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STATE TREASURER'S INVESTMENT COMMITTEE

TREASURER'S CONFERENCE ROOM



**WEDNESDAY, NOVEMBER 14, 2012
9:00AM**

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State of New Mexico
Office of the State Treasurer
James B. Lewis, Treasurer

November 14th, 2012

State Treasurer's Investment Council
Monthly Investment Report
September 2012 & Fiscal Year 2012



1. November 14, 2012 Agenda



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State Treasurer

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STATE TREASURER'S INVESTMENT COMMITTEE
Treasurer's Conference Room
Wednesday, November 14, 2012, 9:00 a.m.

MEETING AGENDA (10 Min)

Roll Call

Introduction of Guests and Presenters

- | | |
|---|--------|
| 1. Approval of November 14, 2012 Agenda | Action |
| 2. Approval of October 10, 2012 Minutes | Action |

INVESTMENT REPORTS (60 min)

**Month Ended
September 30, 2012**

- | | |
|---|---------------|
| 3. Executive Summary | Informational |
| 4. Investment Policy Compliance Report | Informational |
| 5. Davidson's - Fiscal Year 2012 Annual Investment Report &
September 2012 Quarterly Investment Report | Informational |
| 6. Portfolio Summary – General Fund and Cash Projection | Informational |
| 7. Portfolio Summary -- Local Government Investment Pool (LGIP) | Informational |
| 8. Portfolio Summary -- Tax-Exempt Bond Proceeds Investment Pool | Informational |
| 9. Portfolio Summary -- Taxable Bond Proceeds Investment Pool | Informational |
| 10. Portfolio Summary -- Severance Tax Bonding Fund | Informational |
| 11. Broker Dealer Activities | Informational |
| 12. Fiscal Year 2012 Summary and Account Balances | Informational |

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

**Month Ended
September 30, 2012**

- | | |
|---|---------------|
| 13. State Agency Deposit Balances | Informational |
| 14. Collateral Report on Agency Deposits & CD | Informational |

COMMITTEE REPORTS (5 min)

15. Question Period
16. State Treasurer Proposed Legislation
17. Next Meeting –Wednesday, December 12, 2012, 9:00 am
18. Adjournment



2. October 10, 2012 Minutes

New Mexico State Treasurer's Office

STIC Committee Meeting

Meeting Minutes

Wednesday, October 10, 2012

ROLL CALL – QUORUM PRESENT:

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:00 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
Ms. Stephanie Schardin Clarke, Board of Finance Director
Mr. Paul Boushelle, Public Member
Mr. Paul Cassidy, Public Member [by telephone]

Staff Present:

Mr. Spencer Wright, Portfolio Manager (PM)
Ms. Vikki Hanges, Portfolio Manager (PM)
Mr. Sam Collins, State Cash Manager
Mr. Arsenio Garduno, Collateral Manager
Ms. Amy Aguilar, STIC Secretary

Guests Present:

Ms. Deanne Woodring, Davidson Fixed Income Management [by telephone]
Mr. Scott Smith, Legislative Finance Committee [arrived at 9:32 a.m.]

1. Approval of Agenda:

Mr. Boushelle moved approval October 10, 2012 agenda. Ms. Clarke seconded the motion, which passed unanimously by voice vote.

2. Approval of Minutes: September 12, 2012

Mr. Cassidy moved approval of the September 12, 2012 minutes. Mr. Boushelle seconded the motion, which passed unanimously by voice vote.

3. Executive Summary, Mr. Wright:

The STIC executive summary report content was presented in its entirety.

4. Investment Policy Compliance Report, Mr. Wright:

The STIC investment policy compliance report content was presented in its entirety.

Ms. Clarke asked Mr. Wright with regard to NMSTO portfolios owning tax-exempt bonds, given that NMSTO is a government agency is it taken into consideration the lower interest rate on tax-exempt bonds at the time of purchase.

Mr. Wright responded that it has also been a question by LFC why tax-exempt bonds are being held in the general fund portfolio. With technical issues that have been occurring with the municipal bond

market, tax-exempt rates have sometimes been higher than taxable rates. Tax-exempt bonds are pricing cheaper (higher rates) with a better yield than other alternatives in the market. At the time of purchases we are very cognitive of where the taxable rates are to ensure we are not subsidizing local communities and paying above fair market value.

Mr. Cassidy noted municipal purchases by government funds like the State Treasurer's office is very common due to the increased yield.

Discussion was held between Mr. Valdes and Mr. Wright regarding statute on purchasing severance tax bonds, state and state agency bonds, school district bonds, local community bonds and Mr. Wright affirmed NMSTO's ability to purchase upon meeting two conditions; if the bonds are short term and if the issuer does not have market access.

5. General Fund and Cash Position, Mr. Wright:

The STIC general fund and cash projection report content was presented in its entirety.

6. LGIP, Ms. Hanges:

The STIC LGIP report content was presented in its entirety.

7. Tax-Exempt BPIP, Ms. Hanges:

The STIC tax-exempt BPIP report content was presented in its entirety.

8. Taxable BPIP, Ms. Hanges:

The STIC taxable BPIP report content was presented in its entirety.

9. Severance Tax Bonding Fund, Mr. Wright:

The STIC severance tax bonding fund report content was presented in its entirety.

Mr. Cassidy asked if the severance tax receipts are increasing, flat, or decreasing and if there is a trend being seen recently. Ms. Clarke noted oil and gas prices have been consistently high. New Mexico is benefiting from increasing oil volumes due to different drilling techniques as well as from production of natural gas liquids. The monthly tax collections have been seen as high as \$37-38 million, which would include all the taxes that go into the bonding fund.

10. Broker Dealer Activities, Mr. Wright:

The STIC broker dealer activities report content was presented in its entirety.

11. State Agency Deposit Balances, Mr. Collins:

The STIC state agency deposit balance report content was presented in its entirety.

12. Collateral Report on Agency Deposits & CD, Mr. Garduno:

The STIC collateral report content was presented in its entirety.

13. Recommended Statute Changes:

Ms. Roseborough reported that a meeting was held with Legislative Council Services regarding statute changes and a draft of the bill is being prepared. Once complete, the bill will then be forwarded to the State Treasurer for review. Once the final packet is completed it will be presented to STIC accordingly.

14. STIC Binder:

Ms. Roseborough presented to the committee a recommendation by staff on receiving the STIC binder in electronic format versus paper format. Discussion was held with the committee with the consensus of electronic format will be sent via email with one (1) paper copy to the Board of Finance for their records.

15. Question Period:

There were no questions.

Deliverables for next meeting:

1. Regarding proposed removal of statutory requirement that the LGIP be rated by National Rating Agency
 - a. Cost Benefit Analysis
 - b. Pros/Cons
 - c. LGIP Trends and Statistics
 - d. Other Pools rated by other Rating Agencies

2. Regarding Municipal Securities
 - a. Information regarding-opening of the Muni BABs (Build America Bond) program at GEO level

16. Next Meeting- Wednesday, November 14, 2012 at 9:00 a.m. at the State Treasurer's Office.

Ms. Roseborough noted the date and time of meeting.

17. Adjournment

Ms. Roseborough adjourned the meeting at 10:11 a.m.

Minutes were taken by Ms. Amy Aguilar on October 10, 2012.

Minutes were created by Ms. Hannah Chavez on October 24, 2012.

Minutes approved by Ms. Roseborough on October 26, 2012.



3. Executive Summary

Executive Summary

- Rate pressures continued during the months of September and October.
- Rates trended in a narrow range during the month, in advance of the US Elections
- The Federal Reserve maintained its stance of additional easing in the longer area of the yield curve, continuing to purchase mortgage-related securities.
- October's FOMC Minutes confirmed the Fed's stance on the economy.
- Unemployment dropped sharply at the beginning of October, providing positive economic news.
- Corporate earnings released during the month of October met analyst expectations, however many companies guided earnings expectations lower into the fourth quarter and into 2013.
- Concerns regarding the implementation of potentially significant changes in tax law weighed heavily on the markets.

<i>US Treasury Yields</i>		
<i>Maturity</i>	<i>Aug 31st</i>	<i>Sept 28th</i>
<i>3-Month</i>	0.10%	0.06%
<i>6-Month</i>	0.14%	0.10%
<i>2-Year</i>	0.26%	0.23%
<i>5-Year</i>	0.66%	0.62%
<i>10-Year</i>	1.62%	1.64%
<i>30-Year</i>	2.75%	2.82%

Source: Bloomberg LP

Portfolio Mark-to-Market

With the overall decline in yields, the STO-managed portfolios¹ all reported positive results on a mark-to-market basis at the end of September.

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 Primary Fund encountered difficulties in the latter part of 2008 and entered into a process of liquidation.

Despite growth in the size of the overall portfolios, general declines in short-term interest rates have continued to put pressure on total interest earnings.

For each of the STO portfolios:

<i>Fund</i>	<i>Unrealized Gains²</i>
<i>General Funds</i>	\$11.5 million.
<i>Bond Proceeds Funds</i>	\$4.7 million.
<i>Local Government Investment Pool</i>	Not Material
<i>Severance Tax Bonding Fund</i>	Not Material

Portfolio Yields

As of the end of September, the portfolios had the following purchase yields:

<i>Fund</i>	<i>Portfolio Yield³</i>
<i>General Fund Liquidity</i>	0.36%
<i>General Fund CORE</i>	0.96%
<i>Bond Proceeds - Tax Exempt</i>	0.75%
<i>Bond Proceeds - Taxable</i>	0.91%
<i>Local Government Investment Pool</i>	0.21%
<i>Severance Tax Bonding Fund</i>	0.38%

Investment Earnings

Investment earnings for September 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 Earnings⁴</i>	
	<i>MTD</i>	<i>YTD</i>
<i>General Funds</i>	\$1,164,070	\$3,675,972
<i>Bond Proceeds Funds</i>	643,099	2,161,713
<i>LGIP</i>	120,282	397,262
<i>Severance Tax Bonding</i>	21,682	35,654

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 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.

⁴ 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.

Compensating Balances at Fiscal Agent Bank

During September, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$77 million. This balance earned a "soft-dollar" credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$77,966,347
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$32,485
<i>Estimated Fiscal Year Earnings</i>	\$89,640

Monthly Investment Outlook

Quarterly Investment Review

The STO portfolios continued to do well during the first quarter of FY2013, all outperforming their respective benchmarks. The relative outperformance can be attributed to three factors: security selection, credit diversification and curve duration.

As noted earlier, the first quarter of FY13 was characterized by continued and persistent low rates. In developing our strategy for the quarter and for the year, we have factored these issues into our strategy, using the yield curve and expected stability to be slightly long to the benchmarks for each of the portfolios.

Expectation for the Second Quarter

We continue to be concerned about the "fiscal cliff" and its effects on the capital markets. The global economic situation, combined with the uncertainty surrounding the US elections have created a situation where we wait to see how the fiscal issues surrounding tax changes and sequestration will play out.

By the time that this report is presented, we will have some certainty regarding the political outlook as well an outline of a plan for dealing with the issues surrounding tax changes. The rating agencies have expressed concern regarding the lack of a roadmap for dealing with these issues and some have speculated that there may be additional downgrades.

With regard to the STO portfolios, we will continue to maintain our current stance, investing to the

benchmark durations and attempting to add yields where appropriate.

Expiration of the TLGP program will occur at the end of 2012. We have continued, through maturities and outright sales, to reinvest those proceeds in order to decrease the effect on the STO Portfolios.

We will continue to lose higher yielding (and coupon) issues to maturity, so we would expect that the carrying yield of the portfolios will continue to decline.

Durational effects of the lower average coupons available in the primary and secondary market will need to be managed, modeling effects of portfolio selection relative to benchmark alternatives.

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

New Mexico State Treasurer
Monthly Fund Summary Report
(Unaudited)

As of September 30, 2012

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	\$ 505,716,768	\$ 505,704,593	\$ (12,175)	0.24%	S&P LGIP	0.06%	0.18%	\$ 91,520	\$ 282,844
CORE	1,304,838,923	1,316,442,966	11,604,043	1.58%	ML Treasury 0-5	1.04%	0.54%	1,072,550	\$ 3,393,128
TRAN	-	-	-	0.00%	All-In Tran TIC	0.00%	0.00%	-	-
Totals	\$ 1,810,555,691	\$ 1,822,147,559	\$ 11,591,868	1.21%	Blended	0.77%	0.44%	\$ 1,164,070	\$ 3,675,972
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	\$ 333,487,893	\$ 334,952,101	\$ 1,464,208	0.81%	ML Treasury 0-3	0.44%	0.37%	\$ 207,490	\$ 694,091
Taxable	556,399,205	559,687,490	3,288,285	1.01%	ML Treasury 0-3	0.44%	0.57%	435,609	1,467,622
Totals	\$ 889,887,098	\$ 894,639,591	\$ 4,752,493	0.94%	Blended	0.44%	0.50%	\$ 643,099	\$ 2,161,713
Local Government Investment Pool (New MexiGrow LGIP)									
LGIP	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
	\$ 608,739,271	\$ 608,913,756	\$ 174,485	0.25%	S&P LGIP	0.06%	0.19%	\$ 120,282	\$ 397,262
Severance Tax Bonding Fund									
STBF	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
	\$ 120,209,847	\$ 120,209,847	\$ -	0.25%	S&P LGIP	0.06%	0.19%	\$ 21,682	\$ 35,654

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. Yield is calculated on combined balances and also includes fund flows during the month.
- (3) Source: STO Records, QED Financial Systems, JPMorgan Custody Reporting

**New Mexico State Treasurers Office
Performance Report All Accounts
For Period Ending September 2012
Gross of Fee**

Account ID	Portfolio Name	Market Value	Month	Trailing 3M	Fiscal YTD	YTD	1 YR	Since Inception	Inception Date
10933300	Local Government Investment Pool	609,595,654	0.02	0.07	0.07	0.19	0.25	1.24	07/01/07
10933400	Overnight Repo Pool	227,020,509	0.02	0.06	0.06	0.17	0.19	0.98	07/01/07
10933500	Tax Exempt Bond Proceeds	336,821,750	0.03	0.23	0.23	0.61	0.81	2.50	07/01/07
10933900	Taxable Bond Proceeds	562,198,342	0.02	0.24	0.24	0.78	1.01	2.64	07/01/07
00667701	General Fund	1,826,450,895	0.03	0.37	0.37	0.90	1.16	2.57	07/01/07
10933700	General Fund Core	1,320,660,065	0.03	0.49	0.49	1.23	1.58	3.32	07/01/07
10933600	General Fund Liquidity	505,790,830	0.02	0.07	0.07	0.20	0.24	0.95	07/01/07
06677-BEN-0006	S&P Government Investment Pools Index		0.01	0.02	0.02	0.05	0.06	1.04	
06677-BEN-0012	BPIP Index ML 0-3 Treasury		0.01	0.20	0.20	0.29	0.44	2.54	
06677-BEN-0013	General Core Index ML 0-5 Treasury		0.01	0.38	0.38	0.70	1.04	3.63	

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4. Investment Policy Compliance Report

Investment Policy Compliance Review

Primary and Secondary Bond Purchases/ Sales

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

Primary Bond Volume	\$ 20,000,000	20%
Secondary Bond Volume	<u>127,700,000</u>	<u>80%</u>
Total	\$142,055,000	100%

The primary market purchases were in commercial paper.

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 September, total holdings of Variable Rate Notes were \$147,700,000.

General Fund Liquidity	\$ 20,000,000
LGIP	<u>127,700,000</u>
Total Holdings	\$147,700,000

The Variable Rate positions are in TLGP paper, backed by the FDIC, and US Government Agency securities.

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

Transaction Variances and Inter-Portfolio Transactions

During September, 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.

Investment Policy Compliance

Municipal Bond Holdings in the General Fund

As was discussed during the last STIC meeting, there remain a number of municipal bond holdings in the General Fund that are ambiguous with regard to statutory authority for the fund. Despite continuing to research the compliance issue, investment staff has worked to pare the municipal bond positions through outright sale and inter-portfolio transfers to portfolios which do not have equivalent restrictions.

At the end of September, municipal holdings of \$31 million were held in the General Fund. Some of the holdings, approximately \$25 million, were allowable investments, subject to statutory interpretation as *asset backed securities*.


Over the month of October, all questionable municipal bond positions have been removed from the general fund.



5. Davidson's- Fiscal Year 2012 Annual Investment Report & September 2012 Quarterly Investment Report



**STATE OF NEW MEXICO
QUARTERLY STIC REPORT
SEPTEMBER 2012**

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

Contents

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- **Executive Summary**
- **Market Overview**
- **Portfolio Summaries**
 - Portfolio Summary**
 - Performance Summary**
- **LGIP Review – National Perspective**
- **Economic Report**

Executive Summary

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PORTFOLIO SUMMARY

General Fund - The general fund is fully invested with an earnings rate of 1.07% on the investment component and a 2.37 year duration exposure. The portfolio is invested in high quality securities.

BPIP Funds- Cash flow impacted the portfolio and reduced the liquidity balances in both funds. The overall funds are invested close to the targeted duration of 1.40 years. The earnings rate on the tax-exempt fund is .75% and the taxable is .92%.

LGIP funds – The LGIP fund is providing participants with a yield of .17% which is a market yield based on the established constraints.

PORTFOLIO OUTLOOK

The portfolios continue to be managed to provide ongoing liquidity for cash flow purposes, while maintaining an investment component to add earnings. The interest rate outlook is for continued low rates into the end of 2013 and early 2014. The investment component's yields may decline further due to reinvestments of maturing securities at lower rates.

