	2.5%	2.6%
Unemp Rate (Avg)	5.0%	6.0%	5.2%	6.0%	5.0%	6.0%	5.2%	6.0%	6.4%
PCE Prices	2.0%		2.0%		2.0%		2.0%		3.0%
Fed Funds Rate*	3.2%	4.5%	4.0%	4.2%	3.0%	4.5%	3.7%	4.2%	4.5%

Action Economics, LLC, Red = Upward Rev., Blue - Downward Rev.
 * Ranges and Central Tendencies that are "backed out" of the graph provided in the Fed report on the official projections

Economic growth sequestered: the full force of the sequester triggered on March 1 has yet to be felt, though forecasters suggest a 0.5% growth hit to GDP. Given the dormant 0.1% pace of GDP growth in Q4 in the face of headwinds from Hurricane Sandy and the fiscal cliff, the downside risks likely kept Bernanke sleepless, though we and most others expect a GDP growth bounce-back to the 2.4% area in Q1. Consumer confidence is up from January lows as wealth rebounds, and as some cheer sequestration. Likewise, retail sales snapped back 1.1% in February, in part due to higher gasoline prices and pent-up demand for replacement autos post-Sandy. Nonfarm payrolls have been showing signs of life lately over the 200k threshold. Housing

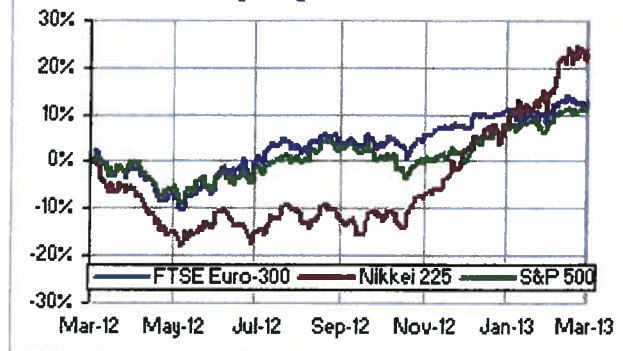
This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

continues to benefit from increased demand and shrinking inventories, as builders regain confidence and the Fed keeps the taps wide open to resuscitate the sector. Though CPI got a little jumpy in February due to energy prices, core has generally been well-behaved.



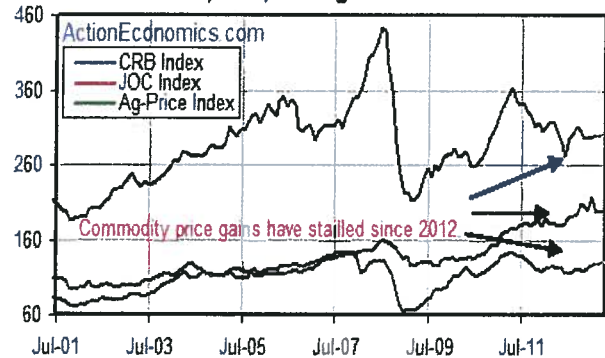
FOMC Forecast revisions: we saw small downward GDP forecast adjustments at the high-end of the distribution for 2013, but across-the-board small downward revisions in 2014 and scattered downward adjustments for the figures in 2015 and the long-run. We also saw downward adjustments for most of the jobless rate estimates through 2015, but with no change to the long-run assumptions there, as the Fed is apparently willing to "lock in" the ongoing odd downward trend for the U.S. labor force participation rate without hedging the forecasts as the rate falls. The PCE chain price headline and core central tendency forecasts were knocked down in 2013, though the range for both were left the same, while some 2014 inflation forecasts were raised a tad, and at least one Fed forecaster revealed a big 2015 pop in their headline and core PCE chain price estimates to 2.6% each from 2.2% earlier. In total, the Fed GDP forecasts remain more optimistic than market estimates just as their inflation forecast sit a bit lower, and they've adopted the optimistic labor market view.

Equity Markets



Risk indicators: regardless of whether reflating the stock market is an end-goal of the Fed or a necessary byproduct (Bernanke said the Fed is not targeting assets), the Fed's success in doing so cannot be denied. With the exception of a couple shallow corrections around the fiscal cliff at year-end and the sequester furor at the end of February, the S&P 500 has been on a tear from Nov lows of 1,343.35 to highs of 1,563.32 last week (just shy of 1,576.09 historic highs on Oct-11, 2007). The Dow has been marking life highs with some regularity, most recently 14,539.3 on March 4. NASDAQ still has a way to go before recouping millennial highs of 5,132.52 of March 10, 2000.

CRB, JOC, and Ag-Price Indexes



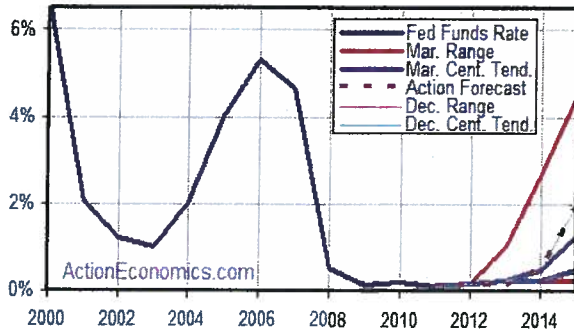
The VIX equity volatility index as a proxy for risk has been pretty dormant in the 12-14 range, after a couple of pops to 22 in late December before the cliff deadline and 19.0 on the sequester deadline in late-February. Risk proxy gold has been on a declining path from October highs over \$1,795 as deleveraging prevailed and cliffs postponed to a low of \$1,554.5 on February 21, before Cyprus jitters

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

drove it back over \$1600 again. The dollar index has caught fire from January lows under 79.0 to highs of 83.16 last week as U.S. growth has recovered, Japan has committed to reflation and Europe has faced fresh centrifugal forces.

problems in the labor market, which are much less impacted by monetary policy measures. For now the data will significantly reduce market fears that the Fed will start to remove stimulus anytime soon, and expectations of ongoing Fed bond buybacks, along with the BoJ stimulus, should keep a bullish undercurrent in sovereigns.

U.S. Fed Funds Rate & Fed Forecasts



Fed funds futures: Fed funds futures barely budged on the as-expected FOMC statement. There was a fractional bounce in the contracts since there was no indication of an exit strategy, which was something some traders saw as a small risk and set up for accordingly. Implied rates show a sub 25 basis point Fed funds rate until late 2014.

Total, Excess and Required Reserves in \$Bln



Fed Policy Outlook: The employment data were not good news for the FOMC, despite the decline in the unemployment, which is falling for all the wrong reasons. While many in the markets have been worried about QE tapering, policymakers have been warning about another growth swoon, which has burned them over the last several years -- remember Bernanke's green shoots? That was March 2009. It will be difficult to fit the data into just how much is the fiscal cliff, payroll taxes, sequester, cyclical, etc., but we believe the Fed might have to take a closer look at the structural

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

This publication, including the content and any attachments, is not, and should not, be construed as a recommendation or solicitation to buy or sell any security, futures contract, option on futures, or any other financial instrument mentioned in it. This publication has been prepared by Action Economics, LLC either from publicly available information or is based on the opinions of the author. Information contained in this document is believed to be reliable but may not have been independently verified. Neither Davidson Fixed Income Management, Inc. nor Action Economics, LLC guarantees, represents or warrants, or accepts any responsibility or liability as to the accuracy, completeness or appropriateness of the information contained in this document. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment.

Opinions reflected in the materials are subject to change without notice. Past performance should not be taken as an indication or guarantee of future performance. Forecasts of future performance represent estimates; actual performance may vary. This document does not constitute, and should not be construed as a substitute for tax, legal or investment advice.

Copyright 2011 Action Economics, LLC. All Rights Reserved. This document may not be altered, reproduced or redistributed, in whole or in part, without the prior consent of Action Economics, LLC.

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

U.S. Economic Calendar April 2013



Davidson Fixed Income Management
REGISTERED INVESTMENT ADVISER

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																																									
	1 9:00 AM Manufacturing PMI MAR 10:00 AM ISM (Mfg) MAR 10:00 AM Construction Spending FEB Tsy Announces 4-Wk Bills Tsy Auctions 3&6-Mth Bills	2 7:45 AM ICSC-Goldman Sachs 03/30 8:55 AM Redbook 03/30 10:00 AM Factory Orders FEB Unit Vehicle Sales MAR Tsy Auctions 4-Wk Bills Tsy Auctions 52-Wk Bills	3 7:00 AM MBA Mortgage Applications 03/29 8:15 AM ADP Employment Survey MAR 10:00 AM ISM-NMI MAR 10:30 AM EIA Crude Oil Stocks 03/29	4 7:30 AM Challenger MAR 8:30 AM Initial Claims 03/30 4:30 PM Weekly Money Supply 03/25 Tsy Announces 3&6-Mth Bills Tsy Announces 3-Yr Notes, 10-Yr Notes Reopen & 30-Yr Bonds Reopen	5 8:30 AM Employment Report MAR 8:30 AM U.S. Trade FEB 3:00 PM Consumer Credit FEB	6																																																																																																									
7	8 Tsy Announces 4-Wk Bills Tsy Auctions 3&6-Mth Bills	9 7:45 AM ICSC-Goldman Sachs 04/06 8:55 AM Redbook 04/06 10:00 AM JOLTS Job Openings FEB 10:00 AM Wholesale Trade FEB Tsy Auctions 4-Wk Bills Tsy Auctions 3-Yr Notes	10 7:00 AM MBA Mortgage Applications 04/05 10:30 AM EIA Crude Oil Stocks 04/05 2:00 PM FOMC Minutes for Mar 19-20 Meeting 2:00 PM Treasury Budget MAR Tsy Auctions 10-Yr Notes Reopen	11 8:30 AM Trade Price Indexes MAR 8:30 AM Initial Claims 04/06 4:30 PM Weekly Money Supply 04/01 Tsy Announces 3&6-Mth Bills Tsy Announces 5-Yr TIPS Tsy Auctions 30-Yr Bonds Reopen	12 8:30 AM Retail Sales MAR 8:30 AM PPI MAR 9:55 AM Consumer Sentiment Pre APR 10:00 AM Business Inventories FEB	13																																																																																																									
14	15 8:30 AM Empire State Index APR 9:00 AM Treasury Intl Capital FEB 10:00 AM NAHB Housing Market Index APR Tsy Announces 4-Wk Bills Tsy Auctions 3&6-Mth Bills	16 7:45 AM ICSC-Goldman Sachs 04/13 8:30 AM CPI MAR 8:30 AM Housing Starts MAR 8:55 AM Redbook 04/13 9:15 AM Industrial Production MAR Tsy Auctions 4-Wk Bills	17 7:00 AM MBA Mortgage Applications 04/12 10:30 AM EIA Crude Oil Stocks 04/12 2:00 PM Beige Book for April 30-May 1 FOMC Meeting	18 8:30 AM Initial Claims 04/13 10:00 AM Philadelphia Fed Index APR 10:00 AM Leading Indicators MAR 4:30 PM Weekly Money Supply 04/08 Tsy Announces 3&6-Mth Bills Tsy Announces 2-Yr, 5-Yr & 7-Yr Notes Tsy Auctions 5-Yr TIPS	19	20																																																																																																									
21	22 8:30 AM Chicago Fed National Activity Index MAR 10:00 AM Existing Home Sales MAR Tsy Announces 4-Wk Bills Tsy Auctions 3&6-Mth Bills	23 7:45 AM ICSC-Goldman Sachs 04/20 8:55 AM Redbook 04/20 9:00 AM FHFA Home Price Index FEB 10:00 AM New Home Sales MAR Tsy Auctions 4-Wk Bills Tsy Auctions 2-Yr Notes	24 7:00 AM MBA Mortgage Applications 04/19 8:30 AM Durable Orders MAR 10:30 AM EIA Crude Oil Stocks 04/19 Tsy Auctions 5-Yr Notes	25 8:30 AM Initial Claims 04/20 4:30 PM Weekly Money Supply 04/15 Tsy Announces 3&6-Mth Bills Tsy Announces 52-Wk Bills Tsy Auctions 7-Yr Notes	26 8:30 AM GDP Advance Q1 9:55 AM Consumer Sentiment Fin APR	27																																																																																																									
28	29 8:30 AM Personal Income & PCE MAR 10:00 AM Pending Home Sales Index MAR Tsy Announces 4-Wk Bills Tsy Auctions 3&6-Mth Bills	30 7:45 AM ICSC-Goldman Sachs 04/27 8:30 AM Employment Cost Index Q1 8:55 AM Redbook 04/27 9:00 AM S&P/Case-Shiller Home Price Index FEB 9:45 AM Chicago ISM APR 10:00 AM Consumer Confidence APR 3:00 PM Agricultural Prices APR FOMC 2-Day Meeting Begins Tsy Auctions 4-Wk Bills Tsy Auctions 52-Wk Bills	<table border="1"> <thead> <tr> <th colspan="7">March</th> </tr> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1</td> <td>2</td> </tr> <tr> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td>8</td> <td>9</td> </tr> <tr> <td>10</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>15</td> <td>16</td> </tr> <tr> <td>17</td> <td>18</td> <td>19</td> <td>20</td> <td>21</td> <td>22</td> <td>23</td> </tr> <tr> <td>24</td> <td>25</td> <td>26</td> <td>27</td> <td>28</td> <td>29</td> <td>30</td> </tr> <tr> <td>31</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		March							S	M	T	W	T	F	S						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31							<table border="1"> <thead> <tr> <th colspan="7">May</th> </tr> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td>5</td> <td>6</td> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> </tr> <tr> <td>12</td> <td>13</td> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> </tr> <tr> <td>19</td> <td>20</td> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> </tr> <tr> <td>26</td> <td>27</td> <td>28</td> <td>29</td> <td>30</td> <td>31</td> <td></td> </tr> </tbody> </table>		May							S	M	T	W	T	F	S				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
March																																																																																																															
S	M	T	W	T	F	S																																																																																																									
					1	2																																																																																																									
3	4	5	6	7	8	9																																																																																																									
10	11	12	13	14	15	16																																																																																																									
17	18	19	20	21	22	23																																																																																																									
24	25	26	27	28	29	30																																																																																																									
31																																																																																																															
May																																																																																																															
S	M	T	W	T	F	S																																																																																																									
			1	2	3	4																																																																																																									
5	6	7	8	9	10	11																																																																																																									
12	13	14	15	16	17	18																																																																																																									
19	20	21	22	23	24	25																																																																																																									
26	27	28	29	30	31																																																																																																										

Please, visit our website at www.davidsoncompanies.com/fim

© Copyright 2011

*Estimated date

This publication was authored by a third party, Action Economics, LLC. This article does not necessarily reflect the expertise of Davidson Fixed Income Management, Inc. or its employees.

FIXED INCOME BENCHMARK RETURNS**March 31, 2013**

	<u>Duration</u>	<u>Month Ending 3/31/2013</u>	<u>Quarter Ending 3/31/2013</u>	<u>Last Year</u>	<u>Last 3 Years</u>	<u>Last 5 Years</u>	<u>Last 10 Years</u>
<u>U.S. TREASURY BENCHMARKS</u>							
US Treasury 90 Day Bill	0.22	0.02	0.02	0.12	0.28	0.35	1.75
US Treasury 0-1 Year	0.52	0.02	0.05	0.22	0.28	0.66	1.96
US Treasury 0-3 Year	1.43	0.02	0.10	0.50	0.97	1.40	2.44
US Treasury 1-3 Year	1.87	0.02	0.12	0.64	1.24	1.75	2.67
US Treasury 0-5 Year	2.27	0.04	0.13	1.04	1.94	2.18	2.96
US Treasury 1-5 Year	2.73	0.04	0.15	1.26	2.36	2.61	3.26
US Treasury 1-10 Year	4.03	0.14	0.14	2.53	4.25	3.78	4.06
<u>TIPS BENCHMARKS</u>							
TIPS 1-3 Year	0.09	0.17	0.27	0.56	2.11	2.16	N/A
TIPS 1-5 Year	1.33	0.25	0.39	1.59	3.62	3.15	N/A
TIPS 3-5 Year	2.25	0.30	0.48	2.49	4.84	4.55	4.73
TIPS 1-10 Year	3.45	0.34	0.30	3.95	6.28	4.55	5.41
<u>AGENCY BENCHMARKS</u>							
US Agency 1-3 Year	1.71	0.05	0.11	0.67	1.37	2.23	2.94
US Agency 1-5 Year	2.38	0.05	0.14	1.19	2.04	2.81	3.34
US Agency 1-10 Year	2.86	0.06	0.15	1.76	2.93	3.45	3.85
<u>AGENCY BULLET</u>							
US Agency 1-3 Year Bullet	1.87	0.05	0.11	0.70	1.49	2.42	3.10
US Agency 1-5 Year Bullet	2.68	0.05	0.15	1.31	2.28	3.10	3.57
US Agency 3-5 Year Bullet	3.78	0.06	0.20	2.54	4.43	4.90	4.71
US Agency 1-10 Year Bullet	3.20	0.06	0.14	1.97	3.31	3.82	4.12
<u>AGENCY CALLABLE</u>							
US Agency 1-3 Year Callable	1.22	0.04	0.09	0.57	0.89	1.53	2.42
US Agency 1-5 Year Callable	1.39	0.05	0.13	0.75	1.11	1.79	2.63
US Agency 3-5 Year Callable	1.63	0.06	0.18	1.18	1.71	2.46	3.08
US Agency 1-10 Year Callable	1.83	0.06	0.16	0.86	1.37	2.05	2.91
<u>CORPORATE</u>							
1-3 Year Corp A-AAA	1.99	0.08	0.44	2.75	2.93	3.49	3.54
1-5 Year Corp A-AAA	2.86	0.10	0.58	4.05	4.23	4.43	4.08
1-10 Year Corp A-AAA	4.37	0.13	0.45	6.15	6.25	5.68	4.81

Data source: Merrill Lynch Global Index System on Bloomberg.



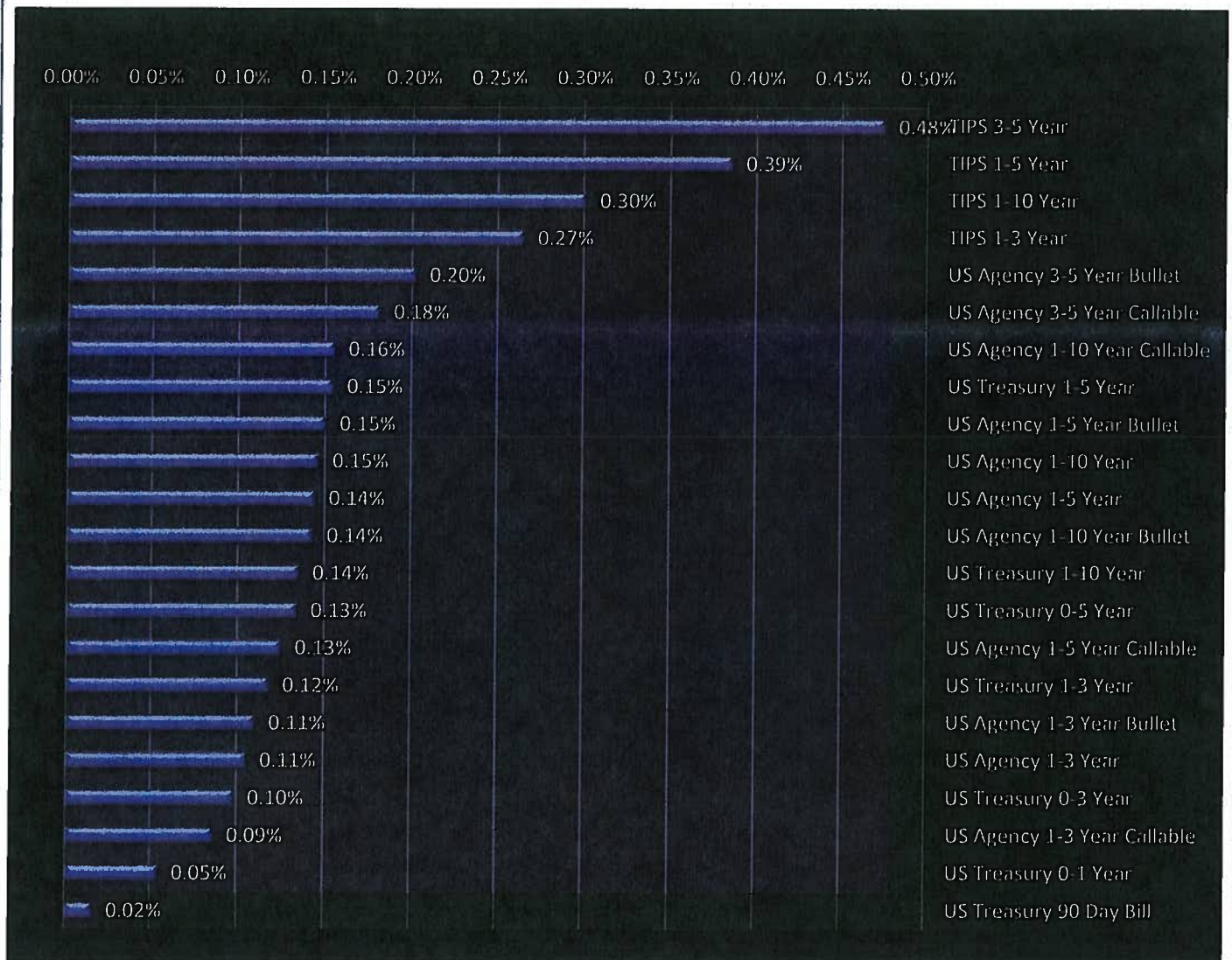
Davidson Fixed Income Management

REGISTERED INVESTMENT ADVISER

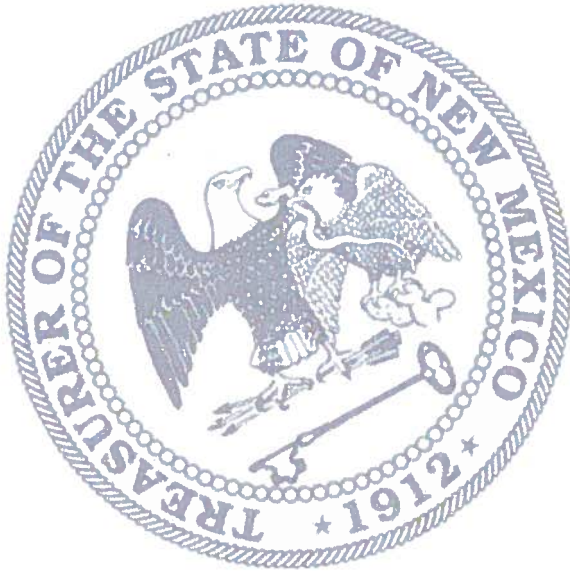
WHAT'S HOT AND WHAT'S NOT

QUARTERLY PERFORMANCE RANKINGS

March 31, 2013



Data source: Merrill Lynch Global Index System on Bloomberg.