Specific Investment Fund Performance for Quarter

PERFORMANCE REPORT

Portfolio Name	Market Value	Beginning	Total Return	1 Year	9/30/2012	
		9/30/2012	6/30/12- 9/30/12	9/30/11-9/30/12	Earnings Yield	Percent
		Duration - End	Quarter Return	1 Year Return		
LGIP * Net Yield	\$ 609,595,654.00	0.16	0.07%	0.25%	0.175%	22.37%
Fund Benchmark Net Yield		0.12	0.02%	0.06%		

STO FUNDS

Portfolio Name	Market Value	Beginning	Total Return	1 Year	9/30/2012	
		9/30/2012	6/30/12- 9/30/12	9/30/11-9/30/12	Earnings Yield	Percent
		Duration - End	Quarter Return	1 Year Return		
General Fund Liquidity	\$ 505,790,830.00	0.06	0.07%	0.24%	0.38%	18.56%
Fund Benchmark		0.12	0.02%	0.06%		
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Earnings Yield	Percent
General Fund Core	\$ 1,320,660,065.00	2.39	0.49%	1.45%	0.96%	48.46%
Fund Benchmark		2.26	0.38%	1.69%		
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Earnings Yield	Percent
BPIP Tax Exempt	\$ 336,821,750.00	1.5	0.23%	0.73%	0.75%	12.36%
Fund Benchmark		1.61	0.20%	1.00%		
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Earnings Yield	Percent
BPIP Taxable	\$ 562,198,342.00	1.34	0.24%	0.98%	0.92%	20.63%
Fund Benchmark		1.61	0.20%	1.00%		
TOTAL STO FUNDS	\$ 2,725,470,987.00	1.631	0.328%	1.040%	0.816%	

* Data Source: JP Morgan Custodial Reports

*Earnings Yield -Source QED reports

Davidson Fixed Income Management, Inc.

State Board of Finance Annual Performance Report – Fiscal Year

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STO FUNDS FISCAL YEAR PERFORMANCE REPORT

<i>Portfolio Name</i>	<i>Period End</i> <i>6/30/2012</i>	<i>Market Value</i>	<i>Total Return</i> <i>6/30/11-6/30/12</i>	<i>Fiscal YTD Return</i>	<i>Yield</i> <i>6/30/2012</i>	<i>Earnings Yield-End</i>	<i>Fund</i> <i>Allocation</i>	<i>Percent</i>
General Fund Liquidity	\$	876,919,776.00	0.19%		0.35%		27.42%	
Fund Benchmark			0.12%					
General Fund Core	\$	1,214,311,725.00	1.45%		1.07%		37.98%	
Fund Benchmark			1.69%					
BPIP Tax Exempt	\$	457,668,066.00	0.73%		0.52%		14.31%	
Fund Benchmark			1.00%					
BPIP Taxable	\$	648,648,575.00	0.98%		0.92%		20.29%	
Fund Benchmark			1.00%					
TOTAL STO FUNDS	\$	3,197,548,142.00	0.906%		0.764%			

* Data Source: JP Morgan Custodial Reports

*Performance Report at JP Includes Pending Cash and Accrued Interest

Specific Investment Fund
Allocation

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ALLOCATION REPORT

Portfolio Name	Market Value+Int	% Fund	Repo	Bank	Treasury	Agency	Corp/CP	Other
Total LGIP	\$ 609,595,653.56	100%	24.61%	14.76%	4.91%	43.52%	12.20%	
Liquidity	\$ 150,000,000.00	25%						
Investments	\$ 459,595,653.56	75%						

Portfolio Name	Market Value+Int	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total General Fund	\$1,826,450,695.00	100%							
Liquidity	\$ 505,790,629.81	28%	80.07%	6.08%		7.91%		5.94%	
Investment Core	\$ 1,320,660,065.19	72%	0.93%	0.57%	33.68%	62.24%	0.78%	0.000%	1.80%

Portfolio Name	Market Value	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total Tax Exempt	\$ 336,821,750.17	100%	0.47%	0.88%	16.80%	68.00%	4.49%	0.89%	8.47%
Liquidity	\$ 4,616,625.00	1%							
Investments	\$ 330,335,476.00	98%							

Portfolio Name	Market Value	% Fund	Repo	CD/Other	Treasury	Agency	Corp/CP	LGIP	Muni
Total Taxable	\$ 562,198,342.20	100%	1.48%	1.09%	35.39%	58.41%	2.67%	0.23%	0.73%
Liquidity	\$ 5,061,930.00	1%							
Investments	\$ 554,625,560.00	99%							

TOTAL STO FUNDS \$ 2,725,470,787.37

* Data Source: JP Morgan Reports

The market continues to be in a balancing act with respect to liquidity management, yield enhancement and risk taking. Europe continues to be in the forefront of volatility as the central banks artificially prop up troubled countries through the European Central Bank (ECB) dropping its rate to 0%. In the US, the Fed extended Operation Twist until year end, at which time it is fully expected that the Fed will move from buying MBS (mortgage backed securities) to buying treasury securities. The goal is to keep the longer part of the yield curve lower to promote lower cost borrowing.

DFIM continues to focus on managing liquidity requirements, while incorporating the risk/return goals of the portfolio.

FED Speak for the Quarter:

Fed QE3 Extended into Twilight Zone

“Chairman Bernanke and the statement documented one more Fed foray into the depths of ultra-easy policy guidance into the ‘Twilight Zone’ of 2015. In addition, the Fed introduced QE3 in the form of an open-ended \$40 billion per month in additional MBS purchases until it sees the whites of the recovery's eyes. Combined with continued Twist Ops through year-end, this would increase the Fed's long-term securities holdings by \$85 billion per month until then.”

□

Fed On Labor

“Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee is concerned that, without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions.” Another central thesis from the fourth paragraph confirmed the depth of the Fed's resolve: ‘The Committee will closely monitor incoming information on economic and financial developments in coming months. If the outlook for the labor market does not improve substantially, the Committee will continue its purchases of agency mortgage-backed securities, undertake additional asset purchases, and employ its other policy tools as appropriate until such improvement is achieved in a context of price stability.’”

“**On the economy**, little was altered in the first paragraph on the "moderate pace" mantra, including sluggish employment, spending, investment in business and housing references.”

“**On inflation**, there was a cursory backtrack. ‘Inflation has been subdued, *although the prices of some key commodities have increased recently*. Longer-term inflation expectations have remained stable.’ And ‘The Committee also anticipates that inflation over the medium term likely would run at or below its 2 percent objective.’”

“**In conclusion**: In the press conference the Fed Chairman politely entertained a number of questions relating to the Fed's new policy stance and it was clear that he felt the Fed must do what it can, despite political and fiscal headwinds. He referenced more tools in his policy bag, though he repeatedly said these were ‘not a panacea,’ suggesting that even though he touted the economic benefits of these tools in Jackson Hole, he is all-too-aware of their shortcomings as well. With a trifecta of risk heading into Q4 with Europe, the elections and the fiscal cliff, the Fed may still have a couple tricks up its sleeve as 2013 approaches. Let's hope that Bernanke has better luck ahead in avoiding these pitfalls before he runs out of room in the Fed's balance sheet to have any meaningful impact.”

□

□ *Source: Action Economics*

□

Economic Data

<u>Indicator</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 est</u>	<u>2013 est</u>
Real GDP	0.40	-2.40	2.80	1.70	2.10	2.00
CPI (YOY)	3.85	-0.30	1.60	3.17	2.00	2.00
Unemployment	5.80	9.30	9.70	9.00	8.10	7.90

Source: Bloomberg Fed Forecasts

Interest Rate Data

<u>Maturity</u>	<u>2010 Ending</u>	<u>2011 Ending</u>	<u>Q1 2012</u>	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q4 2012 est</u>	<u>Q1 2013 est</u>	<u>Q2 2013 est</u>
Fed Bank Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2 Year	0.60	0.24	0.33	0.30	0.23	0.31	0.35	0.42
10 Year	3.33	1.92	2.21	1.65	1.63	1.78	1.89	2.04

Source: Bloomberg ECFC

STRATEGY :

- Maintain benchmark durations in the portfolios
- Manage Liquidity
- Use the yield curve

Changes in the Treasury Market:

	<u>12/31/10</u>	<u>12/31/11</u>	<u>6/30/12</u>	<u>9/30/12</u>	<u>Change Last Qtr</u>
3-month bill	0.13	0.01	0.08	0.09	+0.01
2-year note	0.59	0.25	0.30	0.23	-0.07
5-year note	2.00	0.87	0.72	0.62	-0.10
10-year note	3.30	1.95	1.65	1.63	-0.02

Source: Bloomberg

Portfolio Summary	The portfolio remains in high quality investments. The bank deposit allocation was reduced from 16.54% to 14.76% and is primarily held at Bank of the West at a rate of .25%. The current WAM is at the maximum of 55 days and the WAL is 72% of the maximum (120 days) at 86 days.
Portfolio Performance	The yield on the pool is consistent with other State Fund LGIP funds that are managed with the same criteria. There are pools that are earning higher rates, however, they have both longer average maturities and /or higher credit exposure. Prime Funds are yielding on average .25% and longer maturity funds are yielding .35% to .80%.in repo.
Portfolio Activity	Overall balances on the pool have declined, which is contributed primarily to the tax cycle of participants.

New Mexico LGIP

LIQUIDITY VS INVESTMENT	MARKET VALUE	% FUND	
Overnight Liquidity	\$ 150,000,000	24.61%	
Invested Component	\$ 459,595,654	75.39%	
Total Fund	\$ 609,595,654	100%	
ASSET ALLOCATION	MARKET VALUE	% FUND	
Bank Deposits - 5 Banks	\$ 89,961,696	14.76%	
Money Market Funds	\$ -	0.00%	
Bank CDs	\$ -	0.00%	
Repurchase Agreements	\$ 150,002,000	24.61%	
Commercial Paper	\$ 24,990,760	4.10%	
US Treasury Notes/Bills	\$ 30,009,972	4.92%	
GSE Agency Issues/TLGP	\$ 292,251,960	47.94%	
Municipals	\$ -	0.00%	
Corporate Bonds	\$ 22,379,266	3.67%	
Total Fund	\$ 609,595,654	100.00%	
WAM (Reset)	MAXIMUM	CURRENT	% OF MAXIMUM
Days	60	55	92%
WAL	MAXIMUM	CURRENT	% OF MAXIMUM
Days	120	86	72%

New Mexico LGIP

COMPARISON OF LGIP HOLDINGS TO THE BENCHMARK

As of 9/30/12

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LGIP	% Allocation	S&P GIP Pools	% Allocation	Difference
Agency *includes TLGP, Discos	47.94%	Agency	39.66%	8.28%
Bank Deposits	14.76%	Bank Deposits	10.08%	4.68%
Corporates/Supranational	3.67%	Corporates	0.00%	3.67%
Commercial Paper	4.10%	Commercial Paper	0.37%	3.73%
Money Market Funds	0.00%	Money Market Funds	1.92%	-1.92%
Municipal Debt	0.00%	Municipal Debt	0.35%	-0.35%
Asset Backed Securities	0.00%	Asset Backed Securities	0.14%	0.14%
Treasury	4.92%	Treasury	6.53%	-1.61%
Repurchase Securities	24.61%	Repurchase Securities	40.95%	-16.34%
WAM	55	WAM	47	
WAL	86	WAL	71	

PERFORMANCE ANALYSIS FOR PERIOD

	<u>9/30/2012</u>	<u>Quarter</u>	<u>Prev. Quarter</u>	<u>12 month</u>
LGIP - Gross 30 day	0.232%	0.216%	0.25%	0.24%
LGIP - Net 30 day	0.182%	0.166%	0.20%	0.19%
S&P GIP Govt - Gross	0.18%	0.15%	0.10%	0.14%
S&P GIP Govt - Net	0.07%	0.04%	0.01%	0.04%
T Bill 3 month	0.09%	0.08%	0.06%	0.06%

* Source QED, S&P and Bloomberg

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Portfolio Review – General Fund

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Portfolio Summary	The portfolio ended the quarter with a duration of 2.39 versus the benchmark of 2.26. Municipal exposure declined while agency holdings increased.
Portfolio Performance	The portfolio performance of the investment fund outperformed the benchmark this quarter by 11 basis points at .49% versus .38%. The outperformance was due to a longer duration and exposure to agency securities.
Portfolio Activity	Municipal securities were sold to reduce the exposure to this sector. Overall realized gains occurred from these transactions.

Portfolio Review – General Fund

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TOTAL PORTFOLIO

LIQUIDITY VS INVESTMENT

Component	6/30/2012			9/30/2012		Difference
	Market Value	% Fund		Market Value	% Fund	
Liquidity Component	\$ 829,301,822	41%		\$ 505,790,630	28%	\$ (323,511,192)
Invested Component	\$ 1,209,226,400	59%		\$ 1,320,660,065	72%	\$ 111,433,665
Total Portfolio	\$ 2,038,528,222			\$ 1,826,450,695		\$ (212,077,527)

CORE FUND

ASSET ALLOCATION

Security Type	6/30/2012			9/30/2012		Difference
	Market Value	% Fund		Market Value	% Fund	
Treasuries	\$ 400,613,600	33.1%		\$ 444,817,996	33.7%	\$ 44,204,396
Agencies	\$ 682,208,716	56.4%		\$ 821,967,434	62.2%	\$ 139,758,718
Corporates	\$ 35,308,950	2.9%		\$ 10,249,897	0.8%	\$ (25,059,053)
Municipals	\$ 100,407,166	8.3%		\$ 31,363,029	2.4%	\$ (69,044,137)
Bank Deposit	\$ (13,845,406)	-1.1%		\$ 157,549	0.0%	\$ 14,002,955
Rep	\$ 4,533,374	0.4%		\$ 12,133,588	0.9%	\$ 7,600,214
Total Fund	\$ 1,209,226,400			\$ 1,320,689,494		\$ 111,463,094

Portfolio Review – General Fund

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CORE FUND

MATURITY

	6/30/2012		9/30/2012		
	Market Value	% Fund	Market Value	% Fund	Difference
Effective Duration	2.27	110%	2.39	106%	-3%
Benchmark Duration	2.07		2.26		0.19
WAM	2.21		2.34		-0.26

PERFORMANCE

	6/30/2012	9/30/2012
Earnings Yield	Last Quarter	This Quarter
Earnings Yield General Total	0.85%	0.80%
Earnings Yield Core	1.07%	0.96%

	6/30/2012	9/30/2012
Total Return	Last Quarter	This Quarter
Return of Total Portfolio	0.47%	0.37%
Return of Core Investments	0.64%	0.49%
Return of Benchmark Core	0.38%	0.38%

Merrill 0-5 year Treasury
 Source: JP Morgan Data and QED

Portfolio Review – BPIP Funds

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Portfolio Summary	Liquidity was required for cash flow purposes and the Taxable fund declined by \$83,196M, while Tax Exempt declined by \$171,622M. Securities were sold at realized gains to provide for a portion of the cash needs and repo and bank deposits were used for the remaining requirements.
Portfolio Performance	The performance of both funds outperformed the benchmarks as taxable returned a .24% and tax exempt performed at .23%, while the benchmark quarterly return was .20%. The earning yield for taxable is .92% and tax exempt is at .75%.
Portfolio Activity	Cash was provided through the sales of securities, as well as cash from bank deposits and repo.

Portfolio Review – Taxable

TAXABLE PORTFOLIO

LIQUIDITY VS INVESTMENT

Component	6/30/2012		9/30/2012	
	Market Value	% Fund	Market Value	% Fund
Liquidity Component	\$ 111,281,591	17%	\$ 5,061,930	1%
Invested Component	\$ 534,112,363	83%	\$ 557,136,412	99%
Total Portfolio	\$ 645,393,954		\$ 562,198,342	

ASSET ALLOCATION

Security Type	6/30/2012		9/30/2012	
	Market Value	% Fund	Market Value	% Fund
Treasuries	\$ 182,736,500	28.31%	\$ 198,984,990	35.39%
Agencies	\$ 342,164,288	53.02%	\$ 328,357,134	58.41%
Muni's	\$ -	0.00%	\$ 4,128,650	0.73%
CD's	\$ 9,700,000	1.50%	\$ 10,216,092	1.82%
LGIP	\$ 109,292,564	16.93%	\$ 1,306,169	0.23%
Corporates	\$ -	0.00%	\$ 15,013,763	2.67%
Cash Settlement Account	\$ (488,425)	-0.08%	\$ (4,121,395)	-0.73%
Repo	\$ 1,989,027	0.31%	\$ 8,312,938	1.48%
Total Fund	\$ 645,393,954		\$ 562,198,342	

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Portfolio Review – Taxable

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	6/30/2012		9/30/2012	
		% Fund		% Fund
Effective Duration	1.16	72%	1.34	97%
Benchmark Duration	1.61		1.38	
WAM	1.41		1.91	

PERFORMANCE

	6/30/2012	9/30/2012
Earnings Yield	Last Quarter	This Quarter
Earnings Yield Taxable Total	0.92%	0.92%
	6/30/2012	9/30/2012
Total Return	Last Quarter	This Quarter
Return of Taxable Portfolio	0.34%	0.24%
Return of Benchmark	0.19%	0.20%

* Benchmark - Merrill 0-3 Year Treasury

Source: JP Morgan Data & QED

Portfolio Review – Tax Exempt

TAX EXEMPT PORTFOLIO

LIQUIDITY VS INVESTMENT

Component	6/30/2012		9/30/2012	
	Market Value	% Fund	Market Value	% Fund
Liquidity Component	\$ 268,646,755	53%	\$ 4,616,625	1%
Invested Component	\$ 239,797,328	47%	\$ 332,205,125	99%
Total Portfolio	\$ 508,444,083		\$ 336,821,750	

ASSET ALLOCATION

Security Type	6/30/2012		9/30/2012	
	Market Value	% Fund	Market Value	% Fund
Treasuries	\$ 40,590,150	7.98%	\$ 56,587,028	16.80%
Munis	\$ -	0.00%	\$ 28,516,584	8.47%
Agencies	\$ 197,990,085	38.94%	\$ 229,081,989	68.01%
Corporates	\$ -	0.00%	\$ 15,013,763	0.00%
Reserve MM	\$ 1,217,093	0.24%	\$ -	0.00%
CD's	\$ -	0.00%	\$ 3,004,093	0.00%
LGIP	\$ 100,637,750	19.79%	\$ 3,008,423	0.89%
Repo	\$ 168,009,005	33.04%	\$ 1,609,872	0.48%
Total Fund	\$ 508,444,083		\$ 336,821,750	

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Portfolio Review – Tax Exempt

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MATURITY

	6/30/2012		9/30/2012	
		% Benchmark		% Benchmark
Effective Duration	0.70	43%	1.35	98%
Benchmark Duration	1.61		1.38	
WAM	0.69		1.68	

PERFORMANCE

	6/30/2012	9/30/2012
Earnings Yield	Last Quarter	This Quarter
Earnings Yield Tax Exempt	0.52%	0.75%
Total Return	6/30/2012	9/30/2012
	Last Quarter	This Quarter
Return of Tax Exempt Portfolio	0.28%	0.23%
Return of Benchmark	0.19%	0.20%

* Benchmark - Merrill Treasury 0-3 year

Source: JP Morgan Data and QED Reports from STO

LGIP PROJECT – REVIEW OTHER STATE LGIP FOR CREDIT AND STRUCTURE

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NUMBER OF STATE RUN POOLS

5 States run by Treasurers Office with AAAM rating

17 State LGIP's run by Private Firm rated AAAM

8 State LGIP's run by Treasurers Office with sub-advisor

19 States run by Treasurers office with no rating

1 No State LGIP

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INVESTMENT POLICY STATEMENT FOR NON RATED POOLS

8 Funds that have polices stating managed like 2a-7

11 Funds that manage LGIP's by State Statutes

EARNINGS VARIANCES

9/30/2012

Rating	Type	Yield	Contributors
AAAM	Govt Only	.12-.18%	
AAAM	Prime	.23-.28%	Credit
AAAF		.35-.50%	Duration
AAf		.50%-.90%	Credit and Duration

Source : S&P

Disclosure Statement

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- The reconciliation report is un-audited and provided to provide a high level review of the comparison of JP Morgan information relative to QED.
- This report is provided for the purpose of assisting in the monitoring of the portfolios.
- The data is provided by JP Morgan and STO internal reports from QED.
- Additional, data is used from reports provided by STO reports.
- 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.