6. Quarterly Investment Review

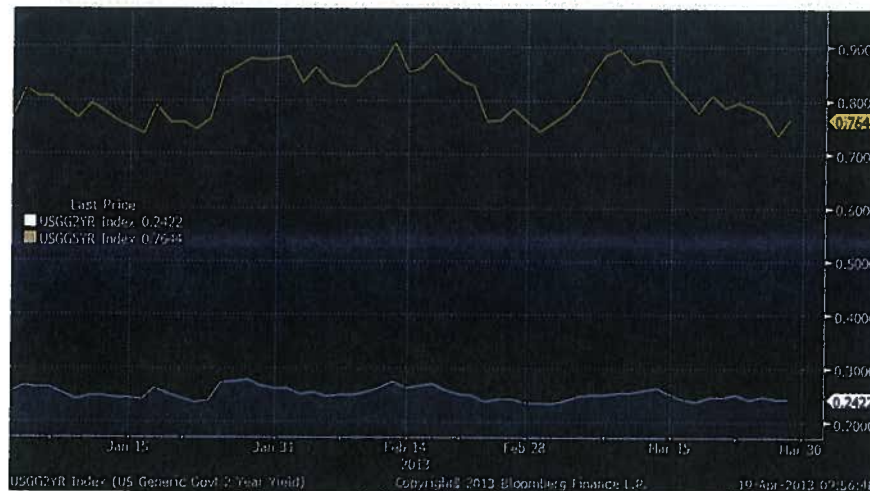
Quarterly Investment Review

Investment Strategy Employed During the Past Quarter

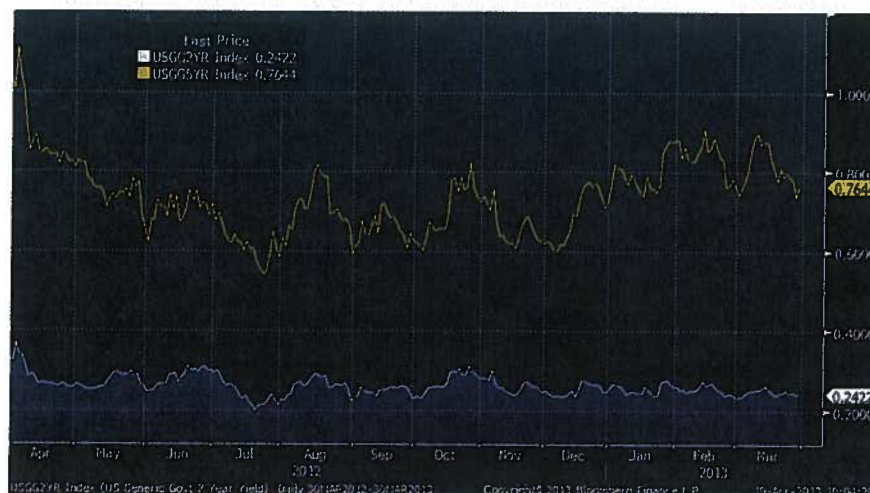
During the past quarter, we continued our strategy of being slightly long to our benchmarks. Even though there have been considerable changes in markets, in general, our area of the curve has remained quite stable.

The attached chart compares the daily yield on the five year treasury to the two year treasury over the quarter. As you can see, the two year has been stuck around the 0.25% range while the five year has trended between 0.75% and 0.90%.

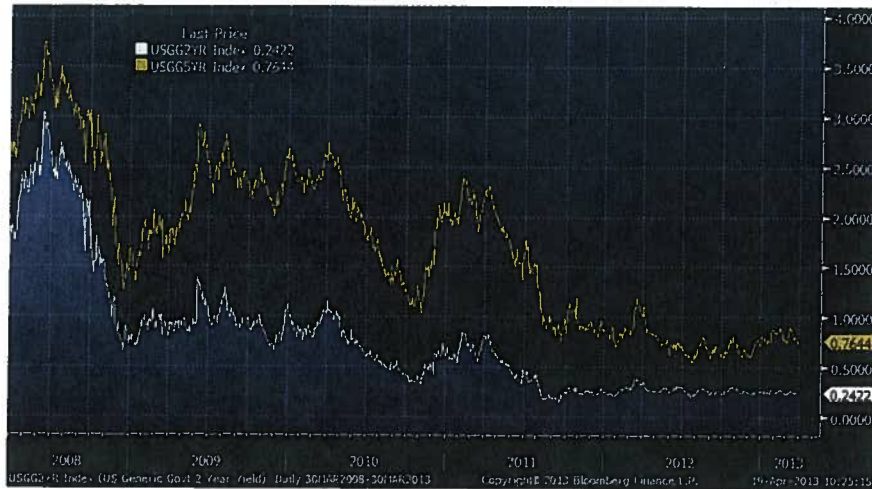
Our strategy over the past several quarters has been to remain slightly long to our benchmarks in the belief that rates will remain stable over time. The Federal Reserve has continued its accommodative stance, with aggressive purchases of \$85Billion a month keeping pressure on market interest rates.



Over the past year, both indexes have declined gradually, but have still traded in a fairly narrow range.



Over the past 5 years, rates have declined substantially, and you can clearly see the effect of the aggressive quantitative easing on rates, particularly given the flattening of the curve.



With regard to specific funds, we have utilized strategies which complement the fund’s particular cash needs.

General Fund Investment Pool

As showed in the consolidated charts in the General Fund section of this monthly report, the General Fund Investment pool has stabilized in size from the lows seen in FY08. During this quarter, we typically see the low point in the annual trend of the fund during mid-March. With the increased balance left at the Fiscal Agent Bank, our repo amounts for the liquidity portion of the general fund were less than \$25MM during the low period. The work done by the investment division as well as the cash management division has enabled us to project those balances with increased accuracy and our models performed well during the projected low point.

This analysis confirms that our ratio of Liquidity:Core within the General Fund Invest Pool is appropriate at this time. In the future, should the targeted amount of balances at the Fiscal Agent Bank decline, we could potentially increase the amount held within the core portion of the General Fund Investment Pool.

With regard to relative performance, the General Fund CORE portion basically matched the performance for the quarter. On a 12 month basis, we outperformed the benchmark by 38%. The relative outperformance is due to 2 factors – duration performance as well as the addition of agency and municipal securities which have added additional portfolio yield.

<i>Fund</i>	<i>Performance</i>		
	<i>1 Month</i>	<i>3 Months</i>	<i>12 Months</i>
<i>General Fund CORE</i>	0.06%	0.14%	1.43%
<i>BAML 0-5 US Treasury</i>	0.02%	0.13%	1.04%
<i>Relative Performance (BPs)</i>	0.04%	0.01%	0.39%
<i>Relative Performance (%)</i>	300%	108%	138%

Source: JP Morgan

Bond Proceeds Funds

During the quarter, we saw payments out of the tax-exempt BPIP for debt service purposes on January 1st (for outstanding Severance Tax Bonds) and March 1st (for General Obligation Bonds). The Taxable BPIP

saw additions through the receipt of bond proceeds related to the issuance of Severance Tax Notes and Supplemental Severance Tax Notes at the end of the previous quarter. Monthly capital flows offset the increases and averaged approximately \$25-\$30MM per month.

With regard to relative performance, the Bond Proceeds Investment Pool outperformed the benchmark performance for the quarter. On a 12 month basis, the BPIPs significantly outperformed the benchmark by 50-60%. The relative outperformance is due to 2 factors – duration performance as well as the addition of agency and municipal securities which have added additional portfolio yield.

This relative out-performance is particularly significant given the above discussion about the 2-year area and low rates combined with the swings in cash balances due to additions as well as debt service and capital withdrawals.

<i>Fund</i>	<i>Performance</i>		
	<i>1 Month</i>	<i>3 Months</i>	<i>12 Months</i>
<i>Bond Proceeds - Tax Exempt</i>	0.05%	0.12%	0.75%
<i>BAML 0-3 US Treasury</i>	<u>0.02%</u>	<u>0.10%</u>	<u>0.50%</u>
<i>Relative Performance (BPs)</i>	0.03%	0.02%	0.25%
<i>Relative Performance (%)</i>	250%	120%	150%
<i>Bond Proceeds – Taxable</i>	0.04%	0.13%	0.80%
<i>BAML 0-3 US Treasury</i>	<u>0.02%</u>	<u>0.10%</u>	<u>0.50%</u>
<i>Relative Performance (BPs)</i>	0.02%	0.03%	0.30%
<i>Relative Performance (%)</i>	200%	130%	160%

Source: JPMorgan

Local Government Investment Pool

The LGIP remained under pressure during the quarter. Balances ranged between \$500 and \$600MM and performance was muted due to the overall level of short-term rates.

On a comparative basis, the fund has performed well relative to its peers, but given the overall level of rates and the restrictions placed on the fund by the overnight repo collateral policy, managing the fund is increasingly difficult.

<i>Fund</i>	<i>Performance</i>		
	<i>1 Month</i>	<i>3 Months</i>	<i>12 Months</i>
<i>Local Government Investment Pool</i>	0.02%	0.07%	0.24%
<i>S&P Government Bond Index (Net)</i>	<u>0.00%</u>	<u>0.01%</u>	<u>0.06%</u>
<i>Relative Performance (BPs)</i>	0.02%	0.06%	0.18%
<i>Relative Performance (%)</i>	∞	600%	400%

Source: JPMorgan

Severance Tax Bonding Fund

The Severance Tax Bonding Fund grew over the quarter by approximately \$25MM/month with the receipt of severance taxes. Balances started out low during the quarter due to debt service payments made on January 1st.

The Severance Tax Bonding Fund is primarily invested in overnight repurchase agreements which remain competitive relative to short-term investment alternatives.

Expectations for the Upcoming Quarter

General Fund Investment Pool

The General Fund Investment Pool will remain fully invested. With regard to the overall level of rate, we believe that the economy will continue to remain weak. We also believe that the Federal Reserve will continue its stance of accommodation and purchase of securities through the quarter. We will let the duration of the fund decrease relative to its benchmark, selectively adding securities as we perceive value. Reinvestment of maturing bonds will be at or slightly long to the benchmark duration, utilizing callable securities and higher coupon securities to provide cash flows for reinvestment in what we expect will probably be slightly higher rates.

Bond Proceeds Pools

During the quarter, the Bond Proceeds pools will increase dramatically in size with expected issuance of GO Bonds, Severance Tax Bonds and expected issuance of Severance Tax Notes at the end of the quarter. This issuance will take careful investment by the portfolio manager in order to ensure liquidity is sufficient to meet capital needs as well as matching the returns on the benchmark.

Local Government Investment Pool

We continue to expect that the LGIP will remain under pressure, both in terms of overall yield as well as the relative size of the fund. We continue to expect that pressure on the short end of the curve will continue unabated.

The CIO has begun exploratory discussions with local municipalities and we continue to explore the issuance of a longer-duration LGIP in order to assist with their cash management needs.

Severance Tax Bonding Fund

The Severance Tax Bonding Fund will see significant withdrawals at the end of the quarter, with the semi-annual payment of debt service as well as transfers to the Severance Tax Permanent Fund on June 30th. At the end of the quarter, we project that the STBF will have approximately \$130MM remaining in the fund.

Spencer Wright
Portfolio Manager

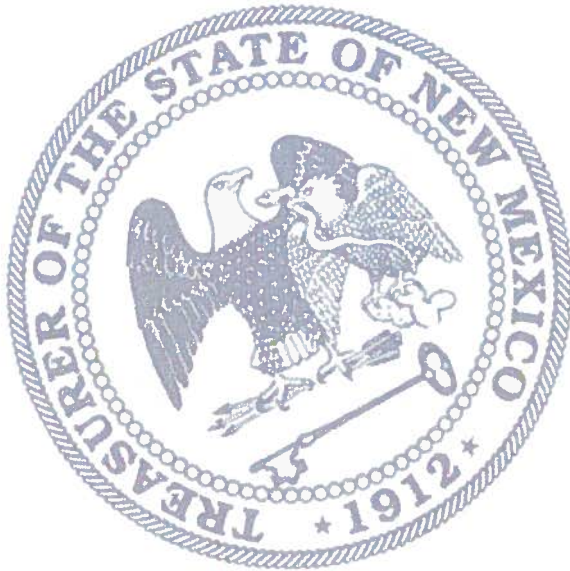
New Mexico State Treasurer
Monthly Fund Summary Report
(Unaudited)

As of March 31, 2013

General Fund	Holdings			Performance				Earnings	
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
Account									
Liquidity	\$ 424,045,333	\$ 424,039,110	\$ (6,223)	0.24%	S&P LGIP	0.04%	0.20%	\$ 53,897	\$ 709,420
CORE	1,314,873,440	1,324,389,619	9,516,179	1.43%	ML Treasury 0-5	1.04%	0.39%	755,125	\$ 9,232,999
TRAN	-	-	-	0.00%	All-In Tran TIC	0.00%	0.00%	-	-
Totals	\$ 1,738,918,773	\$ 1,748,428,729	\$ 9,509,956	1.14%	Blended	0.80%	0.34%	\$ 809,022	\$ 9,942,418
Bond Proceeds Investment Pool (BPIP)									
Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
Tax-Exempt	\$ 257,325,604	\$ 258,412,219	\$ 1,086,615	0.75%	ML Treasury 0-3	0.50%	0.25%	\$ 186,319	\$ 1,772,555
Taxable	559,002,011	561,378,793	2,376,782	0.80%	ML Treasury 0-3	0.50%	0.30%	317,264	3,561,520
Totals	\$ 816,327,615	\$ 819,791,012	\$ 3,463,397	0.78%	Blended	0.50%	0.28%	\$ 503,584	\$ 5,334,075
Local Government Investment Pool (New MexiGrow LGIP)									
LGIP	\$ 562,357,317	\$ 562,428,026	\$ 70,709	0.17%	S&P LGIP	0.04%	0.13%	\$ 87,262	\$ 972,336
Severance Tax Bonding Fund									
STBF	\$ 231,118,198	\$ 231,118,198	\$ -	0.17%	S&P LGIP	0.04%	0.13%	\$ 38,067	\$ 229,801

Notes:

- (1) These figures are generated using a combination of accrued earnings and unrealized gains. They are unaudited and may be subject to revision.
- (2) Account balances fluctuate during the month, holdings are calculated as of month-end. Performance includes adjustments for fund flows during the month
- (3) Source: STO Records, QED Financial Systems, JPMorgan Custody Reporting



7. Portfolio Summary- General Fund and Cash Projections

Portfolio Summary – General Fund

Summary

- The General Fund (Liquidity and Core Portfolios) closed the month of March at \$1.7 Billion, \$100MM less than at the end of February.
- March is typically the low point in the annual cycle for the General Fund Investment Pool.
- Average Collected Balance at our Fiscal Agent bank was \$126 Million for the month of March.

Portfolio Mix

- At month end, 99% of the General Fund Core portfolio was invested in fixed income securities; 98% in Treasury securities and Agency securities; 1% in Municipal Bonds, and the balance in Cash.
- 16% of the portfolio is invested in securities that mature in one year; 19% in securities that mature from 1-2 years; 57% in 2-4 years and 8% invested in securities that mature within 5 years.
- The General Fund Core portfolio held positions in 74 securities at the end of March.
- The Weighted Average Life of the CORE portion of the general fund is 2.6 years. The Weighted Average duration is 2.4 years.
- The benchmark duration for the CORE portfolio is 2.2 years.
- The maximum security term for the CORE portfolio is 5 years.

Performance

- For March, the general fund CORE outperformed its benchmark by 4 basis points (0.04%). The general fund gained 0.06% and the benchmark gained 0.02%.
- For the last 3 months, the general fund underperformed its benchmark by 1 basis point (0.01%). The general fund gained 0.14% while the benchmark gained 0.13%.
- For the last 12-months, the general fund outperformed its benchmark by 39 basis points (0.39%). The general fund gained 1.43% while the benchmark gained 1.04%.

Market Value and Investment Earnings

- Unrealized gains in the Core Portfolio at the end of March were \$9.5 million.
- Over the month, the unrealized gains increased by \$0.2 Million due to lower rates in the secondary market.
- Monthly Earnings for March on the General Fund Portfolios were \$0.8 million.
- Year-to-date earnings were over \$9.9 million.
- Earnings on the General Fund are used to offset General Fund Spending.

Investment Highlights

- Maturing securities and free cash are invested to the benchmark duration.
- Relative overweight in agency securities relative to the benchmark has resulted in a portion of performance gains.
- Relative overweight in duration has resulted in a portion of performance gains.

Compensating Balances at Fiscal Agent Bank

During March, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$126 million. This balance earned a "soft-dollar" credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$126,531,520
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$52,721
<i>Estimated Fiscal Year Earnings</i>	\$339,993

Source: Wells, Fargo & Co.

STATE OF NEW MEXICO

GENERAL FUND (1000)

Portfolio Classification Summary

Positions Held as of 3/31/13

TXN BASIS: SETTLEMENT

MKT-SOURCE: IDC-PREFERED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	2	.3549	.00270	366,094,873	366,094,873	366,094,873		85.669
COMMERCIAL PAPER-DISCOUNT BASED	1	.1927	.06300	13,500,000	13,498,433	13,498,433		3.159
CERTIFICATES OF DEPOSIT	7	.4155	.88848	25,750,000	25,750,000	25,750,000		6.026
LINKED-CERTIFICATE OF DEPOSIT	1	.4000	.04660	2,000,000	2,000,000	2,000,000		.468
AGENCY US VARIABLE ACT/360 4X	1	.1373	.81640	20,000,000	19,997,823	19,991,600	-6,223	4.678
	<u>12</u>	<u>.3434</u>	<u>.09627</u>	<u>427,344,873</u>	<u>427,341,129</u>	<u>427,334,906</u>	<u>-6,223</u>	<u>100.000</u>

STATE OF NEW MEXICO

GENERAL FUND CORE (1001)

Portfolio Classification Summary

Positions Held as of 3/31/13

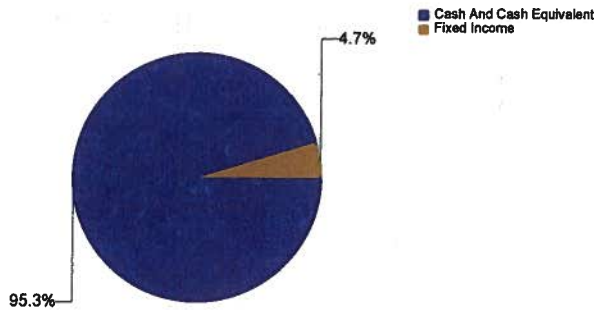
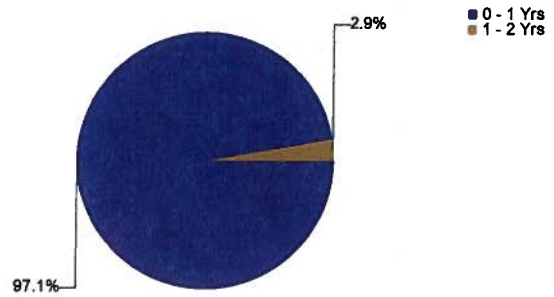
TXN BASIS: SETTLEMENT
 MKT-SOURCE: IDC-PREFERED+
 AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.3549	.00270	12,869,315	12,869,315	12,869,315		.972
CERTIFICATES OF DEPOSIT	1	.5500	1.54250	10,000,000	10,000,000	10,000,000		.755
U.S. TREASURY BONDS	1	.3822	2.62740	15,000,000	18,710,564	18,732,450	21,886	1.414
US TREASURY NOTE ACT/ACT 2X	19	.8375	1.94923	376,250,000	379,325,938	382,477,272	3,151,334	28.880
AGENCY US BOND 30/360 2X	6	.5857	2.36112	123,000,000	124,419,902	124,955,100	535,198	9.435
AGENCY 30/360 2X	1	.9125	3.19450	25,000,000	25,000,000	25,421,750	421,750	1.920
AGENCY US NOTES 30/360 2X	25	.8080	2.92164	530,210,000	556,059,251	560,239,321	4,180,070	42.302
FED NATL MORTGAGE ASSN DEBS	6	.7325	2.85522	165,000,000	165,374,583	166,544,650	1,170,067	12.575
MUNI US 30/360 2X	7	.6103	.56396	20,600,000	20,741,880	20,776,820	34,940	1.569
MUNICIPAL BOND REVENUE	4	.3449	.38701	2,280,000	2,295,704	2,296,641	937	.173
UNITS - INVESTMENT POOL 1	1			1,300	1,300	1,300		
CASH ACCOUNT	1			75,000	75,000	75,000		.006
	<u>73</u>	<u>.7715</u>	<u>2.49275</u>	<u>1,280,285,615</u>	<u>1,314,873,437</u>	<u>1,324,389,619</u>	<u>9,516,182</u>	<u>100.000</u>