U.S. Economic and Fixed Income Market Review for Q3 2012

Prepared October 5, 2012

Central Banks Prop Up Risk Assets... Again

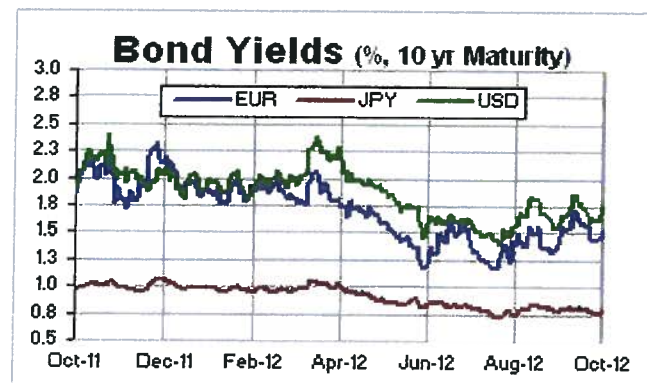
In the third quarter the RORO (risk on, risk off) switch was thrown was thrown hard back into the "On" position. In essence, this was an artificial prop against the grain of the deteriorating fundamental picture in Europe and Asia, and lateral drift in the U.S. Again, central banks stepped in to maintain a sentiment firewall against any rapid deterioration in confidence that could reignite fresh deflation risks.

As the old adage goes; don't fight the Fed, or the ECB or BoJ or any other central bank should it decide to put the full force of the government balance sheet behind it. The ECB blinked first, as President Draghi overruled objections by the German Bundesbank and offered unlimited, but "conditional," bond buying to Europe's periphery. This was the basis for the ECB's OMT program (Outright Monetary Transactions). While holding rates steady at low levels, further cuts remain in the ECB's arsenal, if faced with a deepening recession. Draghi sought and won the fabled "bazooka" solution to the inexorable and self-fulfilling yield spread widening on the Continent. But at the time of writing, Spain has not agreed to potentially onerous fiscal conditions, as it faces regional pressures, public strikes and protests. Ironically, the ECB program "announcement effect" narrowed spreads sharply, providing a disincentive for Spain to jump into the program, though markets may yet force PM Rajoy's hand.

After extending Op-Twist until year-end in Q2, the Fed came back to pull its policy levers again in Q3 amid dissatisfaction with GDP growth and stubborn unemployment following heavy easing hints by Chairman Bernanke in Jackson Hole in late August. QE3 was launched on Sep-13, despite the proximity of national elections in November. Otherwise known affectionately as QEternity or QE-infinity, the Fed

began tacking on \$40 bln/month in MBS purchases to the Fed's balance sheet. There are also strong indications that when the Twist Ops expire at year-end, the Fed will boost outright Treasury purchases to fill that gap. Only this won't be matched with corresponding selling of short-term Treasuries, which are running out. This was hinted at by Chicago Fed dove Evans, who has advocated more aggressive measures, including a commitment to low rates until the jobless rate sinks below 7% or inflation probes 3%. Though such blatant targeting has been rejected thus far, it is clearly on the horizon. The Fed plans to press forward even once the economy shows improvement, to ensure no backsliding.

The latest round of global easing in turn transmitted FX strength through the yen and forced Bank of Japan (BoJ) to join in and boost its asset purchase program by Y10-80 tln as disinflation was exported by the West. The BoJ said its action was taken given the deterioration of overseas economies just as the pick-up in Japan domestic growth had paused. The BoJ move had only temporary impact on USD-JPY, which surged briefly above 79 before slipping again.



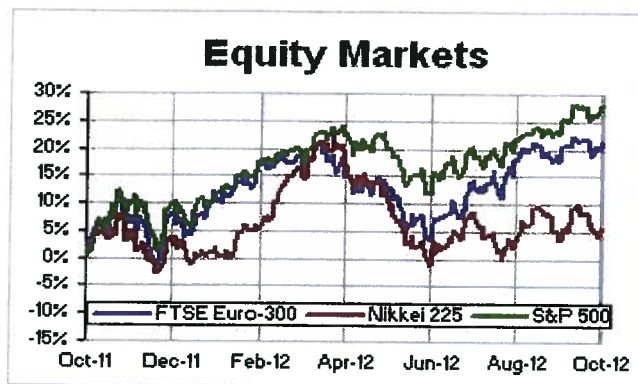
Bond yields twice attempted to break out on the upside in the quarter as equity exuberance took over in Pavlovian response central bank reflationary

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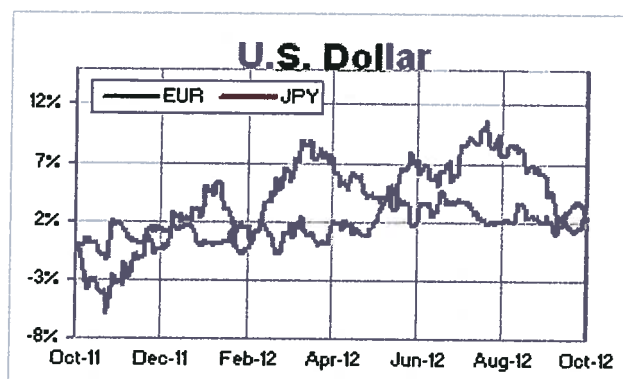
policies. In response to the ECB OMT, the T-note yield shot to 1.85% and following the Fed's QE3 it probed 1.89%, but couldn't sustain these levels as pessimism crept back into the bond market despite the best efforts of the central banks. Having marked a historic low near 1.385% at the start of the quarter in late July, the T-note split the difference by quarter-end and settled back down at the 50% retracement of 1.64%. The bear steepener was the favored curve trade for the quarter, with the 2s-10s spread exploding out from +118 bp narrows to wides near +165 bp in mid-Sep before unwinding that back to +140 bp. The 2-year yield was capped under 0.30% and drifted back down to 0.24%, trapped in a numb range as the Fed extended its low-rate guidance out to mid-2015 as expected. The cash bond took reflationism literally, vaulting from 2.46% lows to 3.10% in Sep, before back-sliding to 2.80%.

Global equities were bolstered by the pincher move by the ECB and Fed to secure confidence in the face of fierce headwinds. Respective policy moves in Aug and Sep helped dust off stock weakness and propel them sharply higher through the quarter. The S&P 500 ramped up from 1,370 in early Jul to post a high of 1,460 on Sep-13 – the day of the FOMC decision – rising near 15% year-to-date. Likewise, the Dow rebounded from 12,940 at the start of Q3 to a high near 13,578, climbing over 10% YTD. NASDAQ Comp marched from 2,950 to highs near 3,184 or 20% YTD. Impressive gains in the face of ponderous strains in the global economic system, not to mention elevated oil prices that were rooted in inflationary policy, which have threatened to double-tax growth.

Europe suspended disbelief somewhat as well, even as most economies outside of Germany turned negative amid the fiscal and political overhang. The Euro Stoxx 50 bounced from 2,292 to highs over 2,594, before settling back at 2,500 for a lesser 7% YTD gain. In Japan the N-225 had trouble holding its head above 9,000 as Europe and the U.S. exported their problems via euro and dollar weakness. The Shanghai Comp extended its losing streak from 2,226 to start to test 2,000 by late in the quarter, a slump that has left it over 5% lower YTD. China has made some subtle rate cuts and modest stimulus measures, but as an export-centric economy it appears to be suffering from the global slowdown to a greater extent. This is the case especially without deep domestic demand to rely on.



The VIX equity volatility index peaked at just over 20.0 in late-July before plunging to 13.4 after the ECB OMT, then finishing out the quarter near 16.0. Complacency doesn't appear to be exclusive to one region over another, though clearly dollar weakness gave U.S. equities the edge. This somewhat offset the looming elections in November and "fiscal cliff" at year-end.



The dollar index hit its stride at the start of the quarter, topping out over 84.0, before surrendering most of its summer rally and collapsing to lows of 78.60 in mid-Sep. In the race to the bottom in policy accommodation, the Fed appears to be winning as its QE3 trumped the ECB's OMT, which wasn't accompanied by a rate cut. Another way of looking at it is that the ECB is winning the credibility stakes, despite underlying stress in both central banks. Bundesbank's Weidmann has been a thorn of skepticism in ECB Chief Draghi's side, while dissenter Lacker has been challenging Bernanke's unorthodox policy methods. The USD index managed to just recover back to the 80.0 area heading into quarter-end.

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It was a case of the mirror-image for the euro, which based above \$1.20 in July and then snapped to highs of \$1.3169 by September before easing back below \$1.30. From a trade-competitiveness standpoint, this was the opposite from Q2 – dollar weakness granting the U.S. a reprieve and some fresh export competitiveness. That may partly explain the outperformance of U.S. stocks for the quarter as well, though unhedged European investors in U.S. equities sacrificed about 8% in FX terms. Dollar-yen drifted back below 80.0 in early July, finishing the quarter with a run at a low 77.0 the day of the Fed's QE3 announcement. Such yen strength prompted the BoJ to follow with an increase of its aforementioned asset purchase program a week later, which had limited success driving the FX pair briefly back above 79.0 before resuming its decline.

Commodities - Market Quotes					
10/5/2012	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
CRB	307.6	-0.5%	-0.4%	5.1%	0.9%
GSCI	659.6	-0.9%	-1.8%	6.7%	8.8%
Oil	89.88	-2.5%	-5.9%	2.5%	8.8%
Gold	1780.60	0.5%	4.7%	10.2%	7.8%
Copper	383.48	0.4%	8.0%	7.8%	17.1%

Risk proxy and inflation-hedge gold also responded with some vigor to the reflationary efforts of our central banks. From lows of \$1554 in July, gold was vertically inspired to track to highs of \$1791 in September with nary a look backwards. Both the ECB and Fed telegraphed their intensions well in advance and the gold markets clearly took them at their word. WTI crude oil likewise based under \$80 bbl and rebounded nearly to \$100 before tapering off amid SPR and OPEC supply threats.

The knee-jerk response by the commodity markets to easy money remains problematic for the Fed. When combined with dollar weakness, it erodes their credibility on the inflation front. But Bernanke has made it abundantly clear that “without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor conditions. Furthermore, strains in global financial markets continue to post significant downside risks to the economic outlook.” Meanwhile, inflation is seen running “at or below” its 2% objective.

Americas - Market Quotes					
10/5/2012	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
S&P 500	1460.9	1.4%	2.0%	6.3%	25.4%
Dow Indust.	13610.2	1.3%	2.4%	5.1%	22.4%
Nasdaq Comp.	3136.2	0.6%	0.0%	5.4%	25.1%
S&P/TSE Comp.	12419.0	0.8%	2.3%	4.2%	5.4%
Mex Boisa	41934.1	2.6%	4.9%	3.9%	26.0%
US 1yr yld	0.95	-0.02	-0.07	-0.12	0.07
Canada 1yr yld	1.99	-0.02	-0.04	-0.05	0.34
US 10yr yld	1.74	0.11	0.06	0.11	-0.24
Canada 10yr yld	1.81	0.08	-0.03	0.10	-0.42
USD-MXP	12.79	-0.5%	-2.0%	-4.0%	-4.7%
USD-CAD	0.979	-0.5%	-0.4%	-3.4%	-5.6%

Commodities Reffated by Central Banks

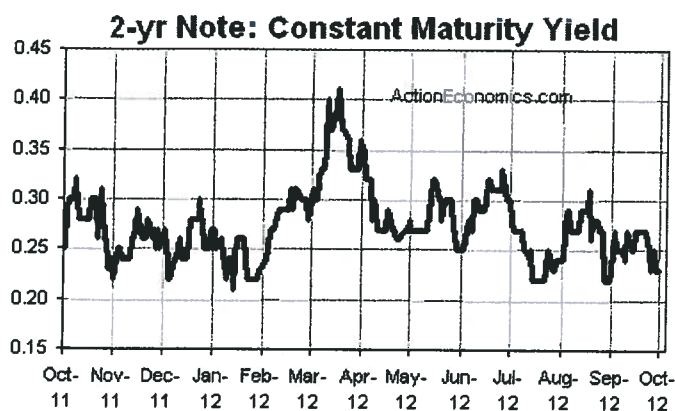
Commodities nearly fully reversed Q2 declines after falling global demand was met by the full force of global central bank stimulus in Q3. The RJ/CRB index began the Q2 near 312 before sinking to lows of 266 in June, and then it was a round-trip ticket back to highs near 321 by September for a 1.5% gain YTD. True, there were fresh Mid-East tensions thanks in part to an imbecilic amateur American film slighting Mohammad that resulted in the death of the American Ambassador to Libya. Israel and Iran continued to face off over the latter's nuclear ambitions, though it's clear that no military action will take place before U.S. elections in November, should diplomacy and sanctions fail.

Yields Knocked Down by Bearish Fed

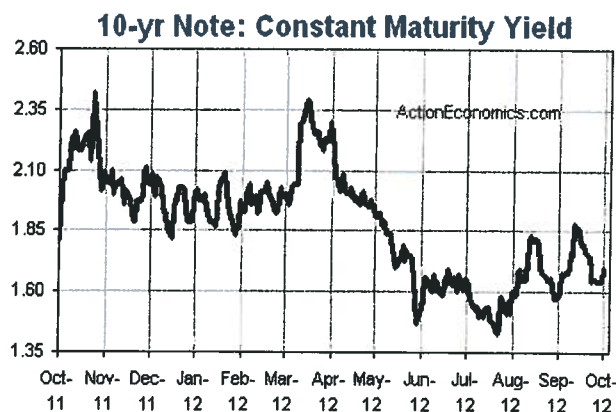
The 2-year yield was trapped under 0.30% and eased back down to 0.24% over the quarter; comfortably back within the Fed's 0.25-0% Fed funds target range. A change in tone at the Fed saw Bernanke turn very gloomy on the economic outlook with the direct link made to the lack of improvement in the jobs market. Slowing global growth, Euro-sclerosis, U.S. fiscal cliff, elections and other stiff headwinds helped Bernanke's reputed heavy lobbying effort pay off. The result was the immediate purchase of \$40 bln/month in mortgage-backed securities and extension its low-rate guidance out to mid-2015 as expected. As the Operation Twist expires at year-end, doves have

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called for the Fed to kick-start outright Treasury purchases – further straining the Fed’s balance sheet.

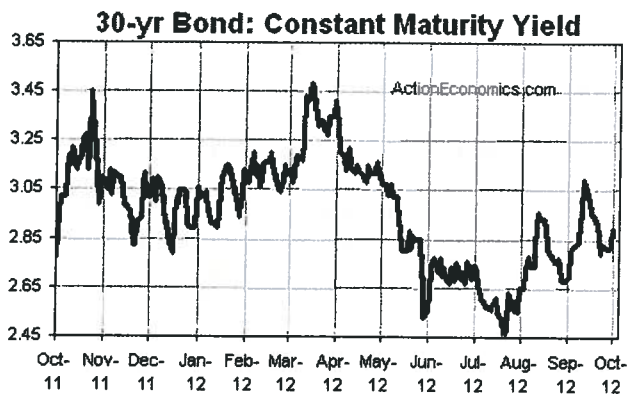


Following the ECB’s bond purchase program, the T-note yield shot to 1.85%, after the Fed’s QE3 it probed 1.89%. But economic strains reasserted themselves and held off a potential break through the 2.0% psych barrier that could have triggered heavy duration extension hedging by mortgage players. Instead, the T-note by quarter-end settled back down at the 50% retracement of 1.64%, compared to historic lows near 1.385% at the start of the quarter.

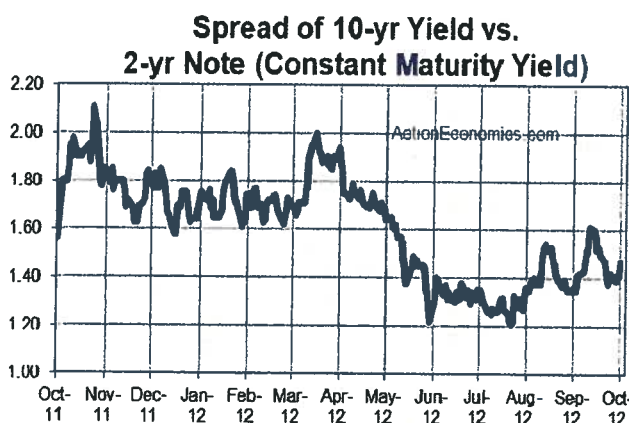


With the end of the Fed’s Twist Operation just over the horizon in Q4, purchases of intermediate and long-term Treasuries will in theory come to an end. Yet, as previously discussed, the Fed will likely step back into the breach to keep a lid on 10s and bonds. However, with all of its extracurricular activities, the Fed’s credibility on the inflation front remains key. The cash bond vaulted from 2.46% lows in July to highs 3.10% on Sep-13, the day after the QE3 decision, before backsliding to 2.80% again. The Fed is playing for keeps in a high stakes game of poker with the bond vigilantes, who have so far kept their cards close to the vest.

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The “bear steepener” was in command for the bulk of the quarter, with episodic flattening against that underlying trend after longer yield spikes August and September. Confidence in this trade was high after repeat disappointment on the jobs front and slowing global growth. Fed’s Bernanke in his late-Aug Jackson Hole speech tipped the Fed’s hand on QE3, signaling deep disappointment with progress on the jobs and GDP fronts. The 2s-10s spread exploding out from +117 bp narrows to wides near +162 bp in mid-Sep before unwinding that back to +140 bp after the fact of the Fed’s third round of quant easing.

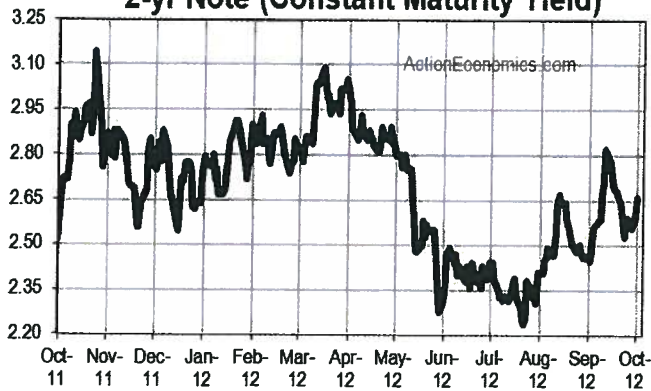


Treasury Yield Curve (Constant Maturities)

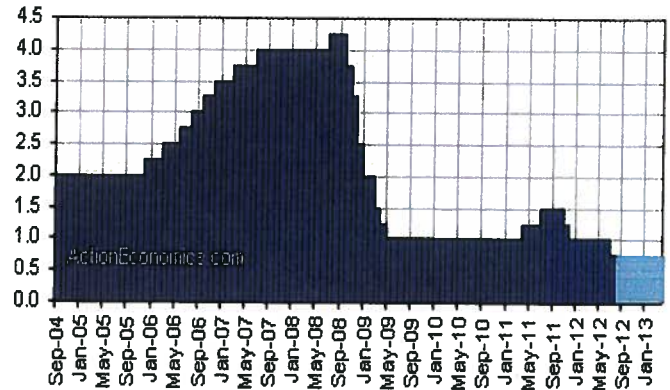
	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
3-mth	0.09	0.11	0.10	0.09	0.01
6-mth	0.14	0.15	0.14	0.15	0.04
1-yr	0.17	0.18	0.16	0.21	0.11
2-yr	0.25	0.27	0.23	0.30	0.25
5-yr	0.62	0.66	0.62	0.69	0.90
10-yr	1.64	1.70	1.59	1.65	1.81
30-yr	2.81	2.86	2.69	2.74	2.77

In the spring, the 2s-30s spread collapsed from wide near +305 bp to narrow of +223 bp in late-July. Then it was a mostly one-way trip to +284 bp wide with the advent of the Sep-13 QE3 decision before finishing the quarter out near the +250 bp psych level.

Spread of 30-yr Bond Yield vs. 2-yr Note (Constant Maturity Yield)



ECB Refi Rate: Actual and Forecast



ECB Waiting for Spain Aid Request, BoE on Hold

The ECB left rates unchanged and rate cuts were not even discussed, as the focus remains on non-standard measures, with the central bank indirectly pushing Spain to ask for aid by assuring officials that conditions don't have to be punitive. Draghi also made it clear that Portugal doesn't qualify for the OMT program as long as it doesn't have full market access and that the ECB cannot accept restructuring of its Greek debt holdings. The BoE meanwhile left rates and its QE program unchanged, as expected.

The ECB statement was marginally more upbeat with the central bank optimistic that the OMT will have the desired effect, although it also sent a clear warning to all policy makers that the final resolution will depend on them. Not an outright call for a Spanish bailout, but definitely an indirect one especially as Bank of Spain governor Linde said conditions will be manageable.

A rate cut was not even discussed; indicating that if growth starts to stabilize there may be no more rate cuts. In the important first paragraph of the statement Draghi said inflation rates are now expected to remain above 2% throughout this year but fall below that level in 2013 and remain in line with price stability over the policy-relevant horizon. Growth is expected to remain weak, as ongoing tensions in some financial markets and high uncertainty still weigh on confidence and sentiment. However, Draghi also said that the ECB's OMT announcement has "helped alleviate such tensions over the past few weeks, thereby reducing concerns about the materialization of destructive scenarios".

Looking at the growth outlook in more detail, the ECB highlighted that economic indicators suggest that growth will remain weak in Q3 in an environment of high uncertainty. Still Draghi also said that growth momentum is supported by the ECB's non-standard measures even though it also indicated that growth momentum is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery. The risks are still seen to the downside and still relate to tensions on financial markets, but the ECB this time added that they "should be contained by effective action by all policy markets in the euro area".

At the same time inflation continues to overshoot target and the inflation trajectory looks higher now, due to the renewed pick up in energy prices as well as the past increase in indirect taxes. Still the central

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bank remains optimistic that with growth remaining weak and inflation expectations well-anchored underlying price pressures will be moderate. So the pick-up should be transitory and not give rise to second-round effects. Medium-term risks are still judged to be "balanced," but the central bank highlights that if financial market tensions are not contained by "effective action by all policy-makers in the euro-area such intensification has the potential to affect the balance of risks to the downside".

The ECB also noted weak loan growth and while it said that this partly reflects the weak outlook for GDP, heightened risk aversion and balance sheet adjustments, it also said that in a number of euro area countries the segmentation of financial markets and capital constraints for banks restrict credit supply.

During the question time Draghi also highlighted the positive development since the announcement of the OMT program and argued that Portugal's debt exchange was a first step towards a return to markets. Still, he again warned over the fragmentation of markets and the different mortgage rates across countries. This in turn means the ECB's monetary policy measures are not reaching all consumers and that has been the central bank's main incentive for the OMT program.

Draghi stressed that the program is all ready to go, and that the ECB has a fully effective backstop in place, which leaves the ball in the court of governments and the warnings in the introductory statement that "action by all policy makers" are needed to contain risks seem a thinly veiled call on countries to make use of the program. He stressed that conditions don't have to be punitive after Bank of Spain governor Linde said that conditions attached to any bailout sought by Spain wouldn't be "unmanageable" spending cuts and this wouldn't be "a bailout as other countries in the eurozone have had at all". Linde expressed his "personal opinion", but the comments suggest that the central bank is keen on Spain going ahead with a bailout.

Dropping the "conditionality," as some have suggested, in order to speed up the process was rejected by Draghi, who said those conditions are an intrinsic part of the program, not only help to reduce moral hazard and maintain the central bank's independence, but also to

act as a credit enhancement for government bonds as an incentive for "right policies".

ECB intervention on the secondary market will have to be proceeded not only by an aid request, but also ESM intervention on the primary markets, although comments suggest that officials are considering an alternative approach in the form of a first loss insurance for Spanish bonds. This would be a much cheaper option and increase leverage. Coupled with ECB intervention on the secondary market this should give a clear boost to Spanish bond markets. Still, it would once again buy time and as Draghi said help to create a climate conducive to reforms but it won't eliminate the need for structural efforts to create the basis for an economic recovery and to bring especially youth unemployment down, which stands at over 50% in Spain.

Draghi also clarified that the OMT program cannot be applied to Portugal as it will only be available to countries that have full market access. Another critical issue is Greece and the ECB's bond holdings, which were exempt from the restructuring program and have once again come under scrutiny as officials are trying to find the funds to finance the demanded 2-year extension of the Greek bailout program. There had been a report suggesting that the ECB may soften its stance on the matter, but Draghi made clear again that the central bank cannot accept restructuring of its holdings as this would constitute prohibited government financing. Still other reports suggested that the ECB could transfer its holdings to the ESM, which in turn could accept a restructuring. What is clear is that the requested funds will not come from the ECB, directly or indirectly.

All in all then, the discussion about another rate cut and a negative deposit rate seem on ice at the moment and the ECB is fully concentrated on non-standard measures with the OMT now ready for action. Officials seem eager for Spain to finally ask for aid, and are re-assuring officials that conditions, while inevitable, don't have to be punitive. The hope will be that if markets see the program in action, there will be a further normalization of conditions, which in turn will also help the

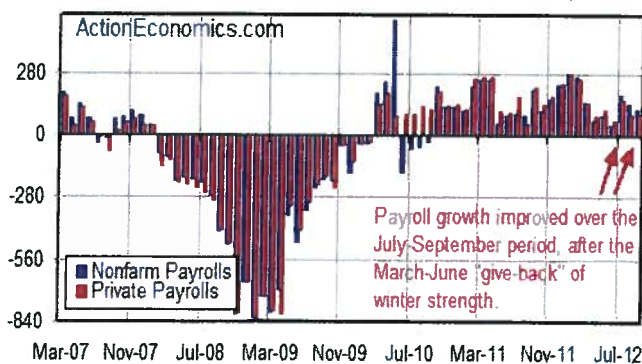
economy and in this scenario the central bank may be able to get away with another rate cut and without venturing into the uncharted territory of negative rates.

September Payrolls Restrained Amid Upward Back Revisions, Mysterious Jobless Drop

The lean 114k U.S. September payroll gain followed 86k in upward back-revisions led by a huge 91k boost in government jobs. We saw a 0.4% September hours-worked rise thanks to a workweek bounce to 34.5, and a firm 0.3% average hourly earnings gain that combined to lift prospects for the other September reports. Finally, we saw an “odd” 873k pop in civilian employment (582k part-time) that allowed a jobless rate drop to 7.8% that fed the conspiracy machine into elections after former GE CEO Jack Welch said it was “Chicago” math. Yet the BEA is locked up tighter than Fort Knox on payrolls Fridays, so that accusation rang hollow. The September figures were encouraging, despite restraint in private payroll growth and weak factory data.

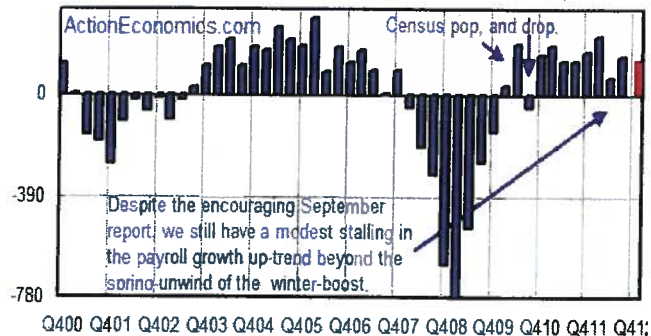
The 114k nonfarm payrolls gain included a 104k private payroll rise and a 10k government payroll gain, following 86k in upward payroll revisions in the prior two months that reflected 5k in downward private payroll adjustments but a hefty 91k boost in the government employment series.

Total and Private Payroll Changes (1000s)



Goods employment fell by a 10k in September due to a 16k factory employment drop, alongside a 1k rise in mining jobs and a 5k rise in construction employment. Hours-worked for the goods sector rose by 0.1% with a 0.1% rise for factories, a 0.3% rise for mining, and a 1.0% rise for construction.

Average Monthly Payroll Change/Qtr (thsd's)

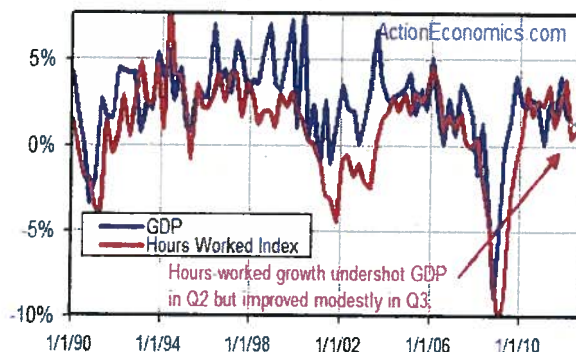


The workweek rose to 34.5 in September from 34.4 in both July and August to leave a 0.4% rise in the September hours-worked index that extended a 0.1% August rise. The 7.8% jobless rate reflected household survey gains of 873k for civilian employment and 418k for the labor force that extended the last two month's respective declines of 119k and 368k in August and 195k and 150k in July.

Jobs Data and Q3

For the quarterly outlook, our Q3 and Q4 GDP growth forecasts will remain at 1.4%, following the similar 1.3% growth clip in Q2. We saw a 0.8% growth clip for Q3 hours-worked that followed a lean 0.4% Q2 rate but larger 3.8% Q1 figure. We saw a 1.6% real GDP growth rate on average in the first half of 2012, alongside a 2.1% average growth rate for hours-worked, and we expect respective growth figures in the second half of 2012 of 1.4% and 1.3%.

Real GDP vs Hours Worked Growth



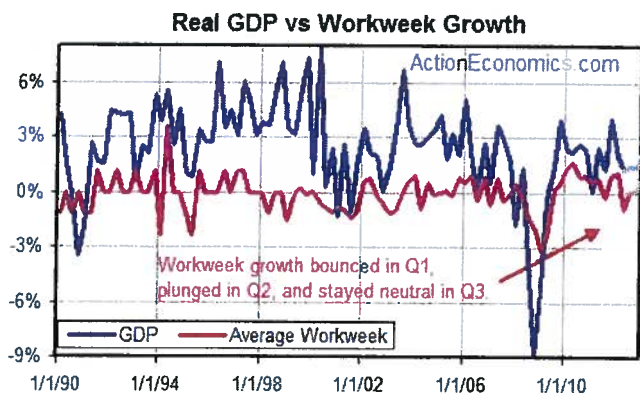
Our Q3 GDP forecast implies a surprisingly firm 1.5% Q3 productivity gain that follows a 2.2% clip in Q2 and a 0.5% rate of decline in Q1. Though our estimates imply that productivity growth bounced

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over the last two quarters, our forecasts still imply a lean 0.5%-1% productivity rise for 2012 as a whole. Payroll growth stabilized in Q3 relative to GDP growth, following a Q2 undershoot but Q1 over-performance that appeared to reflect a delayed bounce following a strong 4.0% Q4 GDP gain, as shown below.



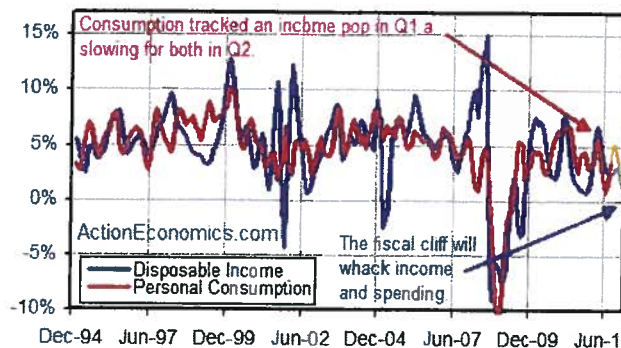
The workweek has climbed substantially from the 33.8 cycle-low in October of 2009 and 34.1 in December of 2008 when the last recession began, and we are now just below the February blip to a cycle-high 34.6.



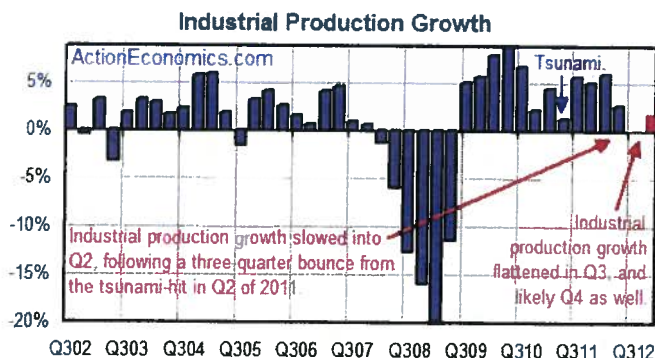
Jobs Data and the September Forecasts

For the other September reports, we expect a 0.4% personal income gain that follows 0.1% gains in July and August. The modest climb would be consistent with Q3 growth of just 2.6% for total income and 2.4% for disposable income, versus respective Q2 rates of 4.0% and 3.8%, and respective rates in Q1 of 6.6% and 6.3%. Income growth is decelerating substantially into year-end despite the likely September bounce.