Portfolio Characteristics

Duration Mix

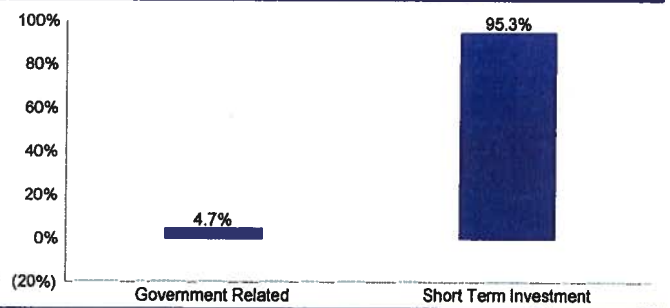
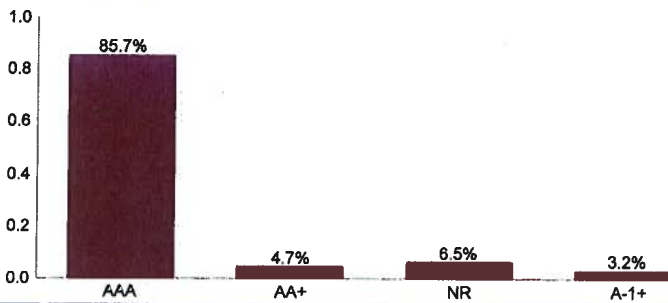
Total Net Assets (Millions)	427.4
Weighted Average Life (Years)	0.10
Weighted Avg. Effective Duration (Years)	0.07
Weighted Average Coupon (%)	0.33
Weighted Average Current Yield (%)	0.33
Weighted Average Yield to Maturity (%)	0.33
Weighted Average Rating	AA+
Number of Holdings	20



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
99D870052	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	10.82%	0.35	1/4/2013
99D870051	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	10.82%	0.35	1/4/2013
99D870050	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	10.82%	0.35	1/4/2013
99D870054	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	10.82%	0.35	1/4/2013
99D870058	REPO BANK OF NEW YORK/SOUTH STREET SECS	8.30%	0.35	1/4/2013
99D870056	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	8.14%	0.35	1/4/2013
99D870055	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	8.14%	0.35	1/4/2013
99D870053	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	8.14%	0.35	1/4/2013
99D870057	REPO BANK OF NEW YORK/SOUTH STREET SECS	5.89%	0.35	1/4/2013
3133804M8	FEDERAL HOME LOAN BANKS CONS BD FLT 14 23/JAN/2014	4.68%	0.12	23/1/2014

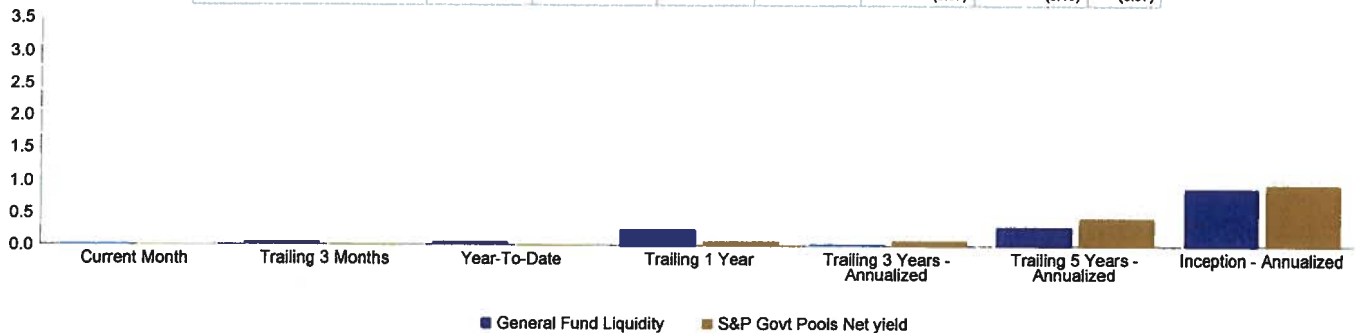
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

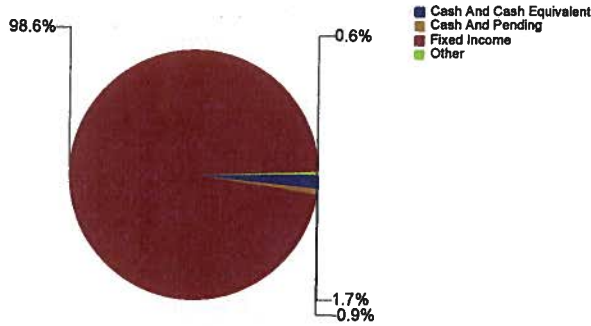
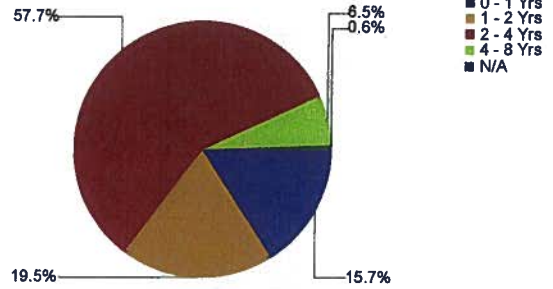
	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
General Fund Liquidity	0.01	0.04	0.04	0.24	0.02	0.29	0.88
S&P Govt Pools Net yield	0.00	0.01	0.01	0.06	0.08	0.43	0.95
Excess	0.00	0.03	0.03	0.18	(0.07)	(0.15)	(0.07)



Portfolio Characteristics

Duration Mix

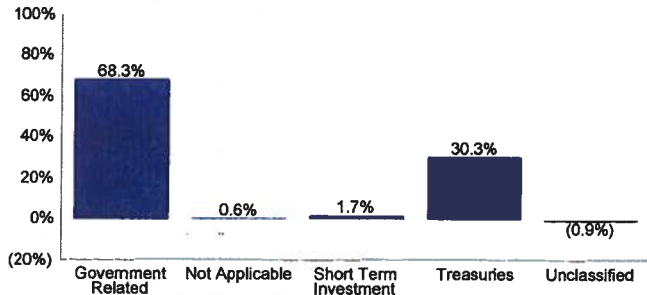
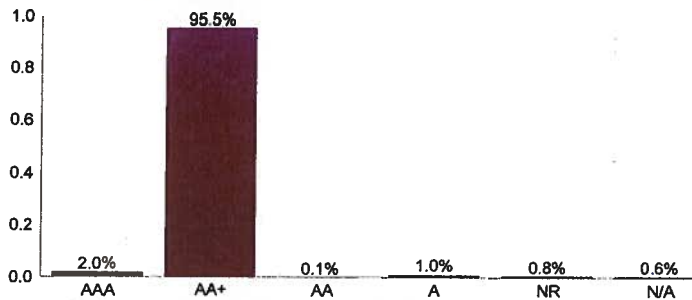
Total Net Assets (Millions) 1,329.4
Weighted Average Life (Years) 2.56
Weighted Avg. Effective Duration (Years) 2.45
Weighted Average Coupon (%) 1.85
Weighted Average Current Yield (%) 0.43
Weighted Average Yield to Maturity (%) 0.43
Weighted Average Rating AA+
Number of Holdings 74



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3135G0LN1	FEDERAL NATIONAL MORTGAGE ASSOC 0.5% NTS	4.52%	0.50	2/7/2015
31359MH89	FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016	3.41%	5.00	15/3/2016
3137EACW7	FED HOME LOAN MTG 2% BDS 25/AUG/2018 USD1000	3.15%	2.00	25/8/2018
3135G0GY3	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% MTG BDS	3.07%	1.25	30/1/2017
912828KF8	UNITED STATES OF AMER TREAS NOTES 1.875% TB	3.05%	1.88	28/2/2014
912828SJ0	US 0.87500 '17	3.04%	0.88	28/2/2017
3135G0SB0	FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	3.00%	0.38	21/12/2015
31359M2D4	FEDERAL NATIONAL MORTGAGE ASSOC 4.875% BDS	2.99%	4.88	15/12/2016
3135G0BA0	FEDERAL NATIONAL MORTGAGE ASSOC 2.375% NTS	2.85%	2.38	11/4/2018
313378UF0	FEDERAL HOME LOAN BANKS 0.375% BDS 28/JAN/2014	2.25%	0.38	28/1/2014

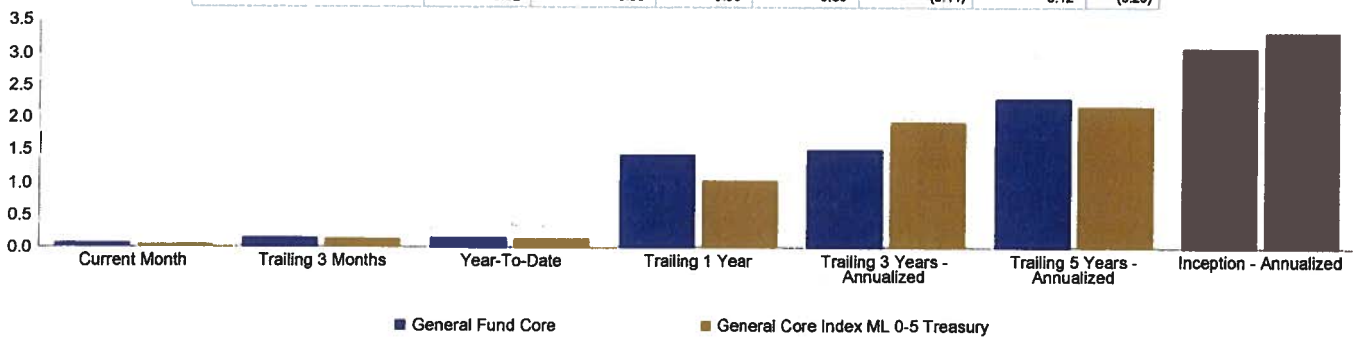
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
General Fund Core	0.08	0.14	0.14	1.43	1.50	2.31	3.08
General Core Index ML 0-5 Treasury	0.04	0.13	0.13	1.04	1.95	2.18	3.34
Excess	0.02	0.00	0.00	0.39	(0.44)	0.12	(0.26)



SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 8

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
- 3,295,796	CASH KEY	CASHCASH				1.000000000	- 3,295,796.32	- 3,295,796.00
- 3,295,796					-3.914		- 3,295,796.32	- 3,295,796.00

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

60,654,873	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	99.999999456	60,654,872.67	60,654,872.67
305,440,000	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	100.000000000	305,440,000.00	305,440,000.00
2,000,000	MY BANK BELEN	63000023	.400	4/17/13	.400	100.000000000	2,000,000.00	2,000,000.00
13,500,000	STRAIGHT A FUNDING LLC	86257ETS	.190	4/23/13	.193	99.986805556	13,498,218.75	13,498,218.75
500,000	WESTERN BANK CLOVIS	15955	.300	6/06/13	.300	100.000000000	500,000.00	500,000.00
8,000,000	CENTURY BAN SANTA FE	17099247	.350	6/28/13	.350	100.000000000	8,000,000.00	8,000,000.00
5,000,000	FIRST NATIONAL BANK SANTA FE	10336906	.400	10/15/13	.400	100.000000000	5,000,000.00	5,000,000.00
395,094,873					.033		395,093,091.42	395,093,091.42

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.152	99.989354450	19,997,870.89	19,991,600.00
2,000,000	UNION SAVINGS BANK	00156000	.600	8/27/14	.600	100.000000000	2,000,000.00	2,000,000.00
2,000,000	Bank 34	01010047	.550	8/28/14	.550	100.000000000	2,000,000.00	2,000,000.00
8,000,000	CENTURY BANK SANTA FE	17099245	.400	9/29/14	.400	100.000000000	8,000,000.00	8,000,000.00
32,000,000					.403		31,997,870.89	31,991,600.00

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 9

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
250,000	GUADALUPE CREDIT UNION	735605	1.000	3/26/15	1.000	100.000000000	250,000.00	250,000.00
250,000					51.600		250,000.00	250,000.00

====> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2015 <====

424,049,077					.030		424,045,165.99	424,038,895.42
-------------	--	--	--	--	------	--	----------------	----------------

====> 0013 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> GENERAL FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 10

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
75,000	CASH KEY	CASHCASH				1.000000000	75,000.00	75,000.00
1,300	UNITS - INVESTMENT POOL 1	UNITS001				.999761539	1,299.69	1,300.00
76,300					169.07		76,299.69	76,300.00

====> 0002 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> NO-MEANINGFUL-DATE <====

12,869,315	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	100.000003574	12,869,315.46	12,869,315.46
2,000,000	NEW MEXICO FIN AUTH REV	64711NNV	2.000	6/01/13	1.014	100.170799000	2,003,415.98	2,004,140.00
3,605,000	NEW MEXICO FIN AUTH REV	64711NPA	2.000	6/01/13	.356	100.283426907	3,615,217.54	3,615,094.00
1,285,000	UNIVERSITY OF NM-REFUNDING	914692N2	2.000	6/01/13	.305	100.292114397	1,288,753.67	1,288,598.00
500,000	NMFA SERIES B1	64711NLW	2.000	6/01/13	.305	100.292114000	501,460.57	501,475.00
10,000,000	FEDERAL HOME LOAN BANKS	3133XXYX	1.875	6/21/13	.851	100.234554100	10,023,455.41	10,039,900.00
7,525,000	ALBUQUERQUE NM 2012C	ABQ2012C	.290	7/01/13	.294	100.000000000	7,525,000.00	7,525,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135GOBR	.500	8/09/13	.588	99.971026350	19,994,205.27	20,026,600.00
10,000,000	UNITED STATES TREASURY NOTES	912828NY	.750	9/15/13	.541	100.096237100	10,009,623.71	10,028,500.00
10,000,000	FEDERAL HOME LOAN BANKS	313371UC	.875	12/27/13	1.110	99.837032600	9,983,703.26	10,052,400.00
10,000,000	UNITED STATES TREASURY NOTES	912828RW	.125	12/31/13	.233	99.918364600	9,991,836.46	9,998,400.00
87,784,315					.147		87,805,987.33	87,949,422.46

====> 0011 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 11

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
13,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	103.248882923	13,422,354.78	13,475,410.00
30,000,000	FED HOME LOAN BANKS	313376UF	.375	1/29/14	.323	100.046534400	30,013,960.32	30,048,600.00
20,000,000	UNITED STATES TREASURY NOTES	912828JZ	1.750	1/31/14	.666	100.908934700	20,181,786.94	20,265,600.00
20,000,000	UNITED STATES TREASURY NOTES	912828QH	1.250	2/15/14	1.413	99.856916250	19,971,383.25	20,189,800.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.048	100.755868175	40,302,347.27	40,623,600.00
15,000,000	UNITED STATES TREASURY NOTES	912828KJ	1.750	3/31/14	.729	101.020986333	15,153,147.95	15,234,900.00
20,000,000	UNITED STATES TREAS NTS	912828SL	.250	3/31/14	.262	99.987956950	19,997,591.39	20,014,800.00
20,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.476	100.428729800	20,085,745.96	20,364,800.00
20,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.509	100.857438550	20,171,487.71	20,478,200.00
3,060,000	NEW MEXICO FIN AUTH REV	64711NNW	3.000	6/01/14	1.490	101.770448039	3,114,175.71	3,138,886.80
3,615,000	NEW MEXICO FIN AUTH REV	64711NPB	2.000	6/01/14	.456	101.809876625	3,680,427.04	3,685,528.65
770,000	NEW MEXICO FIN AUTH REV	64711NPX	2.000	6/01/14	1.014	101.161928572	778,946.85	782,358.50
165,000	UNIVERSITY OF NM-REFUNDING	914692Q6	3.000	6/01/14	.487	102.941781818	169,853.94	170,129.85
330,000	UNIVERSITY OF NM-REFUNDING	914692N3	2.000	6/01/14	.487	101.774381818	335,855.46	336,438.30
20,000,000	UNITED STATES TREASURY NOTES	912828QS	.750	6/15/14	.771	99.974490850	19,994,898.17	20,133,600.00
15,000,000	UNITED STATES TREAS NTS	912828LC	2.625	7/31/14	1.513	101.471273400	15,220,691.01	15,484,500.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0BY	.875	8/28/14	.457	100.596840750	20,119,368.15	20,176,800.00
10,000,000	FIRST NATIONAL BANK SANTA FE	01033690	.550	10/15/14	.550	100.000000000	10,000,000.00	10,000,000.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACY	.750	11/25/14	.772	99.981784600	9,998,178.46	10,082,100.00
10,600,000	UNITED STATES TREASURY NOTES	912828TZ	.250	11/30/14	.246	100.006657076	10,600,705.65	10,604,134.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADA	.625	12/29/14	.364	100.463556100	20,092,711.22	20,118,400.00
311,540,000					.041		313,405,617.23	315,408,586.10

====> 0021 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 12

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
29,300,000	FEDERAL HOME LOAN BANK	313381YP	.250	2/20/15	.297	99.918926997	29,276,245.61	29,263,668.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0HG	.375	3/16/15	.541	99.689768350	19,937,953.67	20,027,000.00
20,000,000	UNITED STATES TREAS NTS	912828SP	.375	4/15/15	.387	99.975544750	19,995,108.95	20,043,800.00
60,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0LN	.500	7/02/15	.511	99.990950550	59,994,570.33	60,186,000.00
10,500,000	UNITED STATES TREASURY NOTES	912828TD	.250	7/15/15	.320	99.839809810	10,483,180.03	10,491,810.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134A4VC	4.375	7/17/15	.965	107.767812600	21,553,562.52	21,838,200.00
25,000	SOUTHERN SANDOVAL CNTY N MEX A	843789FH	2.000	8/01/15	.710	103.010200000	25,752.55	25,810.50
20,150,000	UNITED STATES TREAS NTS	912828EE	4.250	8/15/15	.346	109.260467643	22,015,984.23	22,034,428.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACM	1.750	9/10/15	1.015	101.806033450	20,361,206.69	20,665,600.00
14,250,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0NV	.500	9/28/15	.503	100.009913333	14,251,412.65	14,285,340.00
15,000,000	UNITED STATES TREASURY BONDS	912810DT	9.875	11/15/15	.382	124.815557467	18,722,333.62	18,732,450.00
13,000,000	FEDERAL HOME LOAN BANKS	313380L9	.500	11/20/15	.432	100.194127923	13,025,236.63	13,040,300.00
40,000,000	FNMA	3135G0SB	.375	12/21/15	.439	99.842838275	39,937,135.31	39,952,800.00
11,660,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3EG	1.150	12/30/15	1.166	100.000000000	11,660,000.00	11,727,977.80
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,050,700.00
303,885,000					.041		311,239,682.79	312,365,884.30

====> 0015 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

40,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MH8	5.000	3/15/16	.763	112.413241075	44,965,296.43	45,363,600.00
35,500,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BA	2.375	4/11/16	.804	104.732068761	37,179,884.41	37,591,305.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACT	2.500	5/27/16	1.095	104.400612150	20,880,122.43	21,255,400.00
25,000,000	FEDERAL AGRICULTURAL MORTG CORP	31315PB7	.900	6/09/16	.913	100.000000000	25,000,000.00	25,421,750.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MS6	5.375	7/15/16	1.142	113.701986650	22,740,397.33	23,177,600.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 13

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
40,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	.844	103.913526675	41,565,410.67	41,981,200.00
20,000,000	UNITED STATES TREASURY NOTES	912828RF	1.000	8/31/16	.929	100.238386800	20,047,677.36	20,373,400.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0CM	1.250	9/28/16	1.218	100.167313200	20,033,462.64	20,483,600.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EAAJ	5.125	10/18/16	.561	116.062461550	23,212,492.31	23,233,600.00
34,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359M2D	4.875	12/15/16	.590	115.737473324	39,350,740.93	39,336,640.00
10,000,000	FEDERAL HOME LOAN BANKS	3133XHZK	4.750	12/16/16	.704	114.844644800	11,484,464.48	11,541,600.00
25,000,000	UNITED STATES TREAS NTS	912828RX	.875	12/31/16	.776	100.365653760	25,091,413.44	25,338,000.00
309,500,000					.039		331,551,362.43	335,097,695.00

====> 0012 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> 2016 <====

40,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0GY	1.250	1/30/17	1.069	100.734622450	40,293,848.98	40,873,200.00
20,000,000	UNITED STATES TREAS NTS	912828SC	.875	1/31/17	.846	100.109215250	20,021,843.05	20,262,600.00
20,000,000	FEDERAL HOME LOAN BANK	3133786Q	1.000	2/13/17	1.044	99.886161700	19,977,232.34	20,319,400.00
17,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359M4D	5.000	2/13/17	.686	116.493766765	19,803,940.35	19,857,360.00
40,000,000	UNITED STATES TREAS NTS	912828SJ	.875	2/28/17	.872	100.011413750	40,004,565.50	40,512,400.00
20,000,000	FED HOME LOAN MORTGAGE CORP DBS	3137EADC	1.000	3/08/17	1.121	99.592119750	19,918,423.95	20,244,000.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0JA	1.125	4/27/17	1.064	100.302406800	10,030,240.68	10,182,500.00
20,000,000	FEDERAL HOME LN MTG CORP	3137EADH	1.000	6/29/17	.934	100.328235550	20,065,647.11	20,233,000.00
25,500,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADJ	1.000	7/28/17	.932	100.342857804	25,587,428.74	25,738,170.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0MZ	.875	8/28/17	.799	100.376555600	25,094,138.90	25,065,250.00
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADL	1.000	9/29/17	.900	100.492990933	15,073,948.64	15,104,700.00
252,500,000					.050		255,871,258.24	258,392,580.00

====> 0011 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> 2017 <====

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

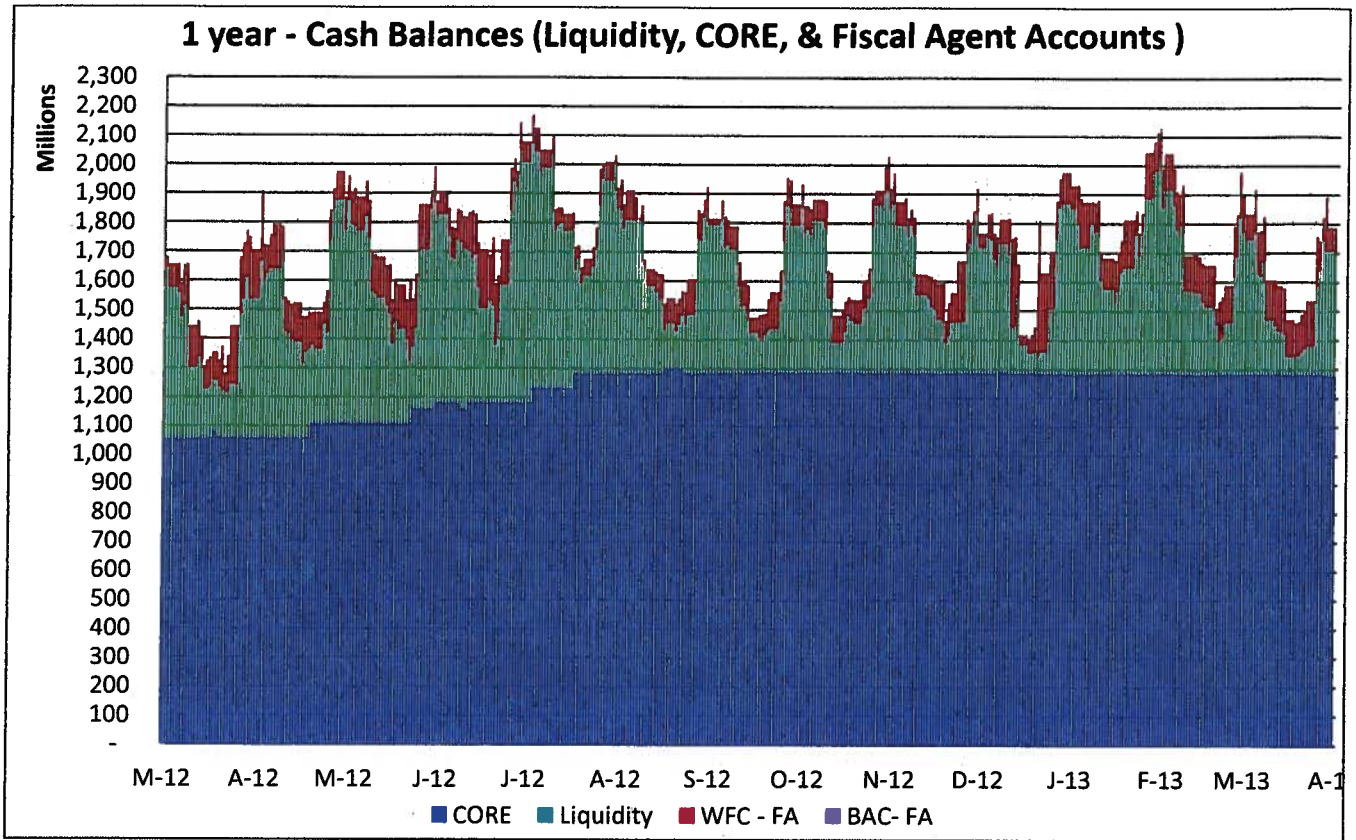
PAGE: 14

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
15,000,000	FED NAT'L MORTGAGE ASSN DEB	3136G1EN	1.100	3/13/18	1.115	100.000000000	15,000,000.00	15,099,150.00
15,000,000					.860		15,000,000.00	15,099,150.00

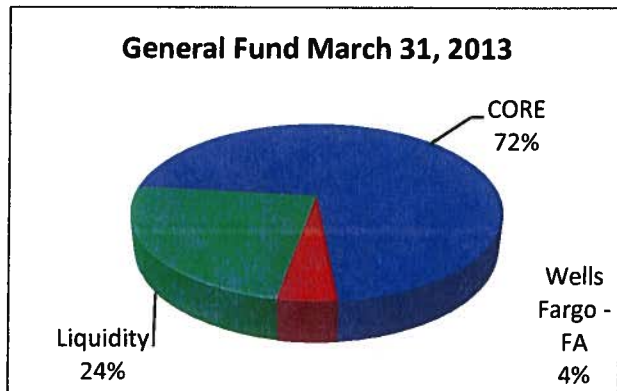
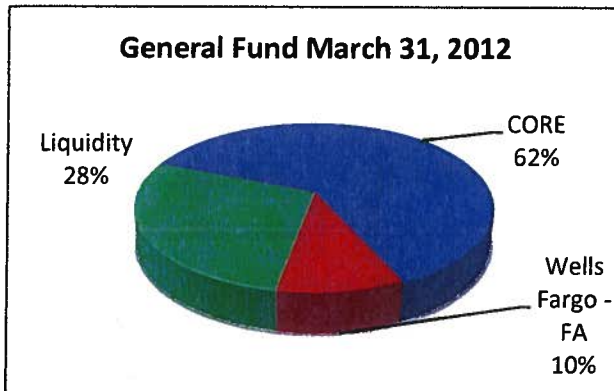
====> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2018 <====

1280285615					.010		1314950207.71	1324389617.86
------------	--	--	--	--	------	--	---------------	---------------

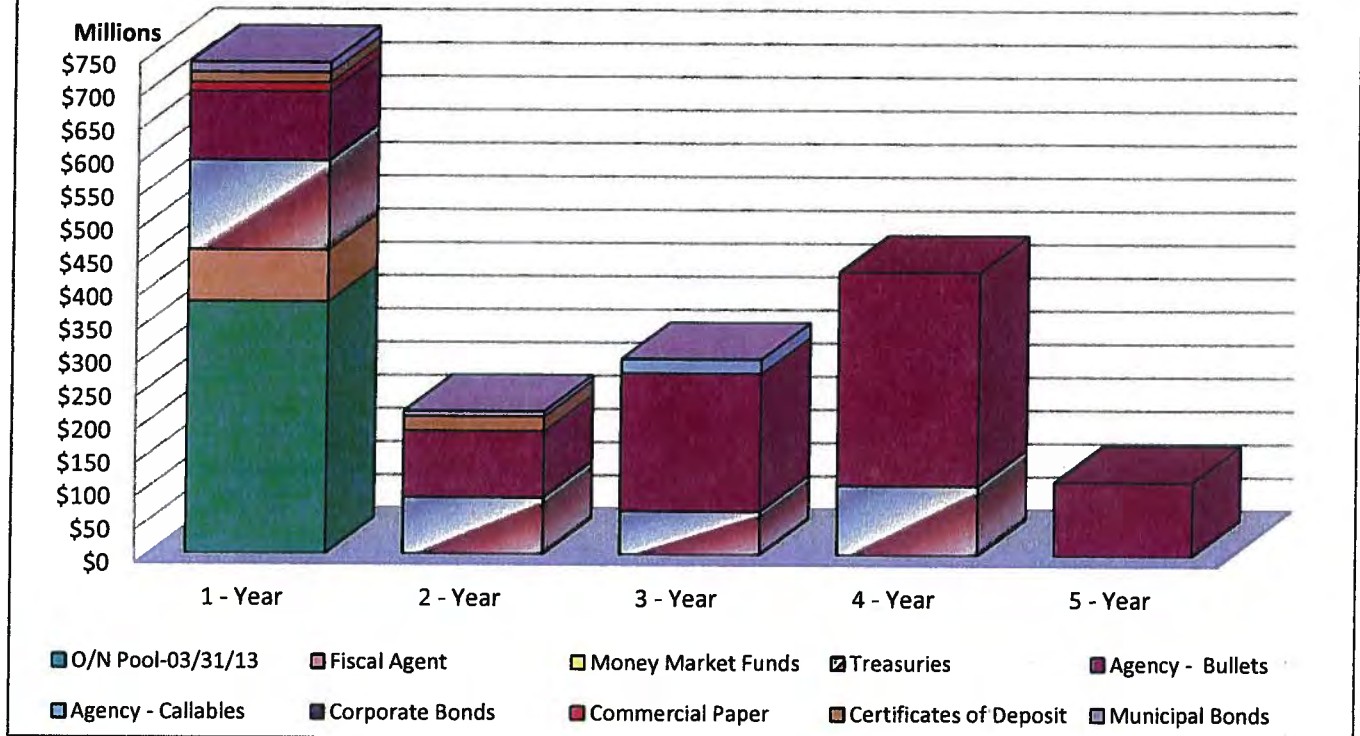
====> 0073 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> GENERAL FUND CORE <====



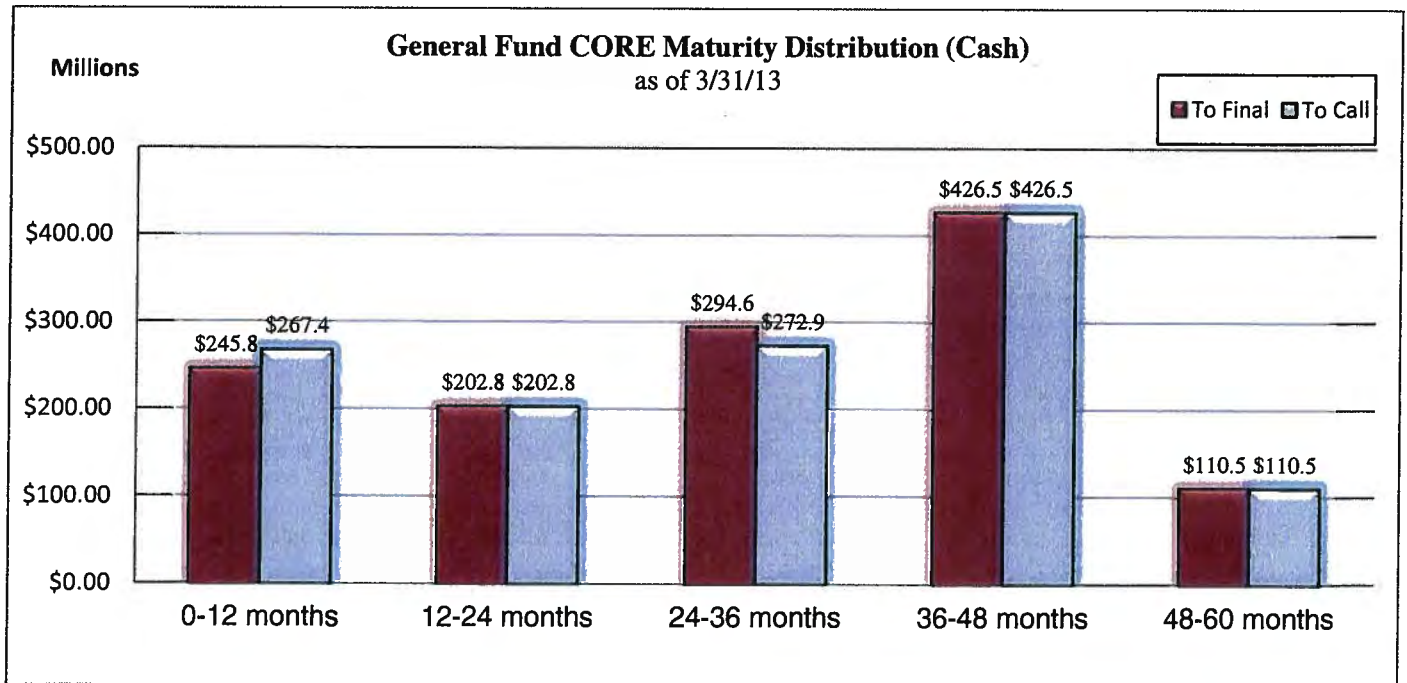
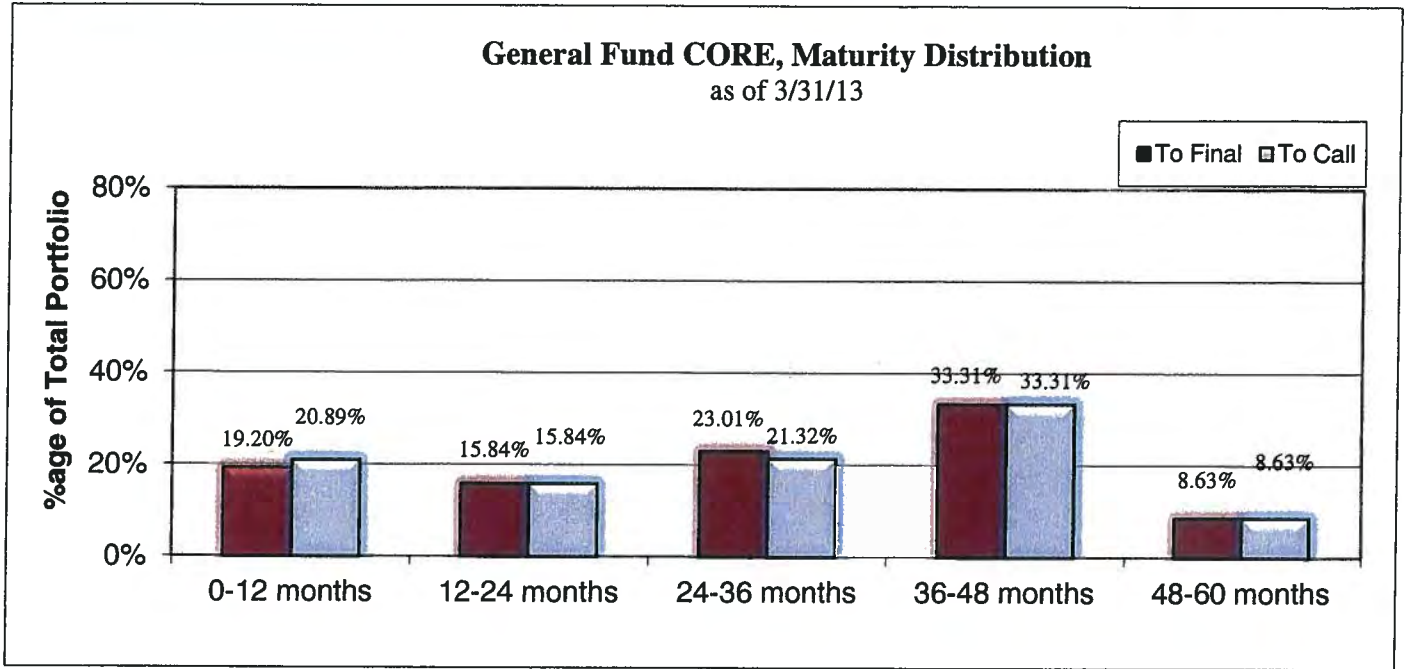
GENERAL FUND	Mar-12	Mar-13	Difference
Liquidity	479,600,259	427,344,873	(52,255,387)
CORE	1,058,481,427	1,280,210,615	221,729,189
Wells Fargo - FA	164,300,659	77,984,704	(86,315,954)
	1,702,382,344	1,785,540,192	83,157,848

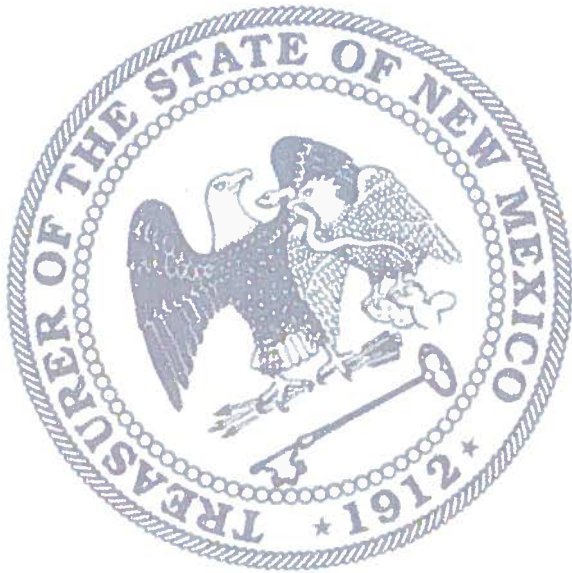


General Fund Maturity Ladder by Year & Asset Type as of March 31, 2013



Asset Allocation	1 - Year	2 - Year	3 - Year	4 - Year	5 - Year	Total	%
Agency - Bullets	103,000,000	99,300,000	207,250,000	321,500,000	110,500,000	841,550,000	47%
Agency - Callables			21,660,000			21,660,000	1%
Corporate Bonds						0	0%
Money Market Funds	1,300					1,300	0%
Municipal Bonds	14,915,000	7,940,000	25,000			22,880,000	1%
Certificates of Deposit	15,500,000	22,250,000				37,750,000	2%
Commercial Paper	13,500,000					13,500,000	1%
Treasuries	135,000,000	85,600,000	65,650,000	105,000,000		391,250,000	22%
Fiscal Agent	77,984,704					77,984,704	4%
O/N Pool-03/31/13	378,964,188					378,964,188	21%
Total:	738,865,192	215,090,000	294,585,000	426,500,000	110,500,000	1,785,540,192	100%
% of Total:	41%	12%	16%	24%	6%		





8. Portfolio Summary- Local Government Investment Pool (LGIP)

Portfolio Summary – Local Government Investment Pool (LGIP)

Summary

- Ending March market value for the LGIP was \$563mil, slightly higher than the \$562mil reported at the end of February.
- The LGIP maintains an AAAM rating by Standard & Poor's.
- At the end of March the STO LGIP participant balance was \$4,320,009.43 or 0.7% of the Pool.
- At the end of March the Judicial District Court LGIP participant balance was \$3,689,017.23 or 0.6% of the Pool.

Portfolio Mix

- At the end of March 2013 the portfolio was invested as follows: 17% in US Treasuries, 25% in US Government Agencies, 28% in collateralized demand deposit accounts with qualified banking institutions, 11% in floating rate securities, 6% in corporates and 13% in a repurchase agreement.
- At month-end, the LGIP held positions in 33 securities.

Investment Earnings

- In March, the fund earned \$87,262 for its participants.
- For Fiscal Year 2013, the fund has earned \$972,336.
- Earnings in the LGIP are retained by participants after a management fee of 0.05% is paid to the General Fund.

Performance

- Gross Yield on the LGIP was 0.16% at the end of March.
- Net yield to participants was 0.11%.

Investment Highlights

- For the LGIP, the WAM(R) of 57 days, and WAM (F) of 84 days, were within their maximums of 60 and 120 days respectively.
- The LGIP did not experience any material net change in subscriptions/withdrawals during the month of March.
- Maturities for March totaled \$20mil face amount.
- Strategy continued to focus on term investments thereby reducing exposure to overnight repo and bank deposits.
- LGIP purchased \$10mil in Agency discount notes for a three month maturity at 0.14%.
- LGIP purchased \$10mil of a 1 yr FHLB that is callable on a monthly basis at 0.25%.
- Some secondary pieces of World Bank affiliated issuers (AAA/Aaa) surfaced at quarter end March 2013 at attractive levels. LGIP purchased \$7.235mil International Bank for Reconstruction and Development (IBRD), eight month maturity at 0.20% and \$4.067mil International Finance Corp (IFC), two month maturity at 0.17%.

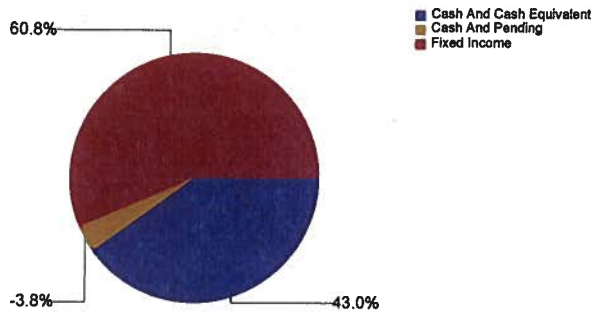
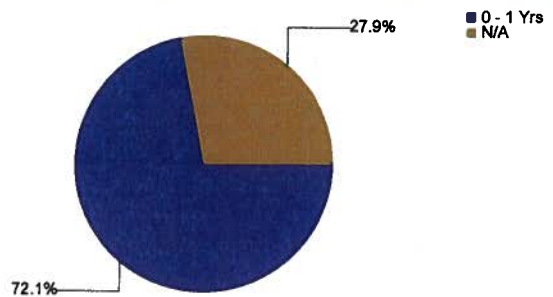
Investment Strategy

- LGIP WAMs are currently 60 and 88 days for WAM(R) and WAM (F) respectively.
- The LGIP has experienced very small net withdrawals in April so far.
- Maturities will total \$48.1mil in April.
- LGIP was able to reinvest maturities of Straight-A commercial paper, \$25mil, for two and three month terms at 0.14% to 0.17%.
- LGIP added small pieces of FFCB floating rate notes maturing in 1/2015.
- An attractive \$2mil Federal Funds rate FRN was purchased at a spread of +5.5bp and \$4mil Daily Prime Rate FRN was purchased at a spread of -302.5. The yields are currently 0.205% and 0.225% respectively.
- LGIP was able to add on a secondary offering of a \$3.265mil SSGN (FDIC) note maturing in October 2013 at 0.18%.
- As previously noted in February's report LGIP is utilizing term investments whenever possible to diversify the portfolio away from concentrations in collateralized bank deposits and to reduce the reliance on overnight repos. The expectation that the very low sub-0.10% repo rates would return is already upon us as we are now experiencing 0.05% offerings.
- The LGIP is at a maximum with regard to Bank of the West deposits. US Bank has indicated they are capping our balance at the current amount of \$30.1mil at the rate of 0.10%. The default overnight investment continues to be the Wells Fargo checking account paying 0.10% when overnight repo falls below that yield level.
- As portfolio WAMs allow, the LGIP will purchase US Treasury and Agency securities when yields on longer investments are attractive vs. overnight repo and Wells Fargo bank deposits (breakeven of 0.10%).
- LGIP will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of conservative investments.