Consumption vs. Disposable Income Growth



Industrial production should post a 0.4% September gain that partly reverses the big 1.2% August drop, alongside hours-worked gains of 0.1% for factories and 0.3% for mining that partly reversed respective big August drops of 0.7% and 1.4%. The vehicle assembly rate likely remained at a 10.2 mln clip in September, following a big but temporary July spike to 11.0 mln. We expect a 1% rise in utility output in September following the big 3.6% August drop. On a quarterly basis, we expect a flat industrial production growth figure in Q3, following prior rates of 2.6% in Q2, 5.9% in Q1 and 5.1% in Q4.

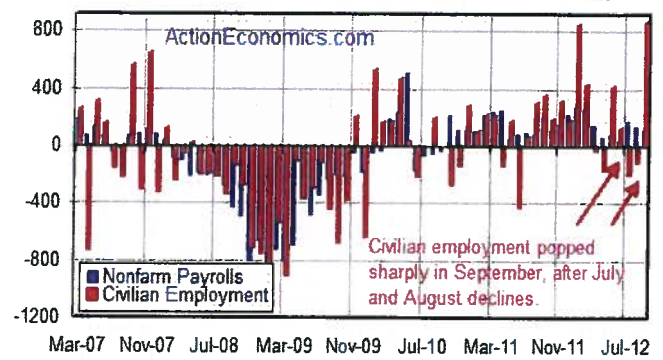


For construction, hours-worked rose 1.0% in September with a 5k construction payroll gain. We assume a 0.7% September construction spending gain that partly reverses prior declines of 0.6% in August and 0.4% in July, as public and nonresidential construction weakness competes with the up-trend in new home building.

Quarterly Construction Employment Growth



Payroll & Civilian Employment Changes (1000s)



Guidance for the January Annual Revisions

The guidance was released last week for the annual payroll revisions to be revealed with the January data. The BLS expects a 386k upward revision to the March 2012 level. This implies a 32k upward revision on average to each of the twelve months prior. As the chart below shows, this is an unusually positive guidance figure, as it is only exceeded by the 810k positive guidance given in March of 2006.

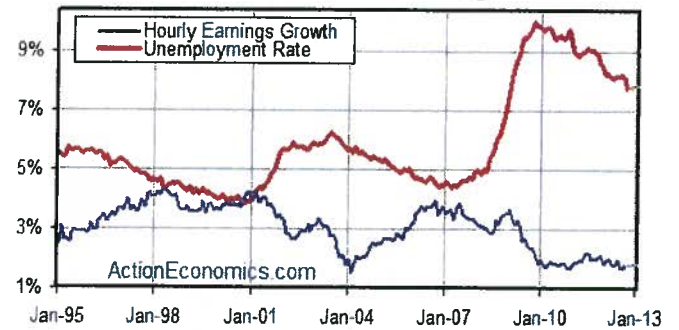
The jobless rate fell in September to 7.8% (8.20%) after dropping to a cycle-low 8.1% (8.11%) in August as was also seen in April. The rate remains below the 8.3% (8.25%) of July and the much higher 9.0% seen as recently as last September. The labor force participation rate ticked-up to 63.6% from a 63.5% August figure that marked the lowest rate since 1981.

The 0.3% September average hourly earnings rise followed a flat August figure, while the y/y wage gain rose to 1.8% from the 1.7% cycle-low July and August that was also previously seen in September, November, and December of 2010, as shown below.

Benchmark Revision to Payroll Level
(change in thousands of workers)

	Whisper #	Sep (NSA) Prelim.	Final (NSA)	Final (SA)
Mar-97	-	-	+431	+435
Mar-98	-	-	+44	+47
Mar-99	-	-	+258	+241
Mar-00	-	-	+468	+432
Mar-01	-	-	-123	-193
Mar-02	-	-284	-313	-220
Mar-03	+600	-145	-122	-163
Mar-04	+300	+236	+203	+156
Mar-05	-	-191	-158	-119
Mar-06	-	+810	+752	+754
Mar-07	-250	-297	-293	-284
Mar-08	-	-21	-89	-17
Mar-09	-	-824	-902	-930
Mar-10	-	-366	-378	-411
Mar-11	-	+192	+165	+162
Mar-12	-	+386	-	-

Unemployment Rate and Hourly Wage Growth



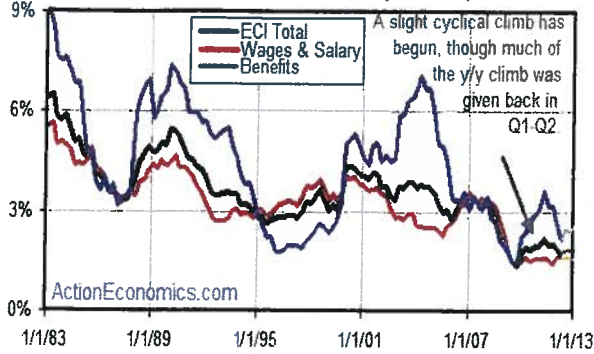
The y/y figures should fluctuate below 2% through 2012 as wage gains likely take about five years to reclaim the 3.8% peak in June of 2007. We have a slight cyclical climb in total labor costs as gauged by the quarterly ECI figures thanks to firmness in benefit costs, though the benefit cost gains proved surprisingly modest in Q1 and Q2 versus the usual large seasonal gains. ECI y/y growth as of Q2 sat at just 1.7% alongside a 2.1% benefit cost rise, versus respective cycle-lows in Q4 of 2009 of 1.4% and 1.5%.

The September Household Data

For today's household data, we saw September gains of 873k for civilian employment and 418k for the labor force that reversed the last two month's respective declines of 119k and 368k in August and 195k and 150k in July as shown below, though this cycle will likely continue to display the disturbing quality of moves into and out of negative growth territory for both the civilian and labor force series.

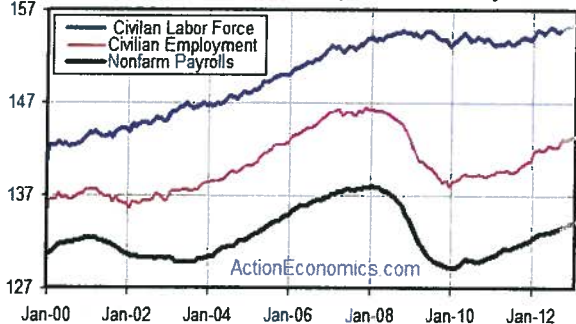
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Growth in the ECI and components, Y/Y



For the cycle as a whole we've seen a downward ratcheting in labor force participation that has allowed a just a tiny rise of 263k since the cyclical peak back in May of 2009, which reflects a 0.2% 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.

Household Labor Force & Emp. vs Nonfarm Payrolls



Payrolls vs Other September Labor Market Indicators

The lean September payroll gain, despite strength in back-revisions and hours-worked, tracked the pattern implied by the modest initial claims rise on the month, while undershooting the firm round of September ADP data that left a seven-month stretch of as-reported overshoots for this measure. Weakness in goods sector employment also tracked the weaker vehicle assembly rates that emerged in the second half of the month, as well as the weaker factory sentiment measures. Private payroll data underperformed the stronger service sector sentiment data and upticks in all the major confidence measures on the month.

We saw a notable back-tracking in initial claims through the second and third weeks of September due to distortions from the Labor Day holiday and hurricane

Isaac, and these high readings were only partly reversed later in the month to leave a modest claims back-tracking for September overall.

Nonfarm Payroll Changes vs Initial Claims



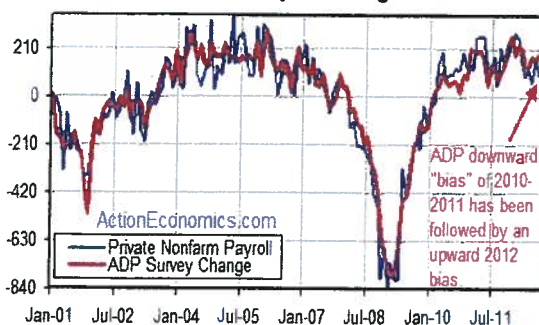
The continuing claims data are exhibiting the same Q2-Q3 stalling in the pace of improvement as seen in 2011 and 2010, alongside the stalling in the pace of decline in the jobless rate, as shown below.

Civilian Unemployment vs Continuing Claims



The as-reported ADP figures revealed a 58k September overshoot following a big 104k overshoot in August to leave a 27k average upside bias thus far in 2012 that will be widened further with the annual revisions in January. Before this year's upward bias, we saw prior downward biases of 16k in 2011 and 66k in 2010. We will assume a 10k upward ADP bias in our September forecast.

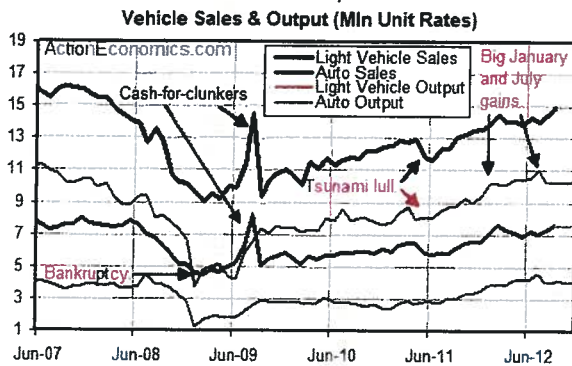
Private Nonfarm Payroll Changes vs ADP



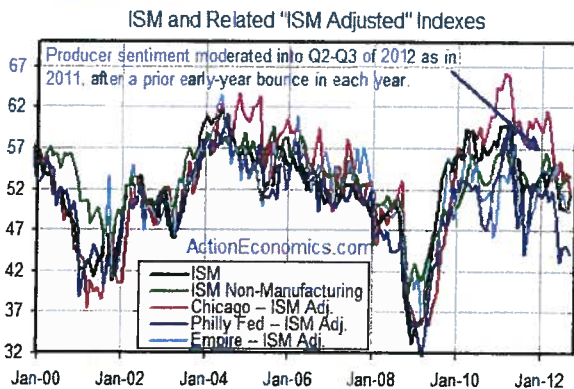
The data from AutoNews moderated through late-September, and we assume a 10.2 mln vehicle

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assembly rate in both September and October that matches the August rate. Assemblies have reversed a July spike to an 11.0 mln from lower prior quarterly rates of 10.5 mln in Q2, 10.1 mln in Q1, and 9.2 mln in Q4 of 2011, as shown below.



The major factory sentiment surveys weakened in September to leave a downward tilt through Q2-Q3 from Q1 peaks. The same pattern was seen last year, though we saw generally higher Q1 peaks in 2011 before last year's big Q2 tsunami-hit. 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.



The restrained September payroll rise but big jobless rate plunge suggests the need for a further round of downward revisions in the Fed's official GDP forecasts though with lower jobless rate estimates at the December 11-12 FOMC meeting, following big downward growth revisions at the September 12-13 meeting. The headline inflation forecasts will face the usual need for an upward adjustment.

For the specifics, we expect 2012 GDP growth of 1.5% that sits well below the Fed's 1.7%-2.0% central tendency, while today's 7.8% jobless rate sits well below the Fed's 2012 central tendency of 8.0%-8.2%. Commodity price gains through Q3 imply a 2012 chain price gain of 2.2%, versus a Fed central tendency of just

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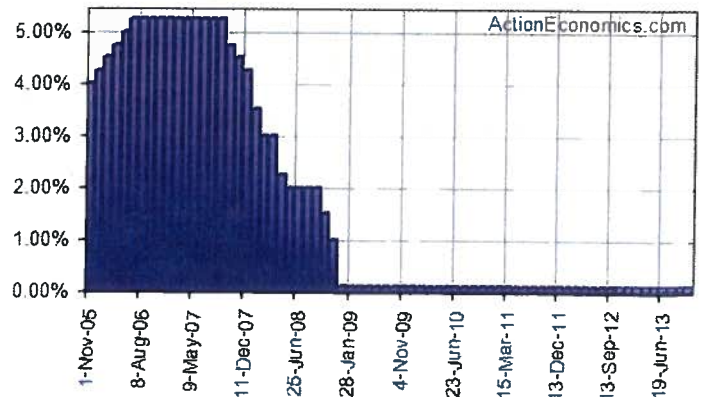
1.7%-1.8%. The Fed's 1.7%-1.9% central tendency for "core" inflation appears in line with the 1.7%-1.8% gain emerging for that measure.

Overall, the hefty round of easing measures taken at the September FOMC meeting should buy the Fed some time, and should trump any need for meaningful policy adjustments at the October 23-24 meeting that sits just two weeks before the November 6 elections. Further policy action will no doubt be contingent on the outcome of the November elections and the associated prospects for compromise in Congress to avoid the fiscal cliff.

Fed QE3 Extended into Twilight Zone

Chairman Bernanke and the statement documented one more Fed foray into the depths of ultra-easy policy guidance into the "Twilight Zone" of 2015. In addition, the Fed introduced QE3 in the form of an open-ended \$40 bln/month in additional MBS purchases until it sees the whites of the recovery's eyes. Combined with continued Twist Ops through year-end, this would increase the Fed's long-term securities holdings by \$85 bln/month until then. Moreover, the Fed made further MBS and "additional asset purchases" contingent on the outlook for the labor market. It did acknowledge that "prices of some key commodities have increased recently," but remained confident about stable inflation expectations. Richmond Fed's Lacker again dissented, both against the additional asset purchases and an extension of the policy horizon.

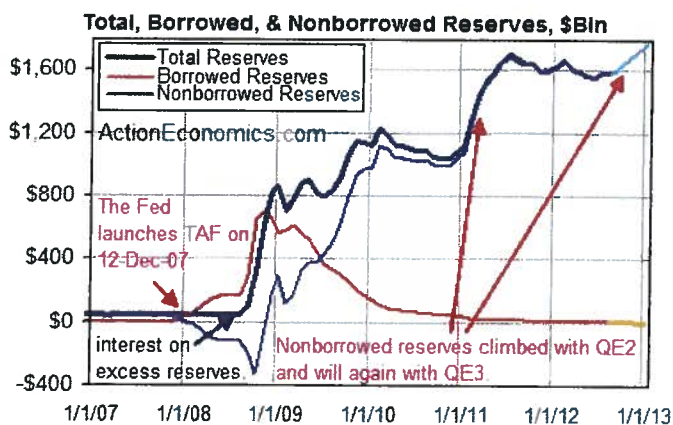
Fed Funds Targets at FOMC Meeting Dates



On balance, the FOMC announced a more aggressive than expected policy mix, though fresh purchases of Treasury securities outside of the

previously-scripted Op-Twist were essentially deferred until next year, getting it over the hump of the elections in November. There were no moves to adjust either the IOER or discount rates, or undertake a targeted bank loan program. Essentially, QE3 amounted to \$160 bln of additional MBS purchases through year-end with a commitment to potentially more next year, compared to expectations of over \$500 bln or more in one lump sum divided between mortgages and Treasuries. All of this was trumped by the Fed's open-ended vow to continue to inflate its balance sheet until the labor market improves "substantially." The heart of the Fed's concern was captured in an update to the second paragraph, where references to forecasts of moderate growth and unemployment declines were dropped and replaced by:

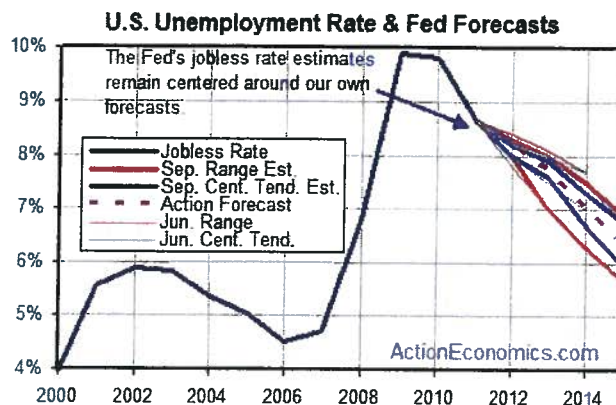
"Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. *The Committee is concerned that, without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions.* Furthermore, strains in global financial markets continue to pose significant downside risks to the economic outlook. The Committee also anticipates that inflation over the medium term likely would run at or below its 2 percent objective."



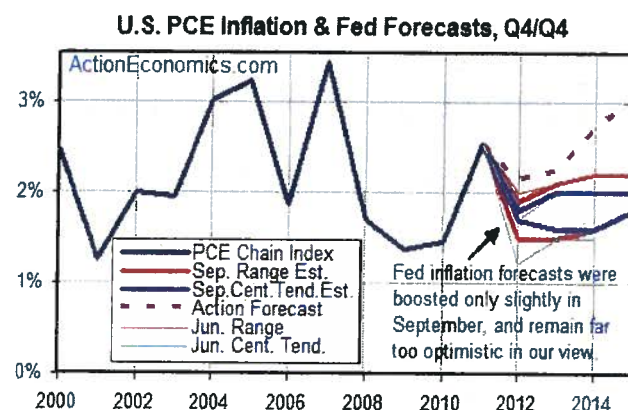
Another central thesis from the fourth paragraph confirmed the depth of the Fed's resolve: "The Committee will closely monitor incoming information on economic and financial developments in coming months. *If the outlook for the labor market does not improve substantially, the Committee will continue its purchases of agency mortgage-backed securities, undertake additional asset purchases, and employ its other policy tools as appropriate until such improvement is achieved in a context of price stability.*

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In determining the size, pace, and composition of its asset purchases, the Committee will, as always, take appropriate account of the likely efficacy and costs of such purchases."