Portfolio Characteristics

Duration Mix

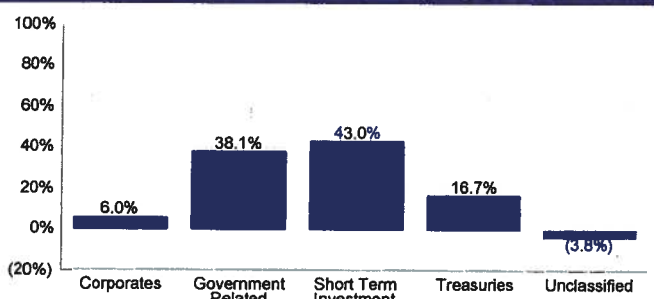
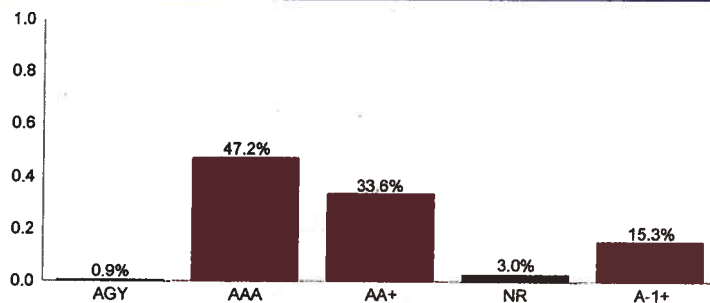
Total Net Assets (Millions)	563.6
Weighted Average Life (Years)	0.25
Weighted Avg. Effective Duration (Years)	0.16
Weighted Average Coupon (%)	0.14
Weighted Average Current Yield (%)	0.11
Weighted Average Yield to Maturity (%)	0.12
Weighted Average Rating	AA+
Number of Holdings	39



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89499LC10	BANK OF THE WEST	20.25%	0.00	1/4/2013
31331KF62	FEDERAL FARM CR BKS CONS BD FLT 13 12/JUN/2013	8.55%	0.15	12/8/2013
912796AB5	UNITED STATES TREAS BILLS DT	5.81%	0.00	25/4/2013
89499LC36	US BANK	5.14%	0.00	1/4/2013
99D870027	REPO BANK OF NEW YORK/SOUTH STREET SECS	4.60%	0.17	1/4/2013
99D870033	REPO BANK OF NEW YORK/SOUTH STREET SECS	4.16%	0.17	1/4/2013
99D870028	REPO BANK OF NEW YORK/SOUTH STREET SECS	4.03%	0.17	1/4/2013
45950VBT2	INTL FINANCE CORP 1.5% MTN 20/MAY/2013 USD (SE	3.44%	0.30	20/5/2013
912828RN2	UNITED STATES TREAS NTS 0.250% 31/OCT/2013	3.42%	0.25	31/10/2013
912828RS1	UNITED STATES TREAS NTS 0.25% 30/NOV/2013	3.42%	0.25	30/11/2013

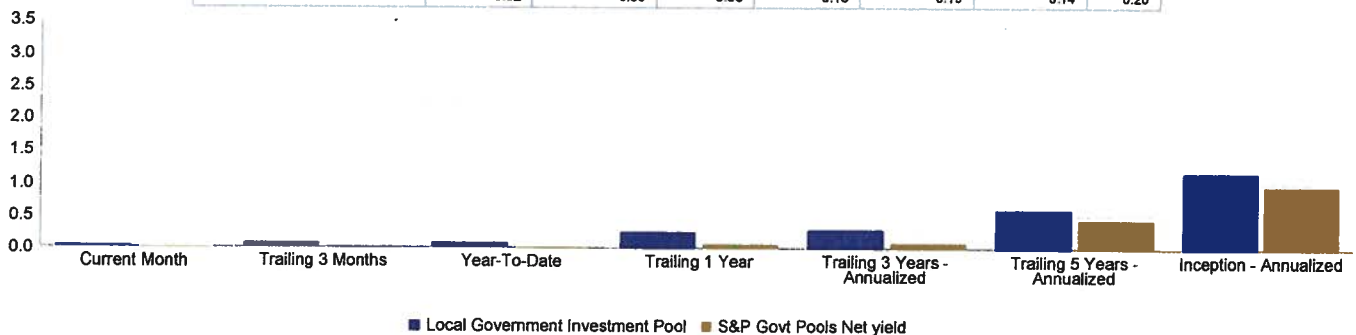
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Local Government Investment Pool	0.02	0.07	0.07	0.24	0.28	0.58	1.15
S&P Govt Pools Net yield	0.00	0.01	0.01	0.06	0.08	0.43	0.85
Excess	0.02	0.06	0.06	0.18	0.19	0.14	0.20



Performance by Asset Class

Account Performance Results

As of March 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Local Government Investment Pool							
Fixed Income	342,443,257.81	60.76%	0.03	0.09	0.09	0.21	0.28
Corporates	33,700,792.14	5.98%	0.08	0.30	0.30	0.46	0.59
Government Related	214,678,843.44	38.09%	0.02	0.07	0.07	0.19	0.26
Treasuries	94,063,622.23	16.69%	0.02	0.06	0.06	0.18	0.21
Cash And Cash Equivalent	242,503,239.94	43.03%	0.01	0.05	0.05	0.16	0.20
Cash And Pending	(21,319,968.72)	(3.78%)	0.00	0.00	0.00	0.00	0.00
TOTAL	563,626,529.03	100.00%	0.02	0.07	0.07	0.18	0.24

Performance shown is gross of manager fees

STATE OF NEW MEXICO

LGIP FUND (4101)

Portfolio Classification Summary

Positions Held as of 3/31/13

TXN BASIS: SETTLEMENT
MKT-SOURCE: IDC-PREFERRED+
AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.1724	.00270	75,000,000	75,000,000	75,000,000		13.311
COMMERCIAL PAPER-DISCOUNT BASED	2	.1927	.02465	10,000,000	9,999,578	9,999,578		1.775
U.S. TREASURY BILLS	1	.1247	.06850	34,000,000	33,997,212	33,999,320	2,108	6.034
US TREASURY NOTE ACT/ACT 2X	3	.2022	.58540	60,000,000	60,004,132	60,026,400	22,268	10.653
AGENCY US BOND 30/360 2X	3	.2112	.48740	24,250,000	24,241,792	24,246,620	4,828	4.303
AGENCY US DISC ACT/360 360 DAY	10	.1287	.22738	57,183,000	57,166,658	57,175,438	8,780	10.147
AGENCY US NOTES 30/360 2X	1	.1537	.58360	10,000,000	10,012,957	10,012,000	-957	1.777
AGENCY US VARIABLE ACT/360 4X	5	.1555	.47747	110,200,000	110,209,546	110,207,374	-2,172	19.559
CORP US FLOAT ACT/360 4X	1	.3615	.14250	2,250,000	2,250,358	2,250,358		.399
MEDIUM-TERM NOTES	1	.3042	.13700	20,000,000	20,000,000	20,034,600	34,600	3.556
CORP US DISC ACT/ACT 365 DAY	1	.3077	.56990	3,000,000	2,994,848	2,996,100	1,252	.532
CASH ACCOUNT	4	.1436		157,502,080	157,502,080	157,502,080		27.953
	<u>33</u>	<u>.1647</u>	<u>.31030</u>	<u>563,385,080</u>	<u>563,379,161</u>	<u>563,449,868</u>	<u>70,707</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

PAGE: 15

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,587,315	WELLS FARGO CASH ACCOUNT	CASHCASH	.100			1.000000000	5,587,314.73	5,587,315.00
2,359,191	WELLS FARGO SAVINGS	CASHCASH	.100			1.000000000	2,359,191.11	2,359,191.00
118,442,549	BANK OF THE WEST	CASHCASH	.250			1.000000000	118,442,548.66	118,442,549.00
30,091,183	US BANK	CASHCASH	.200			1.000000000	30,091,183.32	30,091,183.00
156,480,238					.082		156,480,237.82	156,480,238.00

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

5,000,000	STRAIGHT A FUNDING LLC	86257ESM	.190	4/01/13	.193	99.998416600	4,999,920.83	4,999,920.83
75,000,000	SOUTH STREET US TREASURY REPO	0328SSRP	.170	4/01/13	.172	100.000000000	75,000,000.00	75,000,000.00
1,200,000	FEDERAL HOME LOAN BANKS	313385EF	.130	4/12/13	.132	99.994944167	1,199,939.33	1,199,988.00
5,000,000	STRAIGHT-A FUNDING LLC	86257YLQ	.190	4/17/13	.193	99.989972200	4,999,498.61	4,999,498.61
2,900,000	FEDERAL HOME LOAN MORTGAGE CORPO	313397ET	.135	4/24/13	.137	99.990250000	2,899,717.25	2,899,971.00
34,000,000	UNITED STATES TREASURY BILLS	912796AB	.123	4/25/13	.125	99.990775000	33,996,863.50	33,999,320.00
2,383,000	FEDERAL HOME LOAN MORTGAGE CORPO	313397FN	.135	5/13/13	.137	99.983125053	2,382,597.87	2,382,857.02
20,000,000	INTERNATIONAL FINANCE CORP	45950VBT	.300	5/20/13	.304	100.000000000	20,000,000.00	20,034,600.00
2,250,000	INTL BK RECON & DEVELOP	45905UJW	.460	5/22/13	.362	100.016695111	2,250,375.64	2,250,375.64
1,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	313589GK	.140	6/03/13	.142	99.974333000	999,743.33	999,910.00
1,000,000	FEDERAL HOME LOAN BANKS	313385GK	.140	6/03/13	.142	99.974333000	999,743.33	999,910.00
50,000,000	FEDERAL FARM CREDIT BANKS	31331KF6	.111	6/12/13	.124	100.005017200	50,002,508.60	49,996,500.00
10,000,000	FEDERAL HOME LOAN BANKS	313385GU	.100	6/12/13	.101	99.979166700	9,997,916.67	9,999,000.00
10,000,000	FEDERAL HOME LOAN BANKS	313385GW	.140	6/14/13	.142	99.970055600	9,997,005.56	9,999,000.00
10,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	313589GZ	.140	6/17/13	.142	99.968888900	9,996,888.89	9,998,900.00
3,000,000	FEDERAL HOME LOAN BANKS	313385HB	.140	6/19/13	.142	99.968111000	2,999,043.33	2,999,670.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

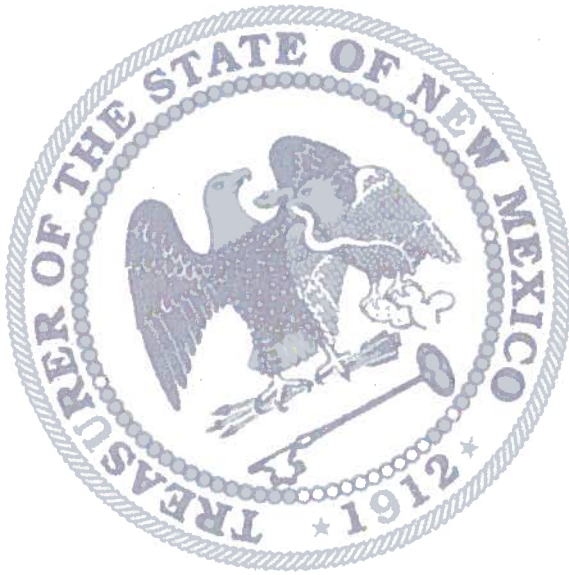
STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
15,700,000	FEDERAL NATIONAL MORTGAGE ASSOCI	313589JW	.120	8/01/13	.122	99.958333312	15,693,458.33	15,696,232.00
4,000,000	FEDERAL HOME LOAN BANK	3133826A	.110	8/01/13	.123	99.996266500	3,999,850.66	3,999,720.00
10,250,000	FEDERAL FARM CREDIT BANKS	3133EACJ	.180	8/07/13	.241	99.979373268	10,247,885.76	10,250,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828RK	.125	9/30/13	.195	99.964649700	19,992,929.94	20,000,000.00
12,000,000	FEDERAL HOME LOAN BANKS	313380V6	.220	10/01/13	.188	100.012699000	12,001,523.88	12,003,000.00
3,000,000	CORUS CONSTRUCTION VENTURE, LLC	22087WAC		10/25/13	.308	99.826327667	2,994,789.83	2,996,100.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACX	.375	10/30/13	.154	100.130584800	10,013,058.48	10,012,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828RN	.250	10/31/13	.211	100.022911600	20,004,582.32	20,013,200.00
20,000,000	UNITED STATES TREASURY NOTES	912828RS	.250	11/30/13	.201	100.032927700	20,006,585.54	20,013,200.00
10,000,000	FEDERAL HOME LOAN BANKS	313381HG	.125	12/06/13	.216	99.939690600	9,993,969.06	9,996,900.00
8,200,000	FEDERAL HOME LOAN BANK	313379R2	.250	12/13/13	.222	100.027678171	8,202,269.61	8,204,674.00
20,000,000	FEDERAL HOME LOAN BANKS	313379QY	.250	12/20/13	.212	100.028532050	20,005,706.41	20,011,600.00

385,883,000					.033		385,878,372.56	385,956,047.10
===> 0028 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2013 <===								
20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.152	99.989354450	19,997,870.89	19,991,600.00

20,000,000					.645		19,997,870.89	19,991,600.00
===> 0001 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2014 <===								

562,363,238					.023		562,356,481.27	562,427,885.10



9. Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool

Portfolio Summary – Tax Exempt Bond Proceeds Investment Pool

Summary

- The Tax Exempt Bond Proceeds Investment Pool closed the month of March at \$258mil vs. \$333mil at the end of February.
- The Pool paid out approximately \$8mil for capital spending in March 2013 and close to \$69mil for debt service. The Pool received \$2.5mil in earnest money for the NM debt sale that settles April 23, 2013.

Portfolio Mix

- 100% of the Tax-Exempt BPIP portfolio was invested in fixed income securities; 72% in Treasury and Agency Securities, 6% in Supranational (World Bank), 11% in NM municipal securities, 1% in NM bank collateralized CDs and the balance, approximately 10%, held in cash equivalents.
- 40% of the portfolio was invested in securities that mature in one year, 25% in securities that mature from 1-2 years, 33% in securities that mature from 2-4 years and 2% in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 29 securities.
- Weighted Average Life of the Tax Exempt BPIP was 1.53 years. The Weighted Average duration was 1.44 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- Unrealized gains in the Tax-Exempt BPIP Portfolio were \$1.1mil as of March 31st.
- Monthly Earnings on the portfolio for March were \$186,319.
- Earnings for FY2013 were \$1,772,555.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Investment Highlights

- The duration of the Tax-Exempt BPIP at the end of March was longer vs. February (1.4 yrs. vs. 1.2 yrs) and similar to the Benchmark.
- The Tax-Exempt BPIP had no maturities in the month of March.
- On March 1st, 2013 a debt service payment of close to \$69mil was paid out of the Pool.
- The Tax-Exempt BPIP had sold \$10mil FHLB 1% 6/9/17 in late February to settle March 1, at a gain, to raise cash for liquidity purposes (following the large debt service payment) and to lower the portfolio duration closer to the benchmark, 1.4 yrs.
- Without the sale, the Pool's duration would have extended to approximately 112% of the benchmark.
- A \$2.5mil contribution was received in March as earnest money for the NM debt sale. The remaining cash, ~\$137mil. will be received in April 2013.
- The Tax-Exempt BPIP purchased \$0.9mil ABQ NM municipal securities with a two year maturity at 0.43% settling in April.
- The Pool purchased \$7.9mil IADB 3 mo Libor FRN with a one year maturity at -4bp DM.

Performance

- The purchase yield was 0.64% at the end of March.
- The Tax-Exempt BPIP returned 0.05% for the month of March and 0.12% for the three months ended March 31, 2013, vs. Index returns of 0.02% and 0.10% respectively. For the trailing 12 mos. the Pool returned 0.75% vs. 0.50% for the benchmark.
- US Treasury yields were mostly unchanged for maturities less than five years.
- The Tax-Exempt BPIP is basically yielding more than the Index and hence did/should outperform during a period of stable interest rates as we had experienced in March.
- Cash flows (debt service payments and capital project withdrawals) have been the main driver of the portfolio's structure for the first three months of 2013.

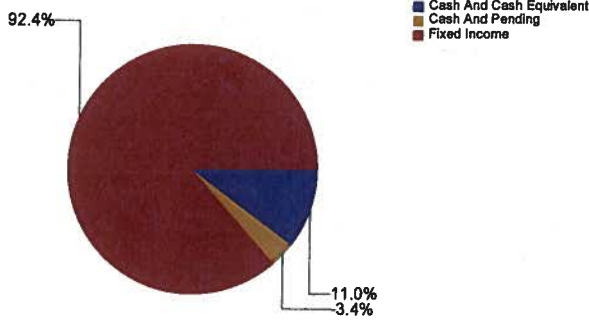
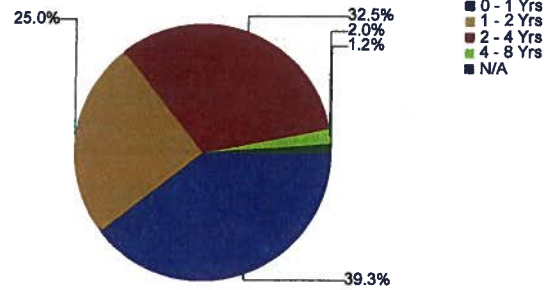
Investment Strategy

- The option-adjusted duration of the Tax-Exempt BPIP portfolio is currently 1.33 yrs. vs. 1.37 yrs. for the benchmark.
- The next maturity for the Pool will be \$15mil US Treasuries on April, 15, 2013.
- The Tax-Exempt BPIP will receive a large infusion of cash, ~137mil, on April 23, 2013. This will immediately lower the overall portfolio duration quite dramatically to about 0.87 yrs. Cash will be invested as quickly as possible in order to "normalize" maturities across the yield curve.
- The Pool was able to reinvest a maturity of \$10mil Straight-A commercial paper for a two-month time frame at 0.14%.
- The Pool purchased two \$400M pieces of Torrance County School District municipal securities maturing in 2014 and 2016 at yields of 0.35% and 0.55% respectively. The issues carry an Aa1 rating from Moody's.
- The new cash will target 0 to 4 year maturities in the Treasury, Agency and NM municipal sectors, with focus on getting back to the duration of the benchmark.
- Short duration securities, overnight repo out to one year Treasuries and Agencies, have tightened in again and will put downward pressure on the Pool's overall portfolio yield.
- The Tax-Exempt BPIP will invest to the duration of the benchmark as there is limited impetus for lengthening. Cash flow management will be key during the month of April.

Portfolio Characteristics

Duration Mix

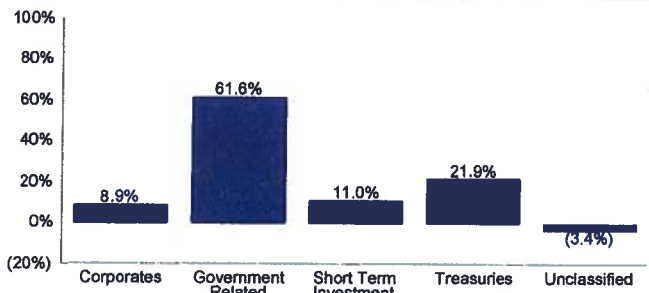
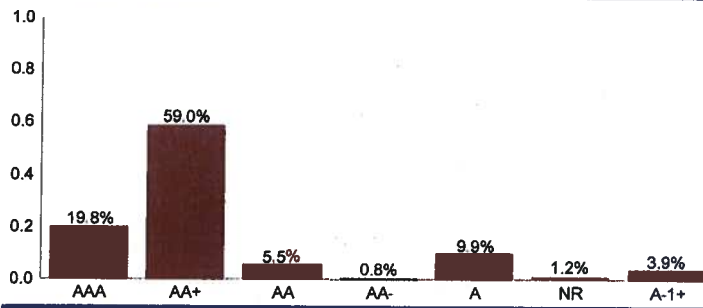
Total Net Assets (Millions)	259.6
Weighted Average Life (Years)	1.53
Weighted Avg. Effective Duration (Years)	1.44
Weighted Average Coupon (%)	1.74
Weighted Average Current Yield (%)	0.41
Weighted Average Yield to Maturity (%)	0.42
Weighted Average Rating	AA+
Number of Holdings	29



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31359MRK1	FED NATL MORT ASSC 4.825% NOTES 01/MAY/2013	9.53%	4.82	1/5/2013
3137EACW7	FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	7.83%	2.00	25/8/2016
912828PM6	US 2.12500 '15	5.89%	2.12	31/12/2015
912828KF6	UNITED STATES OF AMER TREAS NOTES 1.875% TB	5.68%	1.88	28/2/2014
912828MX5	UNITED STATES TREAS NTS 1.75% 15/APR/2013	5.64%	1.75	15/4/2013
3134G3ZA1	FEDERAL HOME LOAN MORTGAGE CORP 0.5% BDS	5.60%	0.50	28/8/2015
45850VBV6	INTL FINANCE CORP 0.33% MTN 01/AUG/2013 USD	5.59%	0.33	1/8/2013
3138FTUZ0	FEDERAL NATL MTG ASSN CALL 1.4%30/DEC/2018	5.09%	1.40	30/12/2018
99D870082	REPO BANK OF NEW YORK/SOUTH STREET SECS	4.70%	0.35	1/4/2013
912828KS8	US 2.82500 '16	3.98%	2.82	28/2/2016

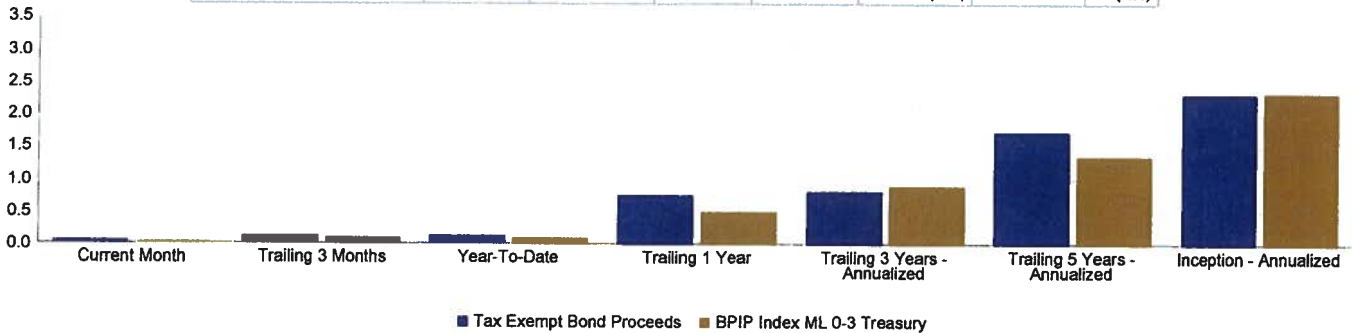
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
Tax Exempt Bond Proceeds	0.05	0.12	0.12	0.75	0.80	1.73	2.32
BPIP Index ML 0-3 Treasury	0.02	0.10	0.10	0.50	0.90	1.36	2.34
Excess	0.03	0.02	0.02	0.24	(0.10)	0.37	(0.03)



Performance by Asset Class

Account Performance Results

As of March 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Tax Exempt Bond Proceeds							
Fixed Income	239,840,330.13	92.40%	0.05	0.13	0.13	0.52	0.83
Corporates	22,989,630.26	8.86%	0.03	0.11	0.11	0.28	
Government Related	159,970,085.65	61.63%	0.06	0.14	0.14	0.57	0.91
Treasuries	56,880,614.22	21.91%	0.02	0.12	0.12	0.39	0.48
Cash And Cash Equivalent	28,636,232.07	11.03%	0.02	0.05	0.05	0.19	0.25
Cash And Pending	(8,910,491.26)	(3.43%)	0.00	0.00	0.00	0.00	0.00
TOTAL	259,566,070.94	100.00%	0.05	0.12	0.12	0.46	0.75

Performance shown is gross of manager fees

STATE OF NEW MEXICO
BOND PROCEEDS INV POOL1 TAX EX (4000)

Portfolio Classification Summary

Positions Held as of 3/31/13

TXN BASIS: SETTLEMENT
MKT-SOURCE: IDC-PREFERED+
AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.3549	.00270	12,612,675	12,612,675	12,612,675		4.881
COMMERCIAL PAPER-DISCOUNT BASED	1	.1927	.06300	10,000,000	9,998,839	9,998,839		3.869
CERTIFICATES OF DEPOSIT	2	.6000	1.26850	3,000,000	3,000,000	3,000,000		1.161
US TREASURY NOTE ACT/ACT 2X	4	.6490	1.54222	55,000,000	56,464,669	56,632,050	167,381	21.915
AGENCY US BOND 30/360 2X	2	.5855	3.21460	15,000,000	15,014,721	15,037,650	22,929	5.819
AGENCY US NOTES 30/360 2X	6	.7128	1.37002	90,000,000	90,673,859	91,180,600	506,741	35.285
FED NATL MORTGAGE ASSN DEBS	3	1.3371	1.97624	23,495,000	23,553,315	23,911,411	358,096	9.253
MEDIUM-TERM NOTES	1	.3346	.33700	15,000,000	15,000,000	15,007,650	7,650	5.808
MUNI US 30/360 2X	7	.3898	.97254	27,235,000	27,997,188	28,021,006	23,818	10.844
UNITS - INVESTMENT POOL 1	1			3,010,375	3,010,375	3,010,375		1.165
CASH ACCOUNT	1			-37	-37	-37		
	<u>29</u>	<u>.6439</u>	<u>1.34790</u>	<u>254,353,013</u>	<u>257,325,604</u>	<u>258,412,219</u>	<u>1,086,615</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
3,010,375	UNITS - INVESTMENT POOL 1	UNITS001				.999999920	3,010,374.76	3,010,375.00
3,010,375					4.285		3,010,374.76	3,010,375.00

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

12,612,675	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	100.000002379	12,612,675.30	12,612,675.30
15,000,000	UNITED STATES TREASURY NOTES	912828MX	1.750	4/15/13	.715	100.048057000	15,007,208.55	15,009,450.00
10,000,000	STRAIGHT A FUNDING LLC	86257ETS	.190	4/23/13	.193	99.986805600	9,998,680.56	9,998,680.56
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MRK	4.625	5/01/13	.550	100.361842960	25,090,460.74	25,098,500.00
2,000,000	LOS ALAMOS CNTY N MEX INC UTIL	54423EBV	5.000	7/01/13	.355	101.186179000	2,023,723.58	2,022,500.00
15,000,000	INTL FINANCE CORP	45950VBW	.330	8/01/13	.335	100.000000000	15,000,000.00	15,007,650.00
7,350,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RQ	1.000	8/01/13	.300	100.238177279	7,367,506.03	7,366,978.50
86,962,675					.148		87,100,254.76	87,116,434.36

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

15,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	.986	100.812935133	15,121,940.27	15,233,850.00
6,485,000	NEW MEXICO ST SEVERANCE TAX	647310P4	4.000	7/01/14	.406	104.503678181	6,777,063.53	6,786,941.60
4,780,000	NEW MEXICO ST SEVERANCE TAX	647310N4	4.000	7/01/14	.406	104.503678034	4,995,275.81	4,991,945.20
2,000,000	FARMERS & STOCKMENS BANK	8521444	.600	7/07/14	.600	100.000000000	2,000,000.00	2,000,000.00
1,000,000	FARMERS & STOCKMENS BANK	8521448	.600	7/07/14	.600	100.000000000	1,000,000.00	1,000,000.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

PAGE: 2

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
500,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RR	2.000	8/01/14	.466	102.052948000	510,264.74	510,910.00
5,570,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RE	3.000	8/01/14	.456	103.399721903	5,759,364.51	5,772,859.40
10,000,000	FEDERAL HOME LOAN MORTGAGE CORP	3134G3Y6	.375	12/10/14	.380	100.000000000	10,000,000.00	10,005,000.00
45,335,000					.279		46,163,908.86	46,301,506.20

====> 0008 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <====

550,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RS	2.000	8/01/15	.598	103.270072727	567,985.40	568,870.50
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.134268200	15,020,140.23	15,040,200.00
10,000,000	FNMA	3135G0SB	.375	12/21/15	.457	99.794137000	9,979,413.70	9,988,200.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G32F	.520	12/28/15	.527	100.000000000	10,000,000.00	9,995,600.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,050,700.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	104.631684000	15,694,752.60	15,732,450.00
60,550,000					.211		61,262,291.93	61,376,020.50

====> 0006 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2015 <====

10,000,000	UNITED STATES TREASURY NOTES	912828KS	2.625	2/29/16	.395	106.470304700	10,647,030.47	10,656,300.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.160	102.850673850	20,570,134.77	20,990,600.00
10,000,000	FEDERAL NATL MTG ASSN DEBS	3135G0ES	1.375	11/15/16	1.227	100.583515000	10,058,351.50	10,298,600.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,087,300.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 3

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
3,495,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	3,495,000.00	3,525,511.35
53,495,000					.236		54,770,516.74	55,558,311.35

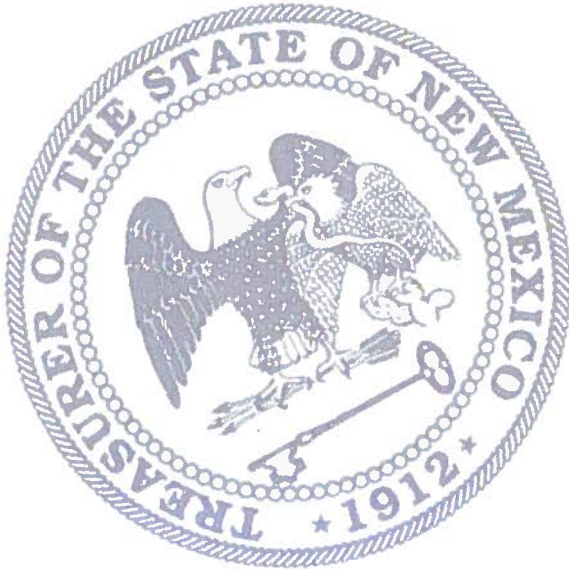
==> 0005 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <==

5,000,000	FEDERAL HOME LOAN BANKS	313379FW	1.000	6/09/17	.840	100.707376400	5,035,368.82	5,049,450.00
5,000,000					2.562		5,035,368.82	5,049,450.00

==> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2017 <==

254,353,050					.050		257,342,715.87	258,412,097.41
-------------	--	--	--	--	------	--	----------------	----------------

==> 0028 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL1 TAX EX <



10. Portfolio Summary- Taxable Bond Proceeds Investment Pool

Portfolio Summary – Taxable Bond Proceeds Investment Pool

Summary

- The Taxable Bond Proceeds Investment Pool closed the month of March at \$561mil vs. \$567mil at the end of February 2013.
- The Pool paid out approximately \$5mil for capital spending in March 2013.

Portfolio Mix

- 100% of the Taxable BPIP portfolio was invested in fixed income securities; 84% in US Treasury and Agency securities, 3% in Supranational (World Bank), 3% in NM municipal securities and the balance, approximately 10%, was held in cash equivalents and collateralized NM bank CDs.
- 49% of the portfolio was invested in securities that mature in one year, 21% in securities that mature from 1-2 years, 27% in securities that mature from 2-4 years and 3% in securities out to 5 years.
- The Taxable BPIP held positions in 63 securities.
- Weighted Average Life of the Taxable BPIP was 1.45 years. The Weighted Average duration was 1.36 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- The unrealized gains in the Taxable BPIP Portfolio were \$2.4mil as of March 31st.
- Monthly earnings on the portfolio for March were \$317,264.
- For fiscal year 2013, the fund has earned \$3.6mil.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Investment Highlights

- The duration of the Taxable BPIP at the end of March 2013 was shorter at 1.36 yrs. vs. 1.42 yrs. in February 2013 and was shorter than the Benchmark.
- There were no maturities during the month of March 2013.
- The Pool purchased \$7mil IADB 3 mo Libor FRN with a one year maturity at -4bp DM.
- The Taxable BPIP was fully invested, maintaining a minimal percentage of cash to cover liquidity needs.

Performance

- Purchase Yield at the end of March was 0.67%.
- The Taxable BPIP returned 0.04% for the month of March and 0.13% for the three months ended March 31, 2013 vs. Index returns of 0.02% and 0.10% respectively. For the trailing 12 mos. the Pool returned 0.80% vs. 0.50% for the Benchmark.
- US Treasury yields were mostly unchanged for maturities less than five years.
- The Taxable BPIP is basically yielding more than the Index and hence did/should outperform during a period of stable interest rates as we had experienced in March.

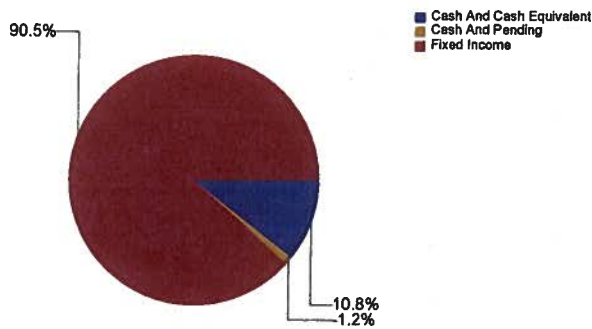
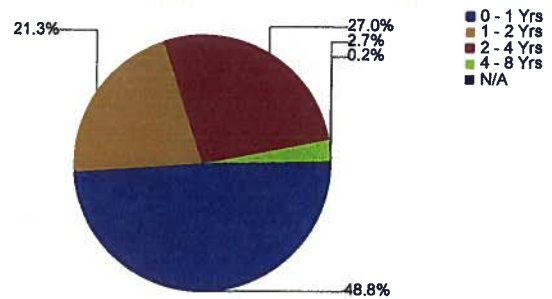
Investment Strategy

- The option adjusted duration of the portfolio is currently 1.28 yrs. vs. 1.37 yrs. for the Benchmark.
- The Pool has \$22.4mil in maturities scheduled for April.
- These maturities should provide the liquidity necessary to meet cash flows.
- The Taxable BPIP will maintain its duration close to the benchmark as there is limited impetus for lengthening. Liquidity and cash flow management will be the key considerations as the Pool remains fully invested during this low interest rate environment.

Portfolio Characteristics

Duration Mix

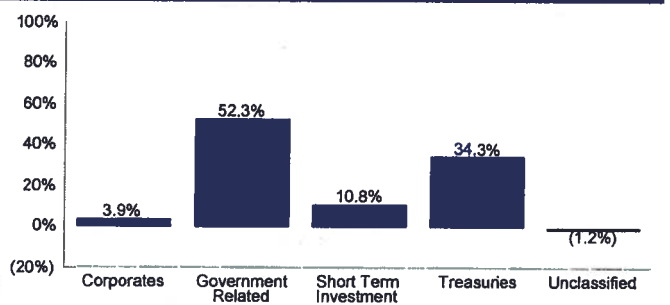
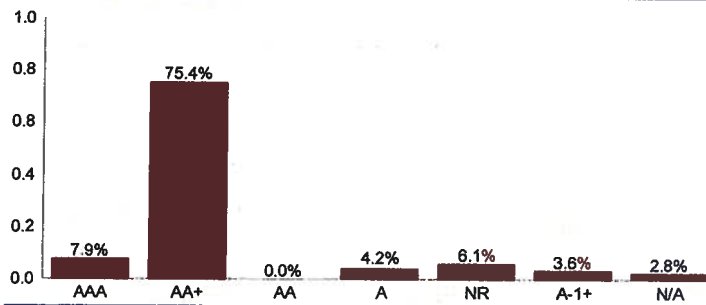
Total Net Assets (Millions)	563.1
Weighted Average Life (Years)	1.45
Weighted Avg. Effective Duration (Years)	1.36
Weighted Average Coupon (%)	1.21
Weighted Average Current Yield (%)	0.32
Weighted Average Yield to Maturity (%)	0.32
Weighted Average Rating	AA-
Number of Holdings	58



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
912828KF6	UNITED STATES OF AMER TREAS NOTES 1.875% TB	7.14%	1.88	28/2/2014
912828NU0	UNITED STATES TREAS NTS 0.750% 15/AUG/2013	5.28%	0.75	15/8/2013
3137EACW7	FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	4.61%	2.00	25/8/2016
31359MTP8	FED NATL MTG ASSN 5.12% 02/JAN/2014	4.18%	5.12	2/1/2014
99D870061	REPO BANK OF NEW YORK/SOUTH STREET SECS	3.71%	0.35	1/4/2013
31398A4M1	FED NATL MORT ASSC 1.825% BDS 26/OCT/2015 USD1000	3.64%	1.82	26/10/2015
3137EACV9	FEDERAL HOME LOAN MORTGAGE CORP 1% NTS 27/AUG/2014	3.55%	1.00	27/8/2014
3135G0AP8	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% NTS	3.55%	1.25	27/2/2014
31398A2S0	FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS 23/SEP/2013	3.52%	1.00	23/9/2013
912828QZ6	UNITED STATES TREAS NTS 0.5% 31/MAY/2013	3.52%	0.50	31/5/2013

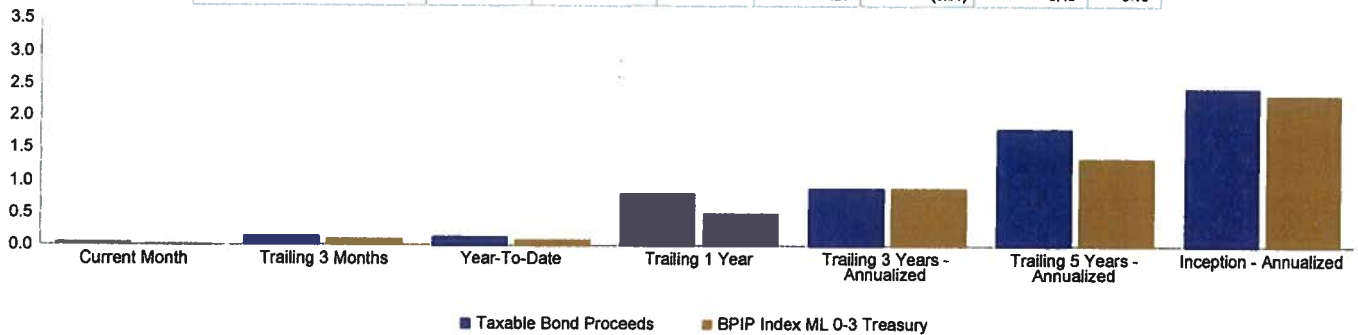
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
Taxable Bond Proceeds	0.04	0.13	0.13	0.80	0.89	1.81	2.44
BPIP Index ML 0-3 Treasury	0.02	0.10	0.10	0.50	0.90	1.36	2.34
Excess	0.02	0.03	0.03	0.29	(0.01)	0.45	0.10



Performance by Asset Class
Account Performance Results
As of March 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Taxable Bond Proceeds							
Fixed Income	509,439,854.54	90.47%	0.04	0.14	0.14	0.48	0.84
Corporates	22,049,846.00	3.92%	0.03	0.11	0.11	0.37	0.52
Government Related	294,295,987.80	52.26%	0.06	0.18	0.18	0.55	0.99
Treasuries	193,094,020.74	34.29%	0.03	0.09	0.09	0.40	0.62
Cash And Cash Equivalent	60,694,949.32	10.78%	0.02	0.06	0.06	0.25	0.35
Cash And Pending	(7,030,510.41)	(1.25%)	0.00	0.00	0.00	0.00	0.00
TOTAL	563,104,293.45	100.00%	0.04	0.13	0.13	0.45	0.80

Performance shown is gross of manager fees

STATE OF NEW MEXICO
BOND PROCEEDS INV POOL2 TAXABL (4002)

Portfolio Classification Summary

Positions Held as of 3/31/13

TXN BASIS: SETTLEMENT
MKT-SOURCE: IDC-PREFERRED+
AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.3549	.00270	21,142,479	21,142,479	21,142,479		3.766
COMMERCIAL PAPER-DISCOUNT BASED	1	.1927	.06300	20,000,000	19,997,678	19,997,678		3.562
CERTIFICATES OF DEPOSIT	6	.4989	.66644	14,200,000	14,200,000	14,200,000		2.529
LINKED-CERTIFICATE OF DEPOSIT	2	.5000	.79450	4,000,000	4,000,000	4,000,000		.713
US TREASURY NOTE ACT/ACT 2X	13	.7541	1.04506	190,000,000	191,717,490	192,607,600	890,110	34.310
AGENCY US BOND 30/360 2X	3	.5978	2.94794	50,000,000	50,050,294	50,142,000	91,706	8.932
AGENCY US NOTES 30/360 2X	11	.7088	1.45158	167,910,000	169,490,306	170,380,614	890,308	30.350
FED NATL MORTGAGE ASSN DEBS	4	.9663	1.47197	55,000,000	55,485,026	55,969,350	484,324	9.970
MEDIUM-TERM NOTES	1	.3346	.33700	15,000,000	15,000,000	15,007,650	7,650	2.673
MUNI US 30/360 2X	16	.5088	1.03992	14,560,000	14,821,851	14,834,711	12,860	2.643
MUNICIPAL BOND REVENUE	3	.5238	.23026	2,100,000	2,107,012	2,106,836	-176	.375
UNITS - INVESTMENT POOL 1	1			1,307,017	1,307,017	1,307,017		.233
CASH ACCOUNT	1			-317,142	-317,142	-317,142		-.056
	<u>63</u>	<u>.6840</u>	<u>1.27329</u>	<u>554,902,354</u>	<u>559,002,011</u>	<u>561,378,793</u>	<u>2,376,782</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,307,017	UNITS - INVESTMENT POOL 1	UNITS001				.999999855	1,307,016.81	1,307,017.00
1,307,017					9.870		1,307,016.81	1,307,017.00

==> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> NO-MEANINGFUL-DATE <==

21,142,479	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	99.999998014	21,142,478.58	21,142,478.58
2,400,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136F9DU	4.000	4/15/13	4.136	99.993197917	2,399,836.75	2,404,128.00
20,000,000	STRAIGHT A FUNDING LLC	86257ETS	.190	4/23/13	.193	99.986805550	19,997,361.11	19,997,361.11
200,000	SANTA ROSA N MEX CONS SCH DIST	802751DK	1.000	5/15/13	.406	100.076435000	200,152.87	200,132.00
20,000,000	UNITED STATES TREASURY NOTES	912828QZ	.500	5/31/13	.454	100.007826950	20,001,565.39	20,014,800.00
1,360,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CU	2.000	6/01/13	.608	100.240185294	1,363,266.52	1,363,264.00
20,000,000	UNITED STATES TREASURY NOTES	912828RA	.375	6/30/13	.474	99.974486350	19,994,897.27	20,014,000.00
10,000,000	UNITED STATES TREASURY NOTES	912828NN	1.000	7/15/13	.914	100.025039300	10,002,503.93	10,026,200.00
600,000	WESTERN BANK CLOVIS	15894	.600	7/15/13	.600	100.000000000	600,000.00	600,000.00
2,000,000	WESTERN BANK CLOVIS	15957	.600	7/15/13	.600	100.000000000	2,000,000.00	2,000,000.00
1,000,000	WESTERN BANK ALAMOGORDO	81186647	.600	7/22/13	.600	100.000000000	1,000,000.00	1,000,000.00
1,500,000	WESTERN BANK ALAMOGORDO	81186647	.600	7/22/13	.600	100.000000000	1,500,000.00	1,500,000.00
15,000,000	INTL FINANCE CORP	45950VBW	.330	8/01/13	.335	100.000000000	15,000,000.00	15,007,650.00
785,000	LOS ALAMOS N MEX PUB SCH DIST	54422NDB	2.000	8/01/13	.407	100.540710828	789,244.58	789,388.15
1,700,000	SAN JUAN CNTY N MEX CENT CONS	798359JP	2.000	8/01/13	.407	100.540710588	1,709,192.08	1,709,503.00
440,000	RUIDOSO N MEX MUN SCH DIST NO	781338HW	2.000	8/01/13	.355	100.558122727	442,455.74	442,459.60
20,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.789	99.984807250	19,996,961.45	20,046,800.00
10,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.946	99.924697800	9,992,469.78	10,023,400.00
2,245,000	GADSDEN N MEX INDPT SCH DIST N	362550KT	2.000	8/15/13	.407	100.602783074	2,258,532.48	2,259,008.80

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

PAGE: 5

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,750,000	GADSDEN N MEX INDPT SCH DIST N	362550LL	1.000	8/15/13	.559	100.169016000	1,752,957.78	1,754,287.50
540,000	ESPANOLA N MEX PUB SCH DIST NO	29662RAQ	2.000	9/01/13	.355	100.695409259	543,755.21	543,439.80
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A2S	1.000	9/23/13	.572	100.210115150	20,042,023.03	20,081,200.00
5,000,000	UNITED STATES TREASURY NOTES	912828PB	.500	10/15/13	.575	99.959089800	4,997,954.49	5,010,350.00
8,000,000	CENTURY BANK SANTA FE	17099241	.400	12/30/13	.400	100.000000000	8,000,000.00	8,000,000.00
185,662,479					.069		185,727,609.04	185,929,850.54