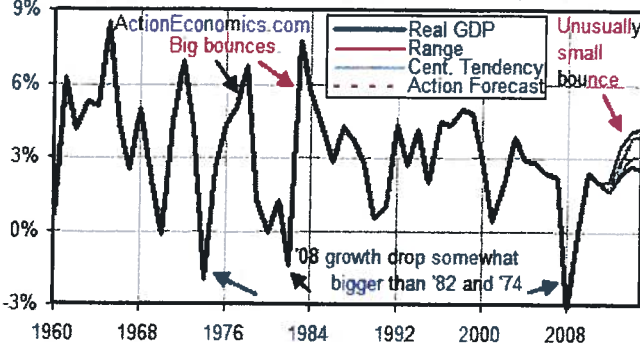


On the economy little was altered in the first paragraph on the "moderate pace" mantra, including sluggish employment, spending, business investment and housing references. This was entirely eclipsed by the myopic focus on the employment situation: "Information received since the Federal Open Market Committee met in August suggests that economic activity has continued to expand at a moderate pace in recent months. Growth in employment has been slow, and the unemployment rate remains elevated. Household spending has continued to advance, but growth in business fixed investment appears to have slowed. The housing sector has shown some further signs of improvement, albeit from a depressed level."



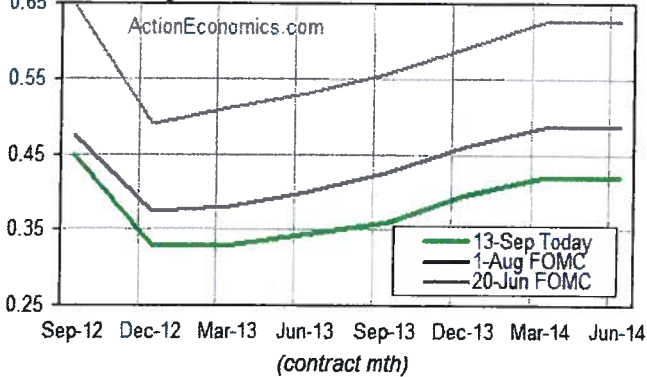
On inflation there was a cursory backtrack "Inflation has been subdued, *although the prices of some key commodities have increased recently.* Longer-term inflation expectations have remained stable." And "The Committee also anticipates that inflation over the medium term likely would run at or below its 2 percent objective."

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



Policy horizon darkens: the Fed sees ultra-easy policy remaining in place even with an economic bounce, hence extending the term of that view to mid-2015. As such, "To support continued progress toward maximum employment and price stability, the Committee expects that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the economic recovery strengthens. In particular, the Committee also decided today to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that exceptionally low levels for the federal funds rate are likely to be warranted at least through mid-2015."

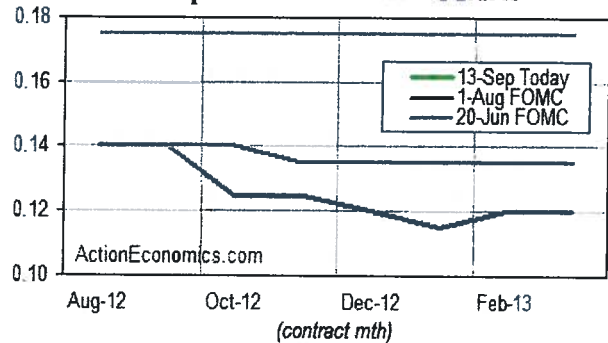
Implied Yield: Eurodollar Futures



Market reaction: yields snapped higher before reversing as the Fed QE was limited to additional MBS purchases at the rate of \$40 bln/month initially, though the open-ended vow struck a bearish chord with the bond market. With continued Twist-Ops, the Fed estimated that this would add long-term securities holdings of \$85 bln/month through year-end, after which the Twist will cease as planned. \$45 bln/month of that total was old Twisting and will be offset by short-term Treasury sales, and as such was a bit disingenuous, suggesting the doves wanted more than they got and hawks may have dug their heels in. Hence the claiming of old Twist programs toward fresh

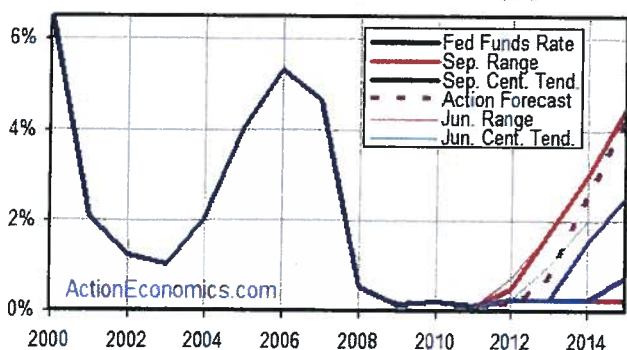
stimulus. The 2-year yield popped back out from 0.22% to 0.25%, before steadying near 0.24%, while the T-note yield spiked 11 basis points to test the 1.83% 200-day moving average, then slumped back to 1.72%, while the bond yield kissed 3.0% and then reversed to 2.93%. Reflationary bear steepeners remained in vogue. Stocks jerked higher after the Fed's latest bullish donation, while the dollar retreated after its initial whipsaw.

Implied Yield: Fed Funds Futures



Fed funds futures traded mostly lower, even as the FOMC extended out its rate guidance into 2015. Instead, money flowed into shorter and intermediate Treasuries, especially the 5-year, which is expected to benefit from the Fed's move into MBS. Meanwhile, longer dated coupons were initially hammered lower as the Fed's open ended purchase plan exacerbated rising inflation fears, but bearishness on the economy was broadly evident as well.

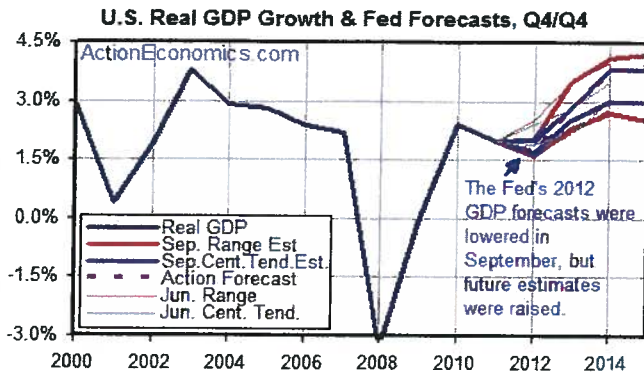
U.S. Fed Funds Rate & Fed Forecasts



FOMC forecast revisions accompanying Chairman Bernanke's press conference and detailed in the [FOMC minutes](#) revealed the expected big downward adjustments to the Fed's [GDP forecasts](#) from the June 19-20 meeting, but with offsetting boosts to the GDP forecasts for 2013 and 2014, alongside relative tame upward adjustments in the [PCE chain price estimates](#) that leave a likely

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substantial overshoot for 2012. The jobless rate forecasts were lowered slightly over the forecast horizon, and the range of core price estimates were mostly narrowed.



In conclusion: in the press conference the Fed Chairman politely entertained a number of questions relating to the Fed's new policy stance and it was clear that he felt the Fed must do what it can, despite political and fiscal headwinds. He referenced more tools in his policy bag, though he repeatedly said these were "not a panacea," suggesting that even though he touted the economic benefits of these tools in Jackson Hole, he is all-too-aware of their shortcomings as well. With a trifecta of risk heading into Q4 with Europe, the elections and the fiscal cliff, the Fed may still have a couple tricks up its sleeve as 2013 approaches. Let's hope that Bernanke has better luck ahead in avoiding these pitfalls before he runs out of room in the Fed's balance sheet to have any meaningful impact.

For 2012 central tendencies, GDP is pegged at 1.7%-2.0%, versus our own 1.7% estimate, joblessness is pegged at 8.30%-8.2%, versus our 8.2% forecast, and the PCE chain price gain is estimated at 1.7%-1.8%, versus a much larger unfolding rise of 2.2%. The distribution of Federal funds rate assumptions shows both downward revisions in the high-end estimates and a push-back in the assumed start to tightening that now leaves only 6 (versus 13) of 19 policymakers expecting a tightening by late-2014.

FOMC Projections at the Sep 12-13 Meeting vs Jun 19-20, 2012
 Revealed at the Sep 13 Press Conference, vs Our Own Forecasts

Q4/Q4 Figures	Fed Fore. Range	Fed Cent. Tendency	Jun, 12 Range	Jun, 12 Cent.Tend. Fore.	Action Fore.
2012					
Real GDP	1.6% 2.0%	1.7% 2.0%	1.6% 2.5%	1.9% 2.4%	1.5%
Unemp. Rate (Q4)	8.0% 8.3%	8.0% 8.2%	7.8% 8.4%	8.0% 8.2%	8.2%
PCE Prices	1.6% 1.8%	1.7% 1.8%	1.2% 2.0%	1.2% 1.7%	2.2%
PCE Core Prices	1.6% 2.0%	1.7% 1.8%	1.7% 2.0%	1.7% 2.0%	1.7%
Fed Funds Rate*	0.2% 0.6%	0.2% 0.2%	0.2% 0.7%	0.2% 0.2%	0.2%
2013					
Real GDP	2.3% 3.5%	2.6% 2.8%	2.2% 3.5%	2.2% 2.8%	2.8%
Unemp. Rate (Q4)	7.0% 8.0%	7.6% 7.9%	7.0% 8.1%	7.5% 8.0%	7.7%
PCE Prices	1.6% 2.1%	1.8% 2.0%	1.5% 2.1%	1.5% 2.0%	2.3%
PCE Core Prices	1.8% 2.0%	1.7% 2.0%	1.4% 2.1%	1.6% 2.0%	2.0%
Fed Funds Rate*	0.2% 1.7%	0.2% 0.2%	0.2% 1.7%	0.2% 1.0%	1.0%
2014					
Real GDP	2.7% 4.1%	3.0% 3.8%	2.8% 4.0%	3.0% 3.5%	3.7%
Unemp. Rate (Q4)	6.3% 7.5%	6.7% 7.3%	6.3% 7.7%	7.0% 7.7%	7.1%
PCE Prices	1.6% 2.2%	1.6% 2.0%	1.5% 2.2%	1.5% 2.0%	2.7%
PCE Core Prices	1.6% 2.2%	1.8% 2.0%	1.5% 2.2%	1.6% 2.0%	2.1%
Fed Funds Rate*	0.2% 3.0%	0.2% 1.6%	0.2% 3.0%	0.2% 2.0%	2.5%
2016					
Real GDP	2.6% 4.2%	3.0% 3.8%			
Unemp. Rate (Q4)	5.7% 6.9%	6.0% 6.8%			
PCE Prices	1.8% 2.2%	1.8% 2.0%			
PCE Core Prices	1.8% 2.3%	1.9% 2.0%			
Fed Funds Rate*	0.2% 4.5%	0.7% 2.5%			
Longer Run					
Real GDP	2.2% 3.0%	2.3% 2.5%	2.2% 3.0%	2.3% 2.5%	2.6%
Unemp. Rate (Avg)	6.0% 6.3%	5.2% 6.0%	4.9% 6.3%	5.2% 6.0%	6.4%
PCE Prices	2.0%	2.0%	2.0%	2.0%	3.0%
Fed Funds Rate*	3.0% 4.5%	4.0% 4.25%	3.0% 4.5%	4.0% 4.5%	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

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U.S. Economic Calendar October 2012



Davidson Fixed Income Management
REGISTERED INVESTMENT ADVISER

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 10:00 AM ISM (Mfg) SEP 10:00 AM Construction Spending AUG Tsy Auctions 3&6 Mth Bills Tsy Announces 4-Wk Bills	2 7:45 AM ICSC-Goldman Sachs 09/29 8:55 AM Redbook 09/29 Unit Vehicle Sales SEP Tsy Auctions 4-Wk Bills	3 7:00 AM MBA Mortgage Applications 09/28 8:15 AM ADP Employment Survey SEP 10:00 AM ISM-NMI SEP 10:30 AM EIA Crude Oil Stocks 09/29 2:00 PM FOMC Minutes for Sep 12 Meeting	4 7:30 AM Challenger SEP 8:30 AM Initial Claims 09/29 9:45 AM Bloomberg Consumer Comfort 09/30 10:00 AM Factory Orders AUG 4:30 PM Weekly Money Supply 09/24 Tsy Announces 3&6 Mth Bills Tsy Announces 5-Yr Notes Tsy Announces 10-Yr Notes Reopen Tsy Announces 30-Yr Bonds Reopen	5 6:00 AM Monster Employment Index SEP 9:30 AM Employment Report SEP 3:00 PM Consumer Credit AUG	6
7	8 Columbus Day U.S. Bond Market & Fed Closed Equities Open Thanksgiving Day CAN Markets Closed Health-Sports Day JPN Markets Closed	9 7:45 AM ICSC-Goldman Sachs 10/06 8:55 AM Redbook 10/06 Tsy Auctions 3&6 Mth Bills Tsy Auctions 3-Yr Notes Tsy Announces 4-Wk Bills	10 7:00 AM MBA Mortgage Applications 10/05 10:00 AM Wholesale Trade AUG 10:00 AM JOLTS Job Openings AUG 2:00 PM Beige Book for Oct 23-24 FOMC Meeting Tsy Auctions 4-Wk Bills Tsy Auctions 10-Yr Notes Reopen	11 8:30 AM U.S. Trade AUG 8:30 AM Trade Price Indexes SEP 8:30 AM Initial Claims 10/06 9:45 AM Bloomberg Consumer Comfort 10/07 11:00 AM EIA Crude Oil Stocks 10/05 4:30 PM Weekly Money Supply 10/01 Tsy Auctions 30-Yr Bonds R Tsy Announces 3&6 Mth Bills Tsy Announces 52-Wk Bills Tsy Announces 30-Yr TIPS R	12 8:30 AM PPI SEP 9:55 AM Consumer Sentiment Pre OCT 2:00 PM Treasury Budget SEP*	13
14	15 8:30 AM Retail Sales SEP 8:30 AM Empire State Index OCT 10:00 AM Business Inventories AUG Tsy Auctions 3&6 Mth Bills Tsy Announces 4-Wk Bills	16 7:45 AM ICSC-Goldman Sachs 10/13 8:30 AM CPI SEP 8:55 AM Redbook 10/13 9:00 AM Treasury Intl Caplial AUG 9:15 AM Industrial Production SEP 1:00 PM NAHB Housing Market Index OCT Tsy Auctions 4-Wk Bills Tsy Auctions 52-Wk Bills	17 7:00 AM MBA Mortgage Applications 10/12 8:30 AM Housing Starts SEP 10:30 AM EIA Crude Oil Stocks 10/12	18 8:30 AM Initial Claims 10/13 9:45 AM Bloomberg Consumer Comfort 10/14 10:00 AM Philadelphia Fed Index OCT 10:00 AM Leading Indicators SEP* 4:30 PM Weekly Money Supply 10/05 Tsy Auctions 30-Yr TIPS Reopen Tsy Announces 3&6 Mth Bills Tsy Announces 2, 5 & 7-Yr Notes	19 10:00 AM Existing Home Sales SEP	20
21	22 Tsy Auctions 3&6 Mth Bills Tsy Announces 4-Wk Bills	23 7:45 AM ICSC-Goldman Sachs 10/20 9:55 AM Redbook 10/20 10:00 AM Richmond Fed Index OCT FOMC 2-Day Meeting Begins Tsy Auctions 2-Yr Notes Tsy Auctions 4-Wk Bills	24 7:00 AM MBA Mortgage Applications 10/19 10:00 AM New Home Sales SEP 10:30 AM EIA Crude Oil Stocks 10/19 12:30 PM FOMC Policy Announcement Tsy Auctions 5-Yr Notes	25 8:30 AM Durable Orders SEP 8:30 AM Initial Claims 10/20 9:45 AM Bloomberg Consumer Comfort 10/21 10:00 AM Pending Home Sales Index SEP 4:30 PM Weekly Money Supply 10/15 Tsy Announces 3&6 Month Bills Tsy Auctions 7-Yr Notes	26 6:30 AM GDP Advance Q3 9:55 AM Consumer Sentiment Fin OCT	27
28	29 8:30 AM Personal Income & PCE SEP 10:30 AM Dallas Fed Index OCT Tsy Auctions 3&6 Mth Bills Tsy Announces 4-Wk Bills	30 7:45 AM ICSC-Goldman Sachs 10/27 8:55 AM Redbook 10/27 9:00 AM S&P/Case-Shiller Home Price Index AUG 10:00 AM Consumer Confidence OCT Tsy Auctions 4-Wk Bills	31 7:00 AM MBA Mortgage Applications 10/26 8:15 AM ADP Employment Survey OCT 8:30 AM Employment Cost Index Q3 9:45 AM Chicago ISM OCT 10:30 AM EIA Crude Oil Stocks 10/26 3:00 PM Agricultural Prices OCT Tsy Announces Refunding (3-Yr & 10-Yr Notes & 30-Yr Bonds)			

September

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						

November

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	

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FIXED INCOME BENCHMARK RETURNS

September 30, 2012

	<u>Duration</u>	<u>Month Ending</u> <u>9/30/2012</u>	<u>Quarter Ending</u> <u>9/30/2012</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>
<u>U.S. TREASURY BENCHMARKS</u>							
US Treasury 90 Day Bill	0.24	0.01	0.03	0.07	0.29	0.72	1.82
US Treasury 0-1 Year	0.52	0.02	0.07	0.18	0.29	1.18	2.04
US Treasury 0-3 Year	1.45	0.01	0.20	0.44	1.10	2.25	2.55
US Treasury 1-3 Year	1.89	0.01	0.26	0.56	1.43	2.78	2.80
US Treasury 0-5 Year	2.27	0.01	0.38	1.04	2.11	3.26	3.07
US Treasury 1-5 Year	2.74	0.01	0.47	1.29	2.58	3.91	3.40
US Treasury 1-10 Year	4.07	-0.03	0.66	2.61	4.38	5.39	4.20
<u>TIPS BENCHMARKS</u>							
TIPS 1-3 Year	2.09	0.01	0.72	1.84	2.74	3.39	N/A
TIPS 1-5 Year	1.99	0.16	1.16	3.13	4.40	4.71	N/A
TIPS 3-5 Year	1.91	0.28	1.57	4.18	5.79	6.59	5.01
TIPS 1-10 Year	3.01	0.54	1.85	6.44	7.09	6.59	5.73
<u>AGENCY BENCHMARKS</u>							
US Agency 1-3 Year	1.60	0.04	0.25	0.92	1.58	3.16	3.10
US Agency 1-5 Year	2.24	0.03	0.46	1.54	2.29	3.84	3.52
US Agency 1-10 Year	2.71	0.04	0.62	2.18	3.19	4.62	4.06
<u>AGENCY BULLET</u>							
US Agency 1-3 Year Bullet	1.78	0.04	0.27	0.95	1.73	3.46	3.28
US Agency 1-5 Year Bullet	2.52	0.03	0.52	1.68	2.56	4.28	3.77
US Agency 3-5 Year Bullet	3.82	0.01	0.99	3.39	4.84	6.38	4.97
US Agency 1-10 Year Bullet	3.08	0.04	0.71	2.44	3.59	5.17	4.36
<u>AGENCY CALLABLE</u>							
US Agency 1-3 Year Callable	0.96	0.04	0.17	0.81	1.01	2.15	2.52
US Agency 1-5 Year Callable	1.19	0.04	0.22	0.98	1.27	2.40	2.74
US Agency 3-5 Year Callable	1.58	0.04	0.32	1.49	2.04	3.06	3.23
US Agency 1-10 Year Callable	1.25	0.05	0.25	1.07	1.56	2.74	3.06
<u>CORPORATE</u>							
1-3 Year Corp A-AAA	1.98	0.39	1.50	4.10	3.63	4.01	3.78
1-5 Year Corp A-AAA	2.79	0.55	2.18	5.92	4.98	4.88	4.33
1-10 Year Corp A-AAA	4.33	0.79	3.11	8.80	7.07	6.04	5.09

Data source: Merrill Lynch Global Index System on Bloomberg.