====> 0024 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

14,260,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	103.248882889	14,723,290.70	14,781,488.20
8,450,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.854	103.229475740	8,722,890.70	8,759,016.50
2,000,000	WESTERN COMMERCE BANK	2012477	.500	1/15/14	.500	100.000000000	2,000,000.00	2,000,000.00
2,000,000	WESTERN COMMERCE BANK	2012634	.500	1/15/14	.500	100.000000000	2,000,000.00	2,000,000.00
20,000,000	FED NATIONAL MTG ASSN DEB	3135G0AP	1.250	2/27/14	.725	100.484833650	20,096,966.73	20,214,800.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.007	100.793600425	40,317,440.17	40,623,600.00
10,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.298	100.621148000	10,062,114.80	10,182,400.00
200,000	SANTA ROSA N MEX CONS SCH DIST	802751DL	1.000	5/15/14	.507	100.561485000	201,122.97	201,200.00
10,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.346	101.047782100	10,104,778.21	10,239,100.00
1,325,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CV	2.000	6/01/14	.659	101.573573585	1,345,849.85	1,347,737.00
500,000	RIO RANCH NM PUBLIC SCH DIST 94	767171JU	3.000	8/01/14	.406	103.468020000	517,340.10	517,530.00
435,000	ALAMOGORDO NM MUNI SCH DIST #1	011464HB	2.000	8/01/14	.406	102.134149425	444,283.55	444,609.15
2,005,000	GADSDEN N MEX INDPT SCH DIST N	362550KU	2.000	8/15/14	.507	102.056772569	2,046,238.29	2,045,781.70
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACV	1.000	8/27/14	.279	101.020322900	20,204,064.58	20,228,200.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORP	3134G3Y6	.375	12/10/14	.380	100.000000000	20,000,000.00	20,010,000.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

PAGE: 6

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
10,000,000	UNITED STATES TREAS NTS	912828RV	.250	12/15/14	.330	99.863331500	9,986,333.15	10,003,900.00
1,100,000	WESTERN BANK ALAMOGORDO	81185441	.750	12/31/14	.750	100.000000000	1,100,000.00	1,100,000.00
162,275,000					.079		163,872,713.80	164,699,362.55

====> 0017 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

650,000	NEW MEXICO ST	647293NQ	5.000	3/01/15	.426	108.758833846	706,932.42	707,518.50
225,000	SANTA ROSA N MEX CONS SCH DIST	802751DM	1.000	5/15/15	.659	100.738248889	226,661.06	227,020.50
1,350,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CW	2.000	6/01/15	.760	102.687860000	1,386,286.11	1,391,188.50
10,000,000	UNITED STATES TREAS NTS	912828NP	1.750	7/31/15	.453	103.018599500	10,301,859.95	10,339,800.00
400,000	RUIDOSO N MEX MUN SCH DIST NO	781338HY	2.000	8/01/15	.568	103.341090000	413,364.36	414,384.00
200,000	ALBUQUERQUE N MEX MUN SCH DIST	013595QU	5.000	8/01/15	.507	110.450035000	220,900.07	220,506.00
350,000	ALAMOGORDO NM MUNI SCH DIST #1	011464HC	2.000	8/01/15	.558	103.364774286	361,776.71	362,586.00
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.134268200	15,020,140.23	15,040,200.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	31398A4M	1.625	10/26/15	.870	101.949013200	20,389,802.64	20,623,600.00
20,000,000	FNMA	3135G0SB	.375	12/21/15	.457	99.794137050	19,958,827.41	19,976,400.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G32F	.520	12/28/15	.527	100.000000000	20,000,000.00	19,991,200.00
7,300,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	7,300,000.00	7,337,011.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	104.631684000	15,694,752.60	15,732,450.00
110,475,000					.115		111,981,303.56	112,363,864.50

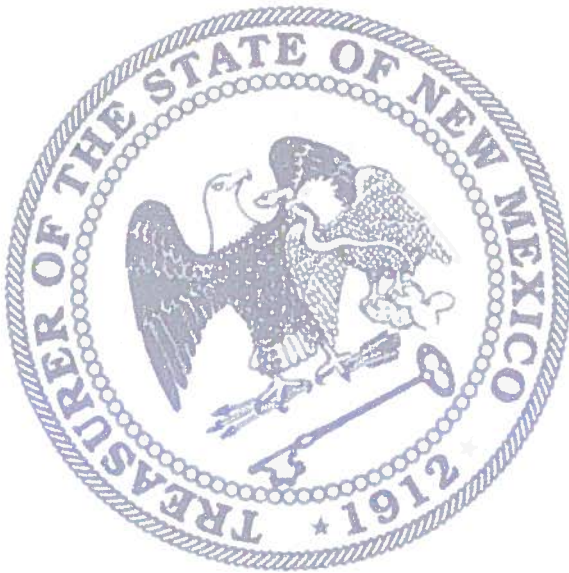
====> 0013 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 3/29/13 @ 08:55:05
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 3/29/13
 AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

PAGE: 7

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
15,500,000	FEDERAL AGRICULTURAL MORTGAGE CO	31315PVS	.430	1/08/16	.470	99.906301032	15,485,476.66	15,509,920.00
15,000,000	FANNIE MAE	3135G0VA	.500	3/30/16	.544	99.889932867	14,983,489.93	15,017,250.00
10,000,000	UNITED STATES TREAS NTS	912828QR	1.500	6/30/16	.656	102.714962000	10,271,496.20	10,350,800.00
25,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.295	102.401462840	25,600,365.71	26,238,250.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,087,300.00
5,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	5,000,000.00	5,043,650.00
80,500,000					.159		81,340,828.50	82,247,170.00
====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====								
15,000,000	FEDERAL HOME LOAN BANKS	313379FW	1.000	6/09/17	.836	100.719769733	15,107,965.46	15,148,350.00
15,000,000					.854		15,107,965.46	15,148,350.00
====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2017 <====								
555,219,496					.023		559,337,437.17	561,695,614.59
====> 0062 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> BOND PROCEEDS INV POOL2 TAXABL <								



11. Portfolio Summary- Severance Tax Bonding Fund

Portfolio Summary – Severance Tax Bonding Fund

Summary

- The Severance Tax Bonding Fund⁸ closed the month of March at \$231 Million.
- The Severance Tax Bonding Fund earned \$38,067 during March.
- The Severance Tax Bonding Fund earned \$229,801 during FY2013.

Portfolio Mix

- Severance Tax Bonding Fund Proceeds are primarily invested in the overnight repurchase agreement pool.
- Severance Tax Bonding Fund holdings are pledged and used to pay debt service on Severance Tax and Supplemental Severance Tax Bonds.
- Once debt service needs are met, the balance in the Severance Tax Bonding Fund is transferred to the Severance Tax Permanent Fund.
- Severance Taxes are remitted to the Treasury on a monthly basis and range between \$30 and \$35MM per month.

Investment Strategy

- Due to its short-term nature, investments of three to six month maturities are viable investments for the STBF pool.

⁸ The Severance Tax Bonding Fund as included in this report excludes debt service fund amounts on outstanding Severance Tax and Supplemental Severance Tax Bonds and Notes. Such debt service balances are included in, and reported on, the Tax-Exempt Bond Purchase Investment Pool.

STATE OF NEW MEXICO

STB FUND (4001)

Portfolio Classification Summary

Positions Held as of 3/31/13

TXN BASIS: SETTLEMENT

MKT-SOURCE: IDC-PREFERED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	2	.3549	.00270	224,617,635	224,617,635	224,617,635		97.187
COMMERCIAL PAPER-DISCOUNT BASED	1	.1927	.06300	6,500,000	6,499,245	6,499,245		2.812
UNITS - INVESTMENT POOL 1	1			1,318	1,318	1,318		.001
	<u>4</u>	<u>.3503</u>	<u>.00440</u>	<u>231,118,953</u>	<u>231,118,198</u>	<u>231,118,198</u>		<u>100.000</u>

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 3/29/13 @ 08:55:05

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

AS-OF: 3/29/13

AMRTZD: BOOK VALUES AMORTIZED TO 3/29/13

STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

PAGE: 18

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,318 UNITS	INVESTMENT POOL 1	UNITS001				1.000128983	1,318.17	1,318.00
1,318					9786.2		1,318.17	1,318.00

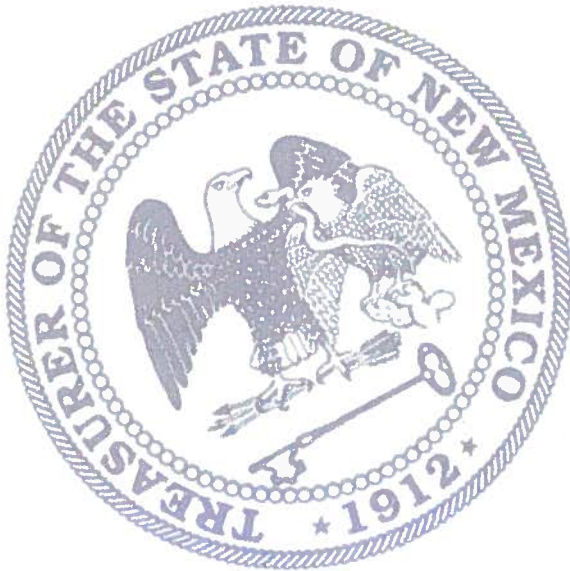
====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE, <====

69,560,000	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	100.000000000	69,560,000.00	69,560,000.00
155,057,635	OVERNIGHT REPO	0401RP	.350	4/01/13	.355	99.999999994	155,057,634.99	155,057,634.99
6,500,000	STRAIGHT A FUNDING LLC	86257ETS	.190	4/23/13	.193	99.986805539	6,499,142.36	6,499,142.36
231,117,635					.056		231,116,777.35	231,116,777.35

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

231,118,953					.056		231,118,095.52	231,118,095.35
-------------	--	--	--	--	------	--	----------------	----------------

====> 0004 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> STB FUND <====



12. Broker Dealer Activities

Broker-Dealer Activities

The attached summaries detail activities by STO with our Broker-Dealer counterparties. Activities by dealer and by security type are summarized.

STATE OF NEW MEXICO

Summary of Fixed-Income Purchases and Sales

TRADES During The Period 3/01/13 Through 3/31/13

TXN-DATE	CUSIP#	ASSET-TYPE	INVT#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
<u>PURCHASE TRANSACTIONS</u>													
3/26/13	735605	CERTIFICATES OF	18820	GUADALUPE CREDIT UNION	1.000	3/26/15	1.0000	SYSTEM - UNIDEN	1000	250,000.00	250,000.00		
3/28/13	17099245	CERTIFICATES OF	18833	CENTURY BANK SANTA FE	.400	9/29/14	.4000	SYSTEM - UNIDEN	1000	8,000,000.00	8,000,000.00		
3/26/13	313382LR	AGENCY US BOND	18814	FEDERAL HOME LOAN BANKS	.250	4/15/14	.2497	MORGAN STALNELY	4101	10,000,000.00	10,000,000.00		
3/01/13	313589GZ	AGENCY US DISC	18635	FEDERAL NATIONAL MORTGA	.140	6/17/13	.1401	NOMURA	4101	10,000,000.00	9,995,916.67		5/15/13
3/07/13	31359M4D	AGENCY US NOTES	18688	FEDERAL NATIONAL MORTGA	5.000	2/13/17	.6770	BARCLAYS	1001	17,000,000.00	19,845,919.00		
3/27/13	3137EAAJ	AGENCY US NOTES	18821	FEDERAL HOME LOAN MORTG	5.125	10/18/16	.5532	UBS	1001	20,000,000.00	23,215,000.00		
3/28/13	3135GOTZ	AGENCY US NOTES	18845	FEDERAL NATIONAL MORTGA	.450	1/29/16	.4500	STIFFEL NICOLAU	1001	12,000,000.00	12,000,000.00		
3/27/13	45818WAE	AGENCY US VARIA	18849	INTER-AMERICAN DEVELOPM	.739	5/20/14	.2373	MORGAN STANLEY	4000	7,934,000.00	7,979,207.26		1/29/14
3/27/13	45818WAE	AGENCY US VARIA	18850	INTER-AMERICAN DEVELOPM	.739	5/20/14	.2373	MORGAN STANLEY	4002	7,000,000.00	7,039,885.41		
3/28/13	459058CB	MEDIUM-TERM NOT	18835	INTERNATIONAL BANK FOR	.500	11/26/13	.2034	MORGAN STANLEY	4101	7,235,000.00	7,248,930.63		
3/28/13	45950KAT	MEDIUM-TERM NOT	18834	INTERNATIONAL FINANCE C	3.500	5/15/13	.1700	MORGAN STANLEY	4101	4,067,000.00	4,083,538.09		
3/26/13	ABQ2013C	MUNI US 30/360	18919	ALBUQUERQUE NM 2013C	.350	7/01/14	.3500	BROKER DIRECT	1001	11,660,000.00	11,660,000.00		
3/26/13	ABQ2013D	MUNI US 30/360	18920	ALBUQUERQUE NM 2013D	.209	7/01/13	.2085	BROKER DIRECT	1000	6,102,000.00	6,102,000.00		
3/19/13	01354PDX	MUNICIPAL BOND	18774	ALBUQUERQUE NM GROSS RE	2.000	7/01/15	.4304	ROBERT W BAIRD	4000	900,000.00	931,284.00		
14 PURCHASES DURING PERIOD TOTAL.....										122,148,000.00	128,351,681.06		
<u>SALE TRANSACTIONS</u>													
3/27/13	3135G0PQ	AGENCY US NOTES	17739	FEDERAL NATIONAL MORTGA	.875	10/26/17	.8249	BANK OF AMERICA	1001	20,000,000.00	20,044,920.00	-54,210.52	
3/27/13	3135G0PQ	AGENCY US NOTES	17739	FEDERAL NATIONAL MORTGA	.875	10/26/17	.8215	BANK OF AMERICA	1001	15,000,000.00	15,035,985.00	-38,362.89	
2 SALES DURING PERIOD TOTAL.....										35,000,000.00	35,080,905.00	-92,573.41	
== GRAND-TOTAL ==>										157,148,000.00	163,432,586.06	-92,573.41	

*** END-OF-REPORT ***

New Mexico State Treasurer's
Executive Summary of Investment Activity
Summary of Broker Participation
Purchases and Sales By Broker, Market & Security Type
All Funds
2012-2013

Volume at Par (\$ in thousands)

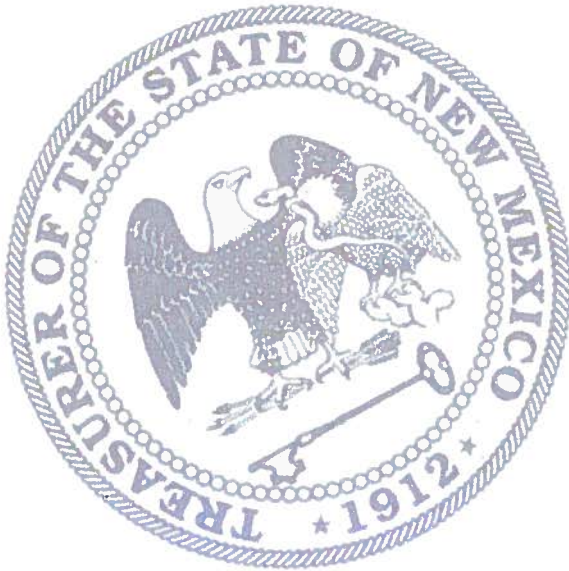
Broker/Dealer:	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	YTD Total	YTD Percent
Arbor Research and Trading	-	-	-	-	-	-	10,000	-	-	-	-	-	10,000	0.3%
Bank of America/MLPFS	25,000	-	25,000	-	20,000	7,500	20,000	-	35,000	-	-	-	132,500	4.1%
Bank of Oklahoma (Bk ABQ)	-	-	760	-	-	-	-	-	-	-	-	-	760	0.0%
Barclays	41,790	7,500	30,000	13,000	28,200	55,000	388,000	20,200	17,000	-	-	-	600,690	18.5%
BB&T/Scott & Stringfellow	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
BNP Paribas	101,100	66,000	26,000	-	10,000	50,000	139,000	21,000	-	-	-	-	413,100	12.7%
Cantor Fitzgerald	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Citigroup	25,000	-	2,970	10,000	55,750	-	-	15,000	-	-	-	-	108,720	3.3%
Credit Suisse Securities	-	20,000	-	-	-	-	23,600	-	-	-	-	-	43,600	1.3%
Deutsche Bank	90,000	-	-	19,050	30,000	-	388,000	307,000	-	-	-	-	834,050	25.7%
FTN Financial	-	-	1,760	-	20,000	7,000	-	15,000	-	-	-	-	43,760	1.3%
George K. Baum & Company	8,400	-	1,550	-	-	-	-	-	-	-	-	-	9,950	0.3%
Goldman Sachs	-	-	-	30,200	10,000	20,000	5,700	24,650	-	-	-	-	90,550	2.8%
Great Pacific Securities	-	-	-	-	-	-	14,300	-	-	-	-	-	14,300	0.4%
HSBC	60,000	-	-	-	-	-	-	-	-	-	-	-	60,000	1.8%
Jefferies	20,000	-	21,690	58,000	20,000	10,000	12,000	10,000	-	-	-	-	151,690	4.7%
Lawson Financial	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loop Capital	-	-	-	-	20,000	-	-	-	-	-	-	-	20,000	0.6%
Mitsubishi UFJ (Repo)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Morgan Keegan	-	3,225	-	-	-	-	-	-	-	-	-	-	3,225	0.1%
Morgan Stanley	10,000	14,250	-	15,000	-	-	-	-	-	-	-	-	44,250	1.4%
Muriel Siebert & Co.	-	-	-	-	-	-	70,000	-	36,236	-	-	-	106,236	3.2%
Nomura Securities	10,500	18,000	24,250	-	20,000	20,000	-	19,283	10,000	2,000	-	-	124,033	3.8%
Northern Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Piper Jaffrey	-	11,280	2,600	-	-	10,000	-	-	-	3,195	-	-	27,075	0.8%
RW Pressprich	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Raymond James & Associates	-	-	875	-	-	-	-	-	-	-	-	-	875	0.0%
Robert W. Baird & Co.	5,000	-	4,225	-	-	10,000	1,380	-	900	-	-	-	21,505	0.7%
South Street (Repo Only)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Southwest Securities	-	4,825	-	-	-	-	-	785	-	-	-	-	5,610	0.2%
Stifel Financial	100	2,195	375	-	1,750	15,000	-	700	12,000	-	-	-	32,120	1.0%
UBS Financial Services	40,000	-	-	-	20,000	-	17,950	34,000	20,000	-	-	-	131,950	4.1%
Vining Sparks	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Wedbush Securities	6,470	-	-	-	-	-	-	-	-	-	-	-	6,470	0.2%
Williams Capital Group	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	0.5%
Direct Purchase	12,100	4,000	-	15,000	-	94,765	-	-	26,012	-	-	-	151,877	4.7%
Interfund	-	37,670	-	14,720	-	-	-	-	-	-	-	-	52,390	1.6%
Total	455,460	188,945	142,055	174,970	270,700	299,265	1,089,930	467,618	157,148	5,195	-	-	3,251,286	100.0%

Market type:

	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
Primary Market	6,470	66,000	29,035	15,000	81,750	104,765	1,038,380	425,618	35,182	3,195	-	-	-	1,805,375	55.5%
Secondary Market	448,990	122,945	113,020	159,970	188,950	194,500	51,550	42,000	121,986	2,000	-	-	-	1,445,911	44.5%
Total	455,460	188,945	142,055	174,970	270,700	299,265	1,089,930	467,618	157,148	5,195	-	-	-	3,251,286	100.0%

Security type:

	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
CD's	12,100	4,000	-	15,000	-	9,100	-	-	-	8,250	-	-	-	48,450	1.5%
Corporate Bonds	-	-	2,250	3,000	15,000	35,000	-	-	-	-	-	-	-	55,250	1.7%
TLGP	-	-	-	25,000	30,000	-	-	-	-	-	-	-	-	55,000	1.7%
Agencies	236,790	39,750	25,000	58,200	203,950	130,000	57,000	109,483	130,236	-	-	-	-	990,409	30.5%
Commercial Paper	140,000	66,000	25,000	-	-	-	990,000	307,000	-	-	-	-	-	1,528,000	47.0%
MBS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Treasuries	51,600	20,000	75,250	59,050	20,000	39,500	41,550	49,000	-	2,000	-	-	-	357,950	11.0%
Municipal/Sponge	14,970	59,195	14,555	14,720	1,750	85,665	1,380	2,135	18,662	3,195	-	-	-	216,227	6.7%
ABS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Money Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total	455,460	188,945	142,055	174,970	270,700	299,265	1,089,930	467,618	157,148	5,195	-	-	-	3,251,286	100.0%



13. State Agency Deposit Balances

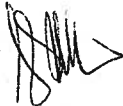


James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER

P. O. Box 5135
2055 South Pacheco, Suite 100
Santa Fe, New Mexico 87505
Phone: (505) 955-1120
FAX (505) 955-1195

Marilyn Hill
Deputy State Treasurer

Date: April 24, 2013
To: James B. Lewis, State Treasurer
For: Governor Martinez and Members of the State Board of Finance
From: Samuel K. Collins, Jr., State Cash Manager 
Subject: State Fund Deposit Activity for the month ending March 31, 2013

Pursuant to section 8-6-3.1 NMSA 1978, the State Cash Manager shall submit to the State Board of Finance a report showing state fund balances in each Financial Institution. Attached for your review is a summary of State fund balances in each institution through March 31, 2013.