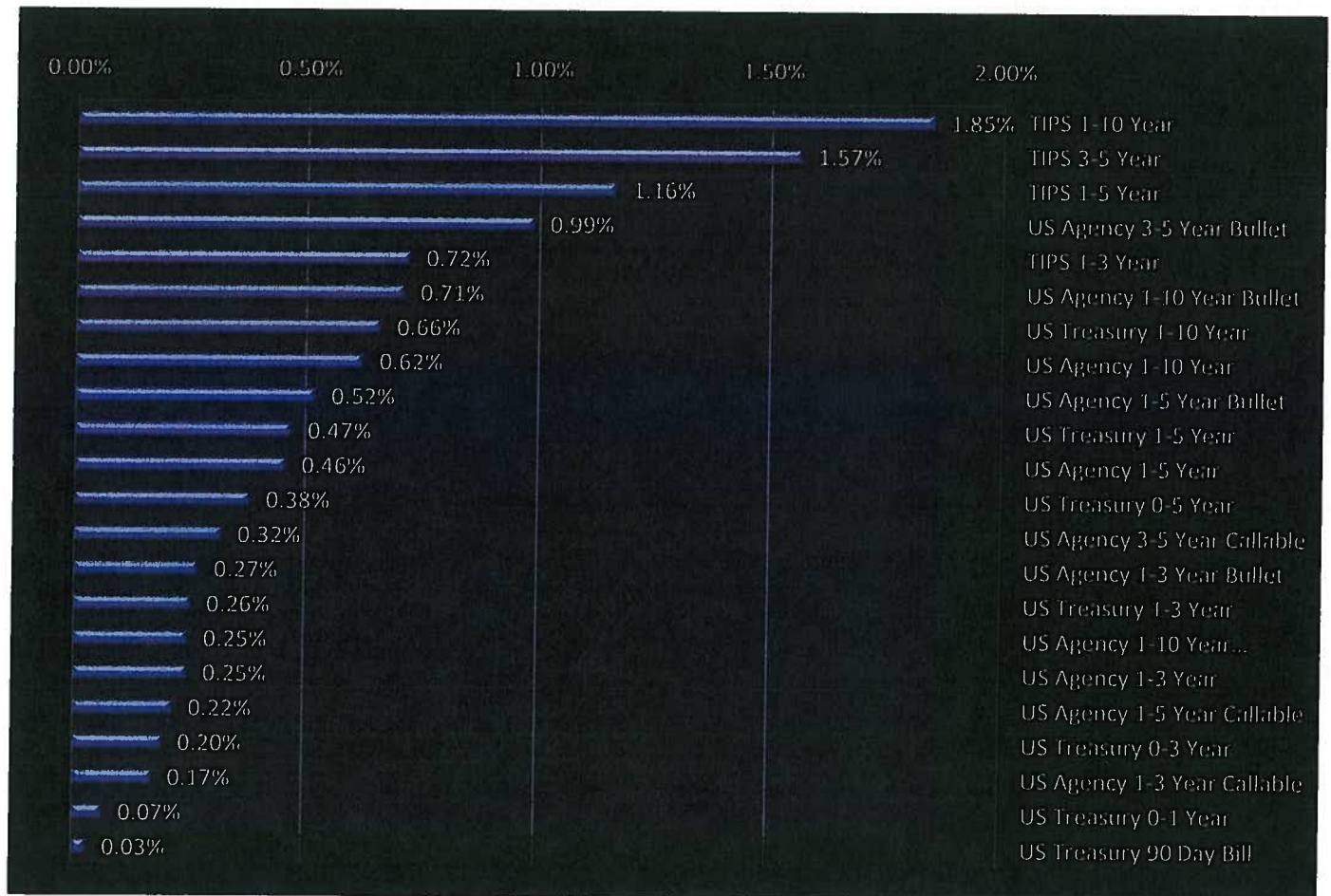
Davidson Fixed Income Management

REGISTERED INVESTMENT ADVISER

WHAT'S HOT AND WHAT'S NOT

QUARTERLY PERFORMANCE RANKINGS

September 30, 2012



Data source: Merrill Lynch Global Index System on Bloomberg.



6. Portfolio Summary- General Fund and Cash Projection

Portfolio Summary – General Fund

Summary

- The General Fund (Liquidity and Core Portfolios) closed the month of September at \$1.8 Billion.
- Average Collected Balance at our Fiscal Agent bank was \$77 Million for the month of September.

Portfolio Mix

- At month end, 100% of the General Fund Core portfolio was invested in fixed income securities; 33% in Treasury securities; 63% in Agency and Government-related securities; 2% in TLGP Securities backed by the FDIC; 2% in Municipal Bonds, and the balance in Cash.
- 22% of the portfolio is invested in securities that mature in one year; 24% in securities that mature from 1-2 years; 29% in 2-4 years and 25% invested in securities that mature within 5 years.
- The General Fund held positions in 86 securities at the end of September.
- The Weighted Average Life of the CORE portion of the general fund is 2.8 years. The Weighted Average duration is 2.4 years.
- The benchmark duration for the portfolio is 2.3 years.
- The maximum security term for the CORE portfolio is 5 years.

Performance

- For September, the blended general fund outperformed its 12-month benchmark by 44 basis points (0.44%)

Market Value and Investment Earnings

- Unrealized gains in the Core Portfolio at the end of September were \$11.6 million.
- Monthly Earnings for September on the General Fund Portfolios were \$1.1 million.
- Year-to-date earnings were \$3.6 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 performance gains.

Compensating Balances at Fiscal Agent Bank

During September, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$77 million. This balance earned a “soft-dollar” credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$77,966,347
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$32,485
<i>Estimated Fiscal Year Earnings</i>	\$89,640

NMFA Holdings in the General Fund

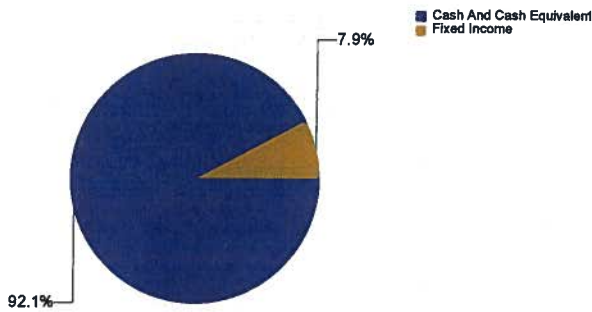
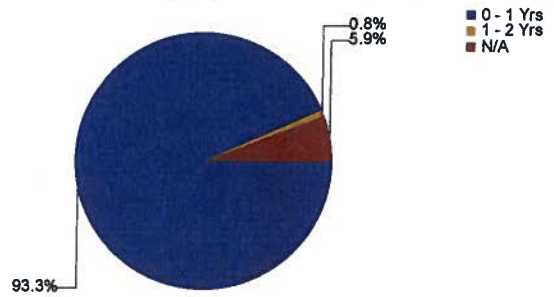
We held the following NMFA bond positions in the general fund portfolios:

June 30, 2012	\$14,310,000
July 31, 2012	\$14,310,000
August 31, 2012	\$14,310,000
September 30, 2012	\$14,310,000

Portfolio Characteristics

Duration Mix

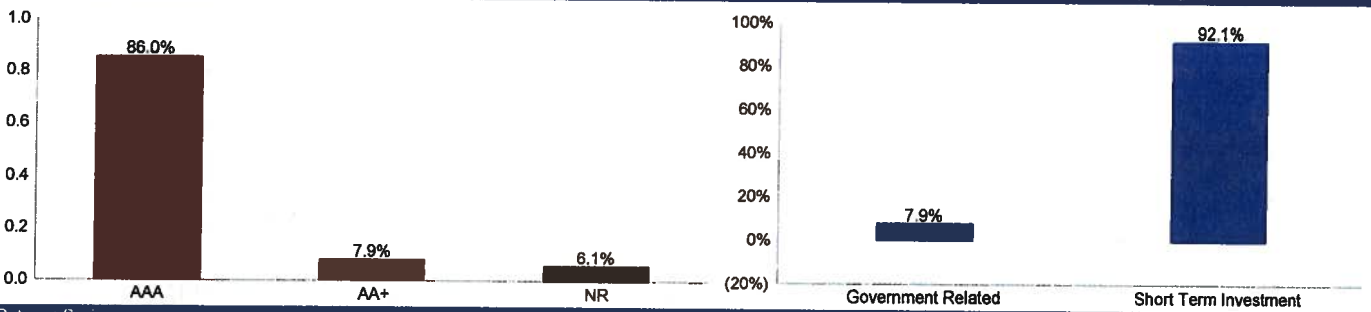
Total Net Assets (Millions)	505.8
Weighted Average Life (Years)	0.11
Weighted Avg. Effective Duration (Years)	0.06
Weighted Average Coupon (%)	0.39
Weighted Average Current Yield (%)	0.36
Weighted Average Yield to Maturity (%)	0.38
Weighted Average Rating	AA+
Number of Holdings	21



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
99CR20129	REPO NOMURA SECURITIES/FIXED INCOME 28/SEP/2012R	10.24%	0.30	1/10/2012
99CR20133	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	9.99%	0.45	1/10/2012
99CR20135	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	9.99%	0.45	1/10/2012
99CR20136	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	9.99%	0.45	1/10/2012
99CR20128	REPO NOMURA SECURITIES/FIXED INCOME 28/SEP/2012S	9.53%	0.30	1/10/2012
99CR20131	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	8.91%	0.45	1/10/2012
99CR20132	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	8.91%	0.45	1/10/2012
99CR20134	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.21%	0.45	1/10/2012
882998X00	LGIP POOL PARTICIPANT	5.94%	0.18	
31398A7F3	FEDERAL NATL MTG ASSN VAR RT 20/DEC/2012	3.96%	0.34	20/12/2012

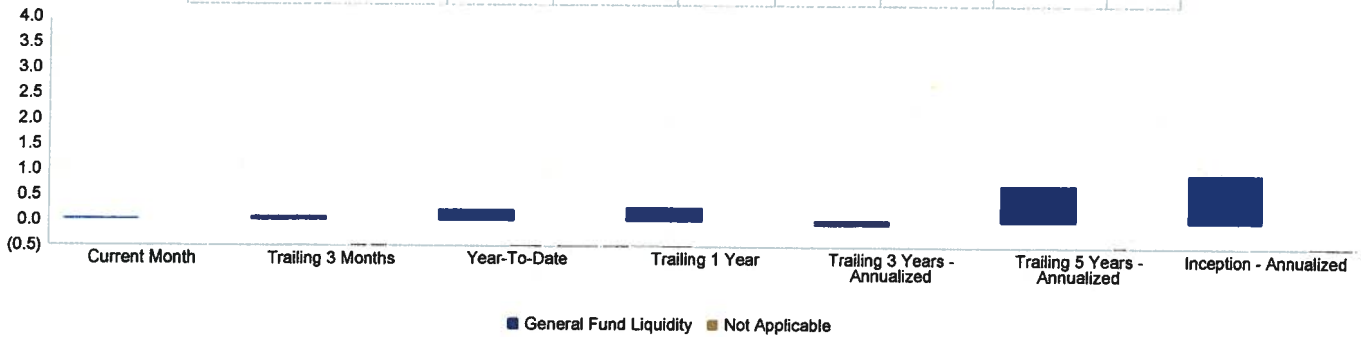
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

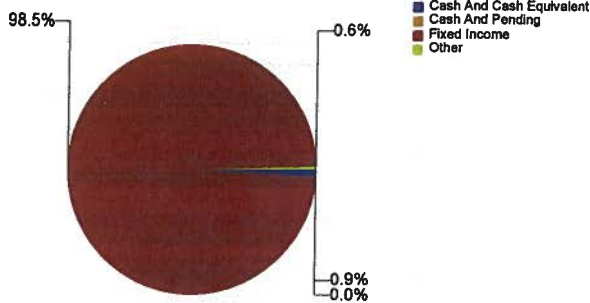
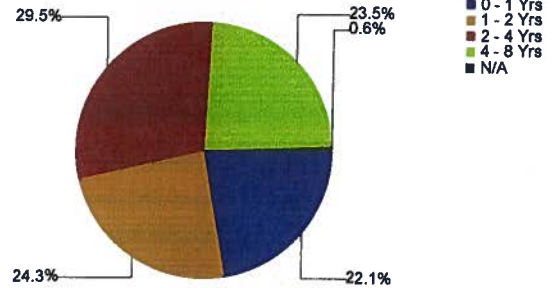
	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
General Fund Liquidity	0.02	0.07	0.20	0.24	(0.08)	0.70	0.95
Not Applicable							
Excess							



Portfolio Characteristics

Duration Mix

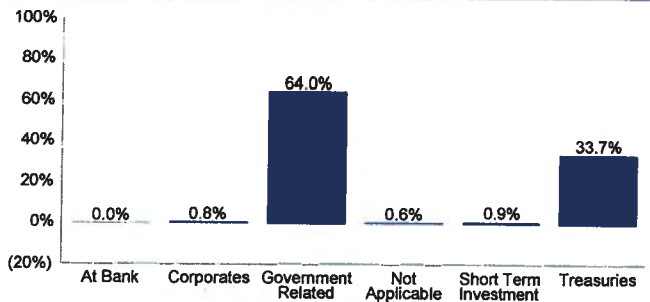
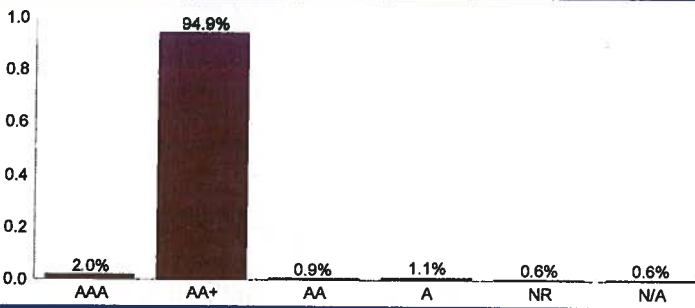
Total Net Assets (Millions) 1,320.7
Weighted Average Life (Years) 2.80
Weighted Avg. Effective Duration (Years) 2.39
Weighted Average Coupon (%) 1.49
Weighted Average Current Yield (%) 0.37
Weighted Average Yield to Maturity (%) 0.50
Weighted Average Rating AA+
Number of Holdings 86



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3135G0GY3	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% MTG BDS	4.70%	1.25	30/1/2017
3135G0LN1	FEDERAL NATIONAL MORTGAGE ASSOC 0.5% NTS	4.58%	0.50	2/7/2015
912828KF6	UNITED STATES OF AMER TREAS NOTES 1.875% TB	3.12%	1.88	28/2/2014
912828SJ0	UNITED STATES TREAS NTS 0.875% 28/FEB/2017	3.10%	0.88	28/2/2017
912828TM2	UNITED STATES TREAS NTS 0.825% 31/AUG/2017	2.67%	0.82	31/8/2017
313378UF0	FEDERAL HOME LOAN BANKS 0.375% BDS 29/JAN/2014	2.29%	0.38	29/1/2014
3137EADJ5	FEDERAL HOME LOAN MORTGAGE CORP 1% MTG BDS	1.97%	1.00	28/7/2017
31315PB73	FEDERAL AGRIC MTG CORP MTNS B FR 0.9% 09/JUN/2018	1.94%	0.90	9/6/2018
912828RX0	UNITED STATES TREAS NTS 0.875% 31/DEC/2018	1.94%	0.88	31/12/2018
17313YAL5	CITIGROUP FUNDING INC 1.875% 22/OCT/2012	1.92%	1.88	22/10/2012