Additionally, the State Treasurer's Office is required to report to the State Board of Finance any Financial Institution that exceeds certain equity capital and deposit ratios and notify all state agencies who maintain State fund deposits within those institutions of the violation. Agencies are also advised not to make any new deposits until the violations are corrected. Pursuant to section 6-10-24.1 NMSA 1978 there were no Financial Institutions exceeding the statutory limitations on equity capital and deposit ratios for the month ending March 31, 2013

(Attachments)

Depository Account Summary by Agency

March 2013

STATE FUNDS

NON-STATE FUNDS

AGENCY	# OF ACCTS.	BALANCE
AOC (fines, fees etc.)	51	\$3,188,575
BERN. CO. METRO COURT	2	\$405,468
1-13 DISTRICT ATTORNEY	6	\$53,552
EDUCATION RETIREMENT BOARD	1	\$14,845
TAXATION & REVENUE DEPT.	31	\$148,750
PUBLIC SCHOOL INS. AUTHORITY	6	\$21,684,809
PUBLIC DEFENDER	1	\$658
SECRETARY OF STATE	1	\$0
STATE TREASURER (JDC)	28	\$281,790
STATE TREASURER (OTHER INVEST)	0	\$0
NM RACING COMMISSION	7	\$228,078
SPACEPORT AUTHORITY	1	\$1,418,409
DEPT. OF GAME & FISH	2	\$90,988
SOUTHWEST REGION ED.	1	\$1,981,643
ENERGY & MINERALS	4	\$391,264
COMMISSION PUBLIC LAND	2	\$0
STATE ENGINEER'S OFFICE	3	\$99,364
IRRG WKS CONST	1	\$252,312
COMMISSION FOR THE BLIND	0	\$0
HUMAN SERVICES DEPT.	5	\$27,560
WORKFORCE SOLUTIONS	6	\$1,055,075
DIVISION OF VOCATIONAL REHAB	1	\$65,274
MINER'S HOSPITAL	1	\$892,420
DEPARTMENT OF HEALTH	76	\$203,639
ENVIRONMENT DEPARTMENT	1	\$0
CORRECTIONS DEPARTMENT	6	\$1,125
DEPT. OF PUBLIC SAFETY	2	\$24,398
HIGHWAY & TRANSPORTATION	4	\$1,001
CENTRAL REGIONAL CO-OP	1	\$536,806

AGENCY	# OF ACCTS.	BALANCE
AOC (Bonds)	50	
1ST JUDICIAL DIST. COURT	3	\$1,404,577
2ND JUDICIAL DIST. COURT	2	\$1,360,638
3RD JUDICIAL DIST. COURT	2	\$1,664,367
4TH JUDICIAL DIST. COURT	4	\$54,712
5TH JUDICIAL DIST. COURT	3	\$1,353,459
6TH JUDICIAL DIST. COURT	3	\$650,725
7TH JUDICIAL DIST. COURT	4	\$137,070
8TH JUDICIAL DIST. COURT	4	\$338,706
9TH JUDICIAL DIST. COURT	3	\$575,814
10TH JUDICIAL DIST. COURT	2	\$376,751
11TH JUDICIAL DIST. COURT	10	\$1,216,832
12TH JUDICIAL DIST. COURT	4	\$1,005,970
13TH JUDICIAL DIST. COURT	58	\$4,599,245
BERNALILLO CO. METRO COURT	2	\$769,366
6TH DISTRICT ATTORNEY	3	\$35,390
7TH DISTRICT ATTORNEY	1	\$1,766
10TH DISTRICT ATTORNEY	1	\$1,610
11TH JUDICIAL DIST. ATTORNEY	1	\$9,221
ATTORNEY GENERAL	1	\$3,437
LGIP	5	\$157,502,080
PUBLIC REG. COMMISSION	2	\$628,038
NM STATE FAIR	5	\$2,243,536
SOUTHWEST REGION ED.	1	\$15
COMM STATUS OF WOMEN	0	\$0
COMM FOR THE BLIND	2	\$262,476
WORKFORCE SOLUTIONS	0	\$0
MINER'S HOSPITAL	1	\$1,316
DEPARTMENT OF HEALTH	11	\$975,654
CHILDREN, YOUTH & FAMILIES	6	\$97,306
CORRECTIONS DEPARTMENT	11	\$1,951,370
DEPT. OF PUBLIC SAFETY	2	\$27,508
CENTRAL REGION CO-OP	1	\$483,220

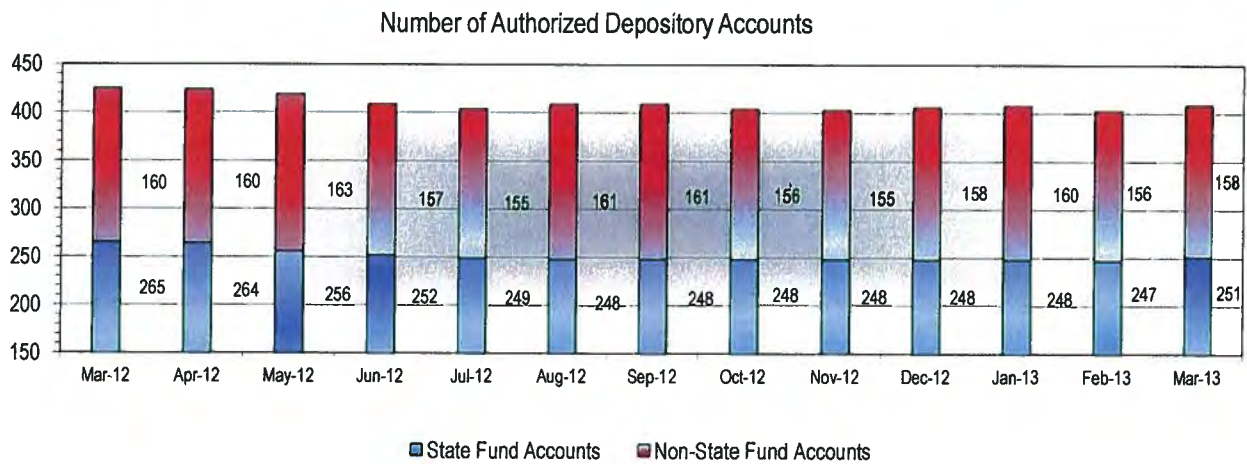
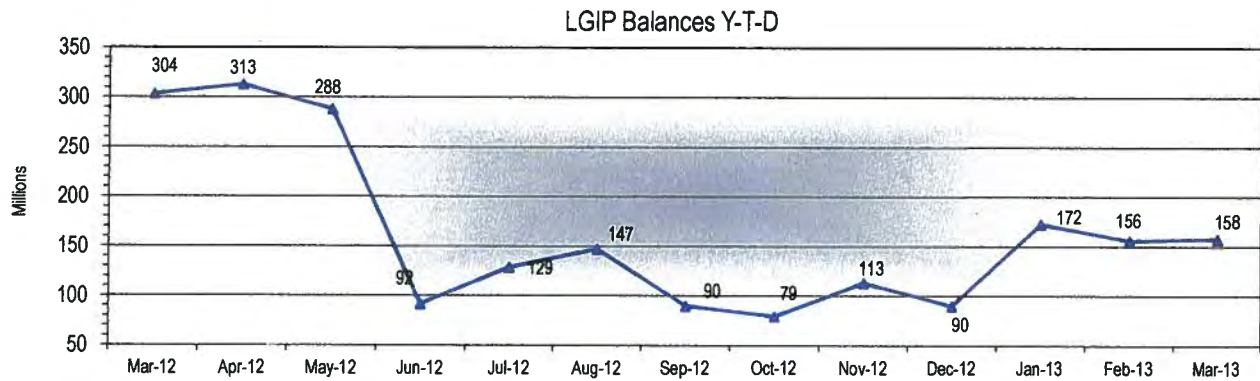
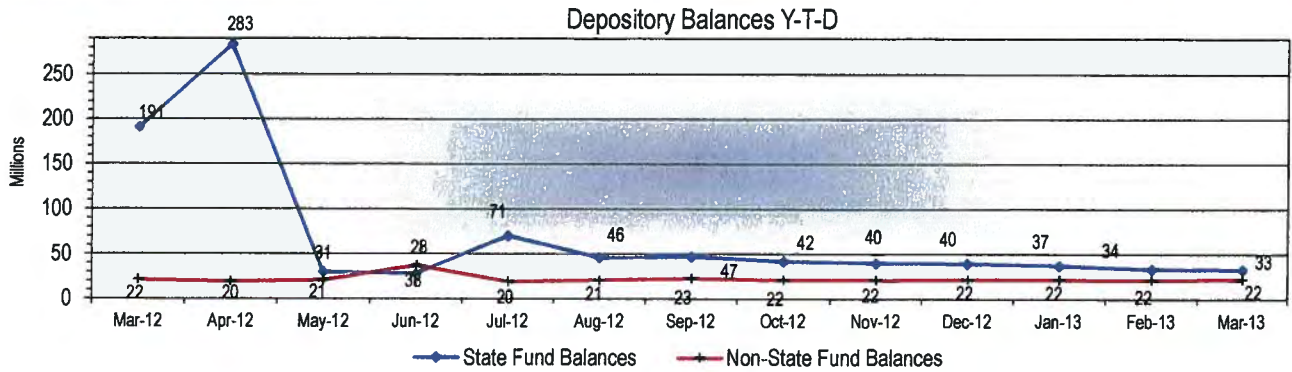
Total: 251 \$33,047,803

Total: 158 \$179,732,175

Total Depository Balances: \$212,779,978

Total Depository Accounts: 409

Depository Account Summary -March 2013



Depository accounts authorized in March 2013 pursuant to Section 6-1-13 NMSA :

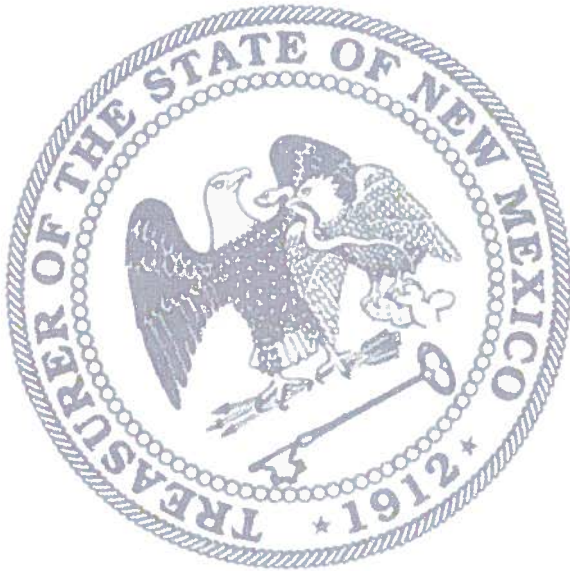
- Depository accounts opened in March 2013
 - 1 AOC
 - 1 13th Judicial District Court
 - 3 Tax & Revenue
 - 1 New Mexico State Treasurer

Depository accounts closed in March 2013 0

State Fund Balances by Financial Institution

March- 2013

Bank 34/Alamogordo	0
Century Bank/Santa Fe	0
First National Bank/Alamogordo	108,659
Bank of America/Albuquerque	2,466,548
Wells Fargo Bank/Albuquerque	25,985,348
Compass Bank/Albuquerque	2,159,479
Bank of the West/Albuquerque	591
First American Bank/Artesia	82,571
My Bank/Belen	8,004
Carlsbad National Bank/Carlsbad	1,000
Western Commerce Bank/Carlsbad	104,247
Farmers/Stockmens Bank/Clayton	29,244
First National Bank/Clayton	899,343
Bank of Clovis/Clovis	0
Citizens Bank/Clovis	25,179
NM Bank & Trust/Albuquerque	217,671
Community Bank/Santa Fe	1,976
Valley National Bank/Espanola	321
Pinnacle Bank/Gallup	200
Grants State Bank/Grants	100
Lea County State Bank/Hobbs	143,656
Citizens Bank/Las Cruces	0
Southwest Capitol/Las Vegas	139,609
Community 1st Bank/Las Vegas	48,467
Western Bank/Lordsburg	93,286
Los Alamos National Bank/Los Alamos	18,935
James Polk Stone National Bank/Portales	525
International Bank/Raton	68,274
Valley Bank of Commerce/Roswell	72,377
First National Bank of Santa Fe/Santa Fe	0
First State Bank/Socorro	16,991
Centinel Bank/Taos	70,086
US Bank/Albuquerque	147,321
Bank of the Southwest/Roswell	98,304
People's Bank	15,116
AmBank	24,375
Total:	\$33,047,803



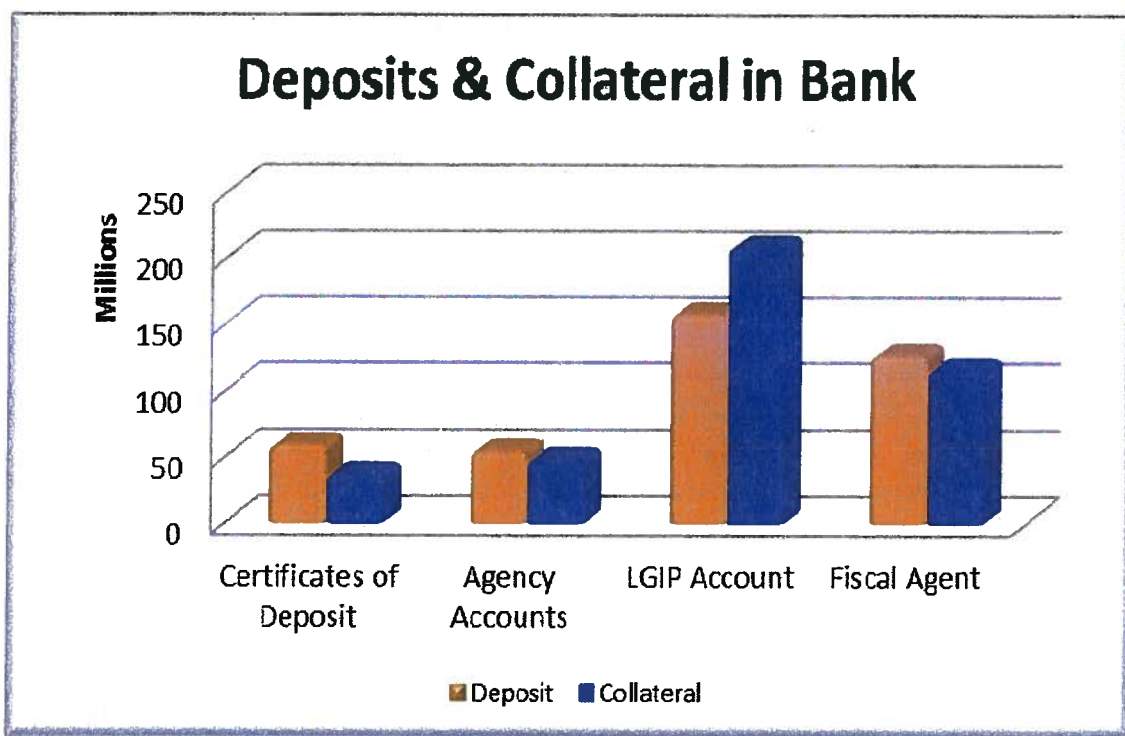
14. Collateral Report on Agency Deposits & CDs

Office of the Treasurer

Collateral Summary Review

March 31, 2013

All depository institutions holding public funds for the month ending March 2013 met the minimum collateral requirements. The required ratio of collateral for each depository institution holding public funds is determined by a statutorily defined quarterly risk assessment and is not intended as an opinion as to the financial health of the subject institution.



Balances

	<u>Deposit</u>	<u>Collateral</u>	<u>Percentage</u>
Certificate of Deposit	\$ 59.0 Million	\$ 36.8 Million	62.5%
Agency Deposit	54.6 Million	48.3 Million	88.3%
LGIP Deposits	157.5 Million	208.0 Million	132.0%
Fiscal Agent	126.3 Million	115.1 Million	91.1%
Totals →	397.3 Million	408.1 Million	102.7%

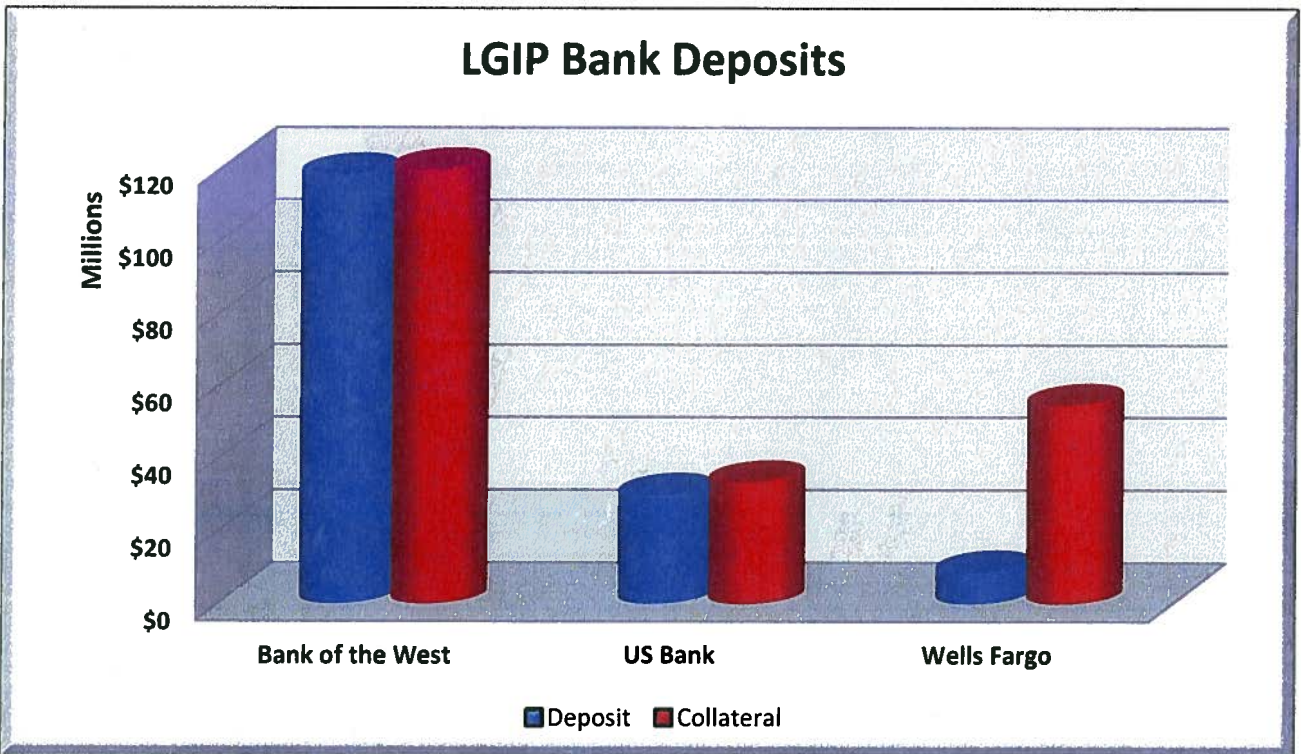


Office of the Treasurer
Collateral Review
 Accumulated Total by Institution
 March 31, 2013

FINANCIAL INSTITUTION	%	TOTAL DEPOSITS	FDIC / NCUA INSURANCE	LESS INSURANCE COVERAGE	SUBJECT TO BE COLLATERALIZED	COLLATERAL PLEDGED	EXCESS (UNDER)
First National - Alamogordo	50%	510,790	250,000	260,790	130,395	324,266	193,871
Western - Alamogordo	102%	3,600,000	250,000	3,350,000	3,417,000	3,660,180	243,180
Bank of America	50%	3,061,872	250,000	2,811,872	1,405,936	4,936,075	3,530,139
Bank of the West	50%	120,120,140	250,000	119,870,140	59,935,070	120,757,443	60,822,373
BBVA Compass	102%	2,159,595	250,000	1,909,595	1,947,787	4,945,262	2,997,475
US Bank	50%	31,298,483	250,000	31,048,483	15,524,241	33,500,000	17,975,759
Wells Fargo	50%	49,621,379	250,000	49,371,379	24,685,690	86,074,891	61,389,202
First American	50%	82,571	82,571	0	0	0	0
My Bank	102%	2,215,921	250,000	1,965,921	2,005,239	2,295,000	289,761
Carlsbad National	50%	1,000	1,000	0	0	0	0
Western Commerce	50%	4,104,247	250,000	3,854,247	1,927,124	2,473,860	546,737
Farmers & Stockmen	50%	3,066,916	250,000	2,816,916	1,408,458	3,578,567	2,170,109
First National - Clayton	50%	899,343	250,000	649,343	324,672	1,165,390	840,718
Bank of Clovis	50%	575,813	250,000	325,813	162,906	575,813	412,906
Citizens - Clovis	50%	25,179	25,179	0	0	0	0
NM Bank & Trust	50%	217,671	217,671	0	0	250,000	250,000
Western - Clovis	50%	3,100,000	250,000	2,850,000	1,425,000	1,631,333	206,333
Valley National	102%	321	321	0	0	0	0
Pinnacle	50%	200	200	0	0	0	0
Grants State	50%	89,495	89,495	0	0	0	0
Lea County State	50%	143,656	143,656	0	0	100,000	100,000
Citizens - Las Cruces	50%	3,592	3,592	0	0	0	0
Southwest Capital	50%	729,365	250,000	479,365	239,683	748,335	508,652
Community 1st - Las Vegas	50%	48,466	48,466	0	0	262,548	262,548
Western - Lordsburg	50%	118,393	118,393	0	0	0	0
Los Alamos National	102%	18,935	18,935	0	0	0	0
James Polk Stone Communi	50%	587,014	250,000	337,014	168,507	295,000	126,493
International	50%	213,099	213,099	0	0	100,000	100,000
Bank of the Southwest	50%	351,688	250,000	101,688	50,844	261,320	210,476
Valley Commerce	50%	72,377	72,377	0	0	0	0
Century	50%	24,633,400	250,000	24,383,400	12,191,700	12,735,000	543,300
Community	102%	247,350	247,350	0	0	0	0
First National - Santa Fe	50%	15,000,000	250,000	14,750,000	7,375,000	7,970,176	595,176
First State	50%	62,311	62,311	0	0	0	0
AM	50%	24,375	24,375	0	0	0	0
Centinel	50%	70,086	70,086	0	0	0	0
Peoples	50%	15,115	15,115	0	0	0	0
BANK'34	102%	2,389,823	250,000	2,139,823	2,182,620	2,330,951	148,331
Union Savings	102%	2,000,000	250,000	1,750,000	1,785,000	2,116,570	331,570
Guadalupe Credit	50%	250,000	250,000	0	0	0	0
		271,729,983	6,704,193	265,025,790	138,292,872	293,087,981	154,795,109

LGIP Bank Deposits

<u>Financial Insitution</u>	<u>Percentage</u>	<u>Deposit</u>	<u>Collateral</u>
Bank of the West	101.1%	118,458,774	119,732,443
US Bank	111.3%	30,093,739	33,500,000
Wells Fargo	611.5%	8,949,567	54,724,316



Wells Fargo Bank LGIP Account Average for the month of March 2013 \$36.1mm. Balance on the last day of the month was \$8.9mm.