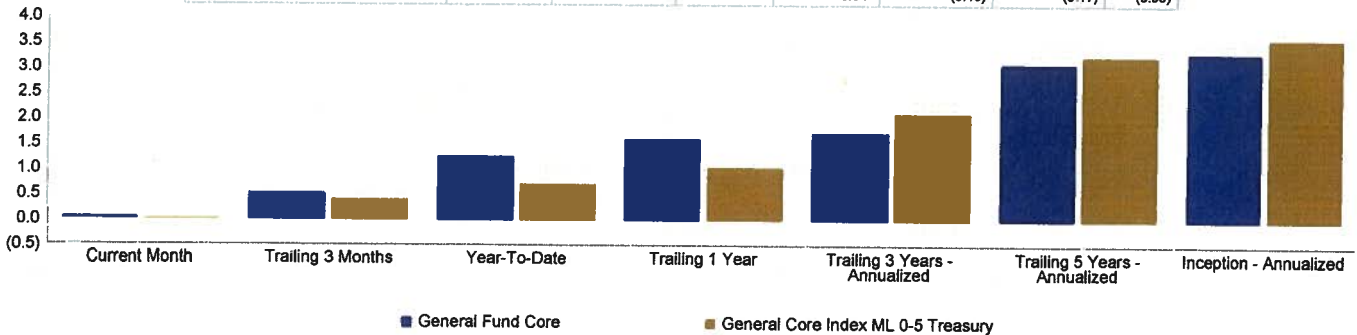
Quality/Rating Weightings

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	0.03	0.49	1.23	1.58	1.71	3.10	3.32
General Core Index ML 0-5 Treasury	0.01	0.38	0.70	1.04	2.12	3.27	3.63
Excess	0.02	0.11	0.53	0.54	(0.40)	(0.17)	(0.30)



STATE OF NEW MEXICO

GENERAL FUND CORE (1001)

Portfolio Classification Summary

Positions Held as of 9/30/12

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	.2535	.00270	12,132,290	12,132,290	12,132,290		.922
US TREASURY NOTE ACT/ACT 2X	23	.8278	2.49845	436,850,000	439,717,000	443,929,077	4,212,077	33.722
FED FARM CR BKS CONS LONG TERM	1	3.5425	.04660	5,000,000	5,002,073	5,009,650	7,577	.381
FED FARM CR BKS CALLABLE	2	1.2685	.15755	40,000,000	39,968,081	40,051,200	83,119	3.042
AGENCY US BOND 30/360 2X	5	1.4508	1.81302	80,000,000	79,998,771	80,428,450	429,679	6.110
AGENCY 30/360 2X	1	.9125	3.69040	25,000,000	25,000,000	25,400,500	400,500	1.929
AGENCY US NOTES 30/360 2X	25	.9645	2.70193	459,410,000	471,286,083	476,028,071	4,741,988	36.160
FED NATL MORTGAGE ASSN DEBS	6	.7982	3.08042	165,000,000	165,573,620	167,174,050	1,600,430	12.699
CORP US NOTE 30/360 2X	2	2.0573	.09081	35,000,000	35,014,299	35,100,300	86,001	2.666
MUNI US 30/360 2X	15	.6006	1.07863	28,485,000	28,830,012	28,875,936	45,924	2.193
MUNICIPAL BOND REVENUE	4	.3449	.88561	2,280,000	2,315,393	2,312,143	-3,250	.176
UNITS - INVESTMENT POOL 1	1			1,299	1,299	1,299		
	<u>86</u>	<u>.9589</u>	<u>2.42081</u>	<u>1,289,158,589</u>	<u>1,304,838,921</u>	<u>1,316,442,966</u>	<u>11,604,045</u>	<u>100.000</u>

STATE OF NEW MEXICO

GENERAL FUND (1000)

Portfolio Classification Summary

Positions Held as of 9/30/12

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 (0/N)	3	.4151	.00270	404,932,698	404,932,698	404,932,698		80.073
CERTIFICATES OF DEPOSIT	7	.4117	.69248	28,750,000	28,750,000	28,750,000		5.685
LINKED-CERTIFICATE OF DEPOSIT	1	.4000	.54520	2,000,000	2,000,000	2,000,000		.395
AGENCY US VARIABLE ACT/360 4X	2	.2308	.76850	40,000,000	40,007,575	39,995,400	-12,175	7.909
UNITS - INVESTMENT POOL 1	1			30,026,495	30,026,495	30,026,495		5.938
	<u>14</u>	<u>.3756</u>	<u>.11107</u>	<u>505,709,193</u>	<u>505,716,768</u>	<u>505,704,593</u>	<u>-12,175</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/01/12 @ 10:08:08
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 9/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 9/30/12

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
30,026,495 UNITS	- INVESTMENT POOL 1	UNITS001				.999999998	30,026,494.94	30,026,495.00
30,026,495					.809		30,026,494.94	30,026,495.00

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

7,132,698	OVERNIGHT REPO	1001RP	.250	10/01/12	.253	99.999999299	7,132,697.95	7,132,697.95
297,800,000	OVERNIGHT REPO	1001RP	.450	10/01/12	.456	100.000000000	297,800,000.00	297,800,000.00
100,000,000	OVERNIGHT REPO	1001RP	.300	10/01/12	.304	100.000000000	100,000,000.00	100,000,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A7F	.428	12/20/12	.172	100.056085400	20,011,217.08	20,007,200.00
8,000,000	CENTURY BANK	01709924	.400	12/27/12	.400	100.000000000	8,000,000.00	8,000,000.00
432,932,698					.056		432,943,915.03	432,939,897.95

====> 0005 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

250,000	GUADALUPE CREDIT UNION	735605	.750	3/26/13	.750	100.000000000	250,000.00	250,000.00
8,000,000	CENTURY BANK SANTA FE	17099245	.400	3/28/13	.400	100.000000000	8,000,000.00	8,000,000.00
2,000,000	MY BANK BELEN	63000023	.400	4/17/13	.400	100.000000000	2,000,000.00	2,000,000.00
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
18,750,000					1.296		18,750,000.00	18,750,000.00

====> 0005 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

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

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.290	99.981472350	19,996,294.47	19,988,200.00
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
24,000,000					1.013		23,996,294.47	23,988,200.00

===> 0003 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2014 <===

505,709,193					.048		505,716,704.44	505,704,592.95
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===> 0014 ITEMS IN SUBTOTAL FOR ===> FUND-NAME..... ===> GENERAL FUND <===

SOURCE: VisualQED
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 T R E A S U R E R ' S O F F I C E

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,299 UNITS	INVESTMENT POOL 1	UNITS001				.999730562	1,298.65	1,299.00
1,299					18711.		1,298.65	1,299.00

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

525,000	LOVINGTON N MEX MUN SCH DIST N	547473DA	2.000	10/01/12	.508	100.000000000	525,000.00	525,000.00
12,132,290	OVERNIGHT REPO	1001RP	.250	10/01/12	.253	99.999998434	12,132,289.81	12,132,289.81
5,000,000	FEDERAL FARM CREDIT BANK	31331X3S	4.500	10/17/12	3.543	100.041463400	5,002,073.17	5,009,650.00
25,000,000	CITIGROUP FUNDING INC.	17313YAL	1.875	10/22/12	.789	100.063586960	25,015,896.74	25,023,500.00
10,000,000	ABBOTT LABORATORIES	002819AA	5.150	11/30/12	5.231	99.984024700	9,998,402.47	10,076,800.00
15,000,000	FEDERAL HOME LOAN BANKS	3133XDTB	4.875	12/14/12	3.661	100.243915400	15,036,587.31	15,140,550.00
10,000,000	UNITED STATES TREASURY NOTES	912828MB	1.125	12/15/12	1.327	99.957818600	9,995,781.86	10,020,300.00
77,657,290					.313		77,706,031.36	77,928,089.81

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	UNITED STATES TREASURY NOTES	912828PR	.625	1/31/13	.450	100.057773000	10,005,777.30	10,016,400.00
10,000,000	UNITED STATES TREAS NTS	912828QK	.625	2/28/13	.478	100.060685400	10,006,068.54	10,019,900.00
5,000,000	FEDERAL HOME LOAN BANKS	3133XPNZ	3.500	3/08/13	3.882	99.855203400	4,992,760.17	5,072,400.00
200,000	SANTA ROSA CSD #8 NM	802751DK	1.000	5/15/13	.356	100.402945000	200,805.89	200,578.00
2,000,000	NEW MEXICO FIN AUTH REV	64711NNV	2.000	6/01/13	1.014	100.662245000	2,013,244.90	2,015,240.00

SOURCE: VisualQED
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 T R E A S U R E R ' S O F F I C E

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
3,605,000	NEW MEXICO FIN AUTH REV	64711NPA	2.000	6/01/13	.356	101.096892094	3,644,542.96	3,645,664.40
1,285,000	UNIVERSITY OF NM-REFUNDING	914692N2	2.000	6/01/13	.305	101.130514397	1,299,527.11	1,297,348.85
500,000	NMFA SERIES B1	64711NLW	2.000	6/01/13	.305	101.130514000	505,652.57	505,975.00
10,000,000	FEDERAL HOME LOAN BANKS	3133XXYX	1.875	6/21/13	.851	100.743919800	10,074,391.98	10,121,500.00
7,525,000	ALBUQUERQUE NM 2012C	ABQ2012C	.290	7/01/13	.294	100.000000000	7,525,000.00	7,525,000.00
785,000	LOS ALAMOS N MEX PUB SCH DIST	54422NDB	2.000	8/01/13	.406	101.329564331	795,437.08	795,424.80
1,700,000	SAN JUAN CNTY N MEX CENT CONS	798359JP	2.000	8/01/13	.304	101.413671765	1,724,032.42	1,722,304.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BR	.500	8/09/13	.588	99.931749300	19,986,349.86	20,049,600.00
2,245,000	GADSDEN N MEX INDPT SCH DIST N	362550KT	2.000	8/15/13	.608	101.215818263	2,272,295.12	2,275,778.95
10,000,000	UNITED STATES TREASURY NOTES	912828NY	.750	9/15/13	.541	100.198937700	10,019,893.77	10,053,500.00
10,000,000	FEDERAL HOME LOAN BANKS	313371UC	.875	12/27/13	1.110	99.729720200	9,972,972.02	10,079,800.00
20,000,000	UNITED STATES TREASURY NOTES	912828RW	.125	12/31/13	.233	99.865558100	19,973,111.62	19,978,800.00
114,845,000					.211		115,011,863.31	115,375,214.00

====> 0017 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

13,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	105.357254000	13,696,443.02	13,784,290.00
30,000,000	FED HOME LOAN BANKS	313376UF	.375	1/29/14	.323	100.074105600	30,022,231.68	30,054,900.00
20,000,000	UNITED STATES TREASURY NOTES	912828JZ	1.750	1/31/14	.666	101.434286950	20,286,857.39	20,407,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828QH	1.250	2/15/14	1.413	99.778825800	19,955,765.16	20,281,200.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.048	101.157696875	40,463,078.75	40,932,800.00
15,000,000	UNITED STATES TREASURY NOTES	912828KJ	1.750	3/31/14	.729	101.517624667	15,227,643.70	15,340,950.00
20,000,000	UNITED STATES TREAS NTS	912828SL	.250	3/31/14	.262	99.982079450	19,996,415.89	20,006,200.00
20,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.476	100.620984600	20,124,196.92	20,518,000.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
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 AMRTZD: BOOK VALUES AMORTIZED THROUGH 9/30/12

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

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
200,000	SANTA ROSA CSD #8 NM	802751DL	1.000	5/15/14	.507	100.806710000	201,613.42	201,172.00
20,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.509	101.212179150	20,242,435.83	20,667,200.00
3,060,000	NEW MEXICO FIN AUTH REV	64711NNW	3.000	6/01/14	1.490	102.508694771	3,136,766.06	3,163,581.00
3,615,000	NEW MEXICO FIN AUTH REV	64711NPB	2.000	6/01/14	.456	102.570539972	3,707,925.02	3,711,195.15
770,000	NEW MEXICO FIN AUTH REV	64711NPX	2.000	6/01/14	1.014	101.648215585	782,691.26	787,402.00
165,000	UNIVERSITY OF NM-REFUNDING	914692Q6	3.000	6/01/14	.487	104.177854546	171,893.46	171,420.15
330,000	UNIVERSITY OF NM-REFUNDING	914692N3	2.000	6/01/14	.487	102.519948485	338,315.83	337,398.60
20,000,000	UNITED STATES TREASURY NOTES	912828QS	.750	6/15/14	.771	99.964324450	19,992,864.89	20,175,800.00
15,000,000	UNITED STATES TREAS NTS	912828LC	2.625	7/31/14	1.513	102.000131867	15,300,019.78	15,652,800.00
2,005,000	GADSDEN N MEX INDPT SCH DIST N	362550KU	2.000	8/15/14	.862	102.131120698	2,047,728.97	2,054,583.65
20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0BY	.875	8/28/14	.457	100.804684500	20,160,936.90	20,221,800.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACY	.750	11/25/14	.772	99.976437000	9,997,643.70	10,092,300.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3BL	1.000	12/05/14	1.014	100.000000000	20,000,000.00	20,019,400.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADA	.625	12/29/14	.364	100.594022500	20,118,804.50	20,122,800.00
313,145,000					.077		315,972,272.13	318,704,192.55

====> 0022 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0HG	.375	3/16/15	.541	99.612174450	19,922,434.89	20,010,000.00
20,000,000	UNITED STATES TREAS NTS	912828SP	.375	4/15/15	.387	99.969706450	19,993,941.29	20,043,800.00
225,000	SANTA ROSA CSD #8 NM	802751DM	1.000	5/15/15	.659	100.908386667	227,043.87	227,070.00
40,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0LN	.500	7/02/15	.536	99.920769225	39,968,307.69	40,119,600.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0LN	.500	7/02/15	.461	100.122892500	20,024,578.50	20,059,800.00
10,500,000	UNITED STATES TREASURY NOTES	912828TD	.250	7/15/15	.320	99.805835143	10,479,612.69	10,484,460.00

SOURCE: VisualQED
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134A4VC	4.375	7/17/15	.965	109.415913850	21,883,182.77	22,210,600.00
25,000	SOUTHERN SANDOVAL CNTY N MEX A	843789FH	2.000	8/01/15	.710	103.640360000	25,910.09	25,941.75
11,100,000	UNITED STATES TREAS NTS	912828EE	4.250	8/15/15	.320	111.227091802	12,346,207.19	12,346,197.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136FR3F	.950	9/08/15	.963	100.000000000	20,000,000.00	20,047,400.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACM	1.750	9/10/15	1.015	102.165623850	20,433,124.77	20,785,200.00
14,250,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0NV	.500	9/28/15	.503	100.011858667	14,251,689.86	14,288,190.00
20,000,000	FEDERAL FARM CR BANKS CALLABLE	31331KS9	1.120	11/16/15	1.188	99.840590100	19,968,118.02	20,019,600.00
20,000,000	FEDERAL FARM CR BANKS CALLABLE	31331KZ2	1.330	12/07/15	1.348	100.000000000	20,000,000.00	20,031,600.00
11,660,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3EG	1.150	12/30/15	1.166	100.000000000	11,660,000.00	11,759,576.40
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,072,600.00

257,760,000					.093		261,184,151.63	262,531,635.15

====> 0016 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> 2015 <====

20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MH8	5.000	3/15/16	1.026	113.508515850	22,701,703.17	23,077,800.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BA	2.375	4/11/16	1.057	104.601669550	20,920,333.91	21,319,600.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACT	2.500	5/27/16	1.095	105.075609150	21,015,121.83	21,450,400.00
25,000,000	FEDERAL AGRICULTURAL MORTG CORP	31315PB7	.900	6/09/16	.913	100.000000000	25,000,000.00	25,400,500.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MS6	5.375	7/15/16	1.142	115.715299950	23,143,059.99	23,602,600.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.168	103.224476000	20,644,895.20	21,097,400.00
20,000,000	UNITED STATES TREASURY NOTES	912828RF	1.000	8/31/16	.929	100.272142500	20,054,428.50	20,425,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0CM	1.250	9/28/16	1.218	100.190389150	20,038,077.83	20,544,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136FTQJ	1.625	11/21/16	1.650	99.991365350	19,998,273.07	20,036,200.00
20,000,000	FED HOME LOAN MORTGAGE CORP BDS	3134G3CB	1.625	12/05/16	1.196	100.077849400	20,015,569.88	20,042,800.00

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
25,000,000	UNITED STATES TREAS NTS	912828RX	.875	12/31/16	.776	100.412628160	25,103,157.04	25,390,750.00
230,000,000					.102		238,634,620.42	242,387,050.00

==> 0011 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <==

15,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTYG	1.000	1/30/17	1.026	99.948998400	14,992,349.76	15,045,750.00
60,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0GY	1.250	1/30/17	1.069	100.827211883	60,496,327.13	61,591,800.00
20,000,000	UNITED STATES TREAS NTS	912828SC	.875	1/31/17	.846	100.122878800	20,024,575.76	20,306,200.00
20,000,000	FEDERAL HOME LOAN BANK	3133786Q	1.000	2/13/17	1.044	99.871972650	19,974,394.53	20,080,800.00
40,000,000	UNITED STATES TREAS NTS	912828SJ	.875	2/28/17	.872	100.012828725	40,005,131.49	40,615,600.00
20,000,000	FED HOME LOAN MORTGAGE CORP DBS	3137EADC	1.000	3/08/17	1.121	99.542201250	19,908,440.25	20,255,400.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0JA	1.125	4/27/17	1.064	100.338239700	10,033,823.97	10,185,100.00
20,000,000	FEDERAL HOME LN MTG CORP	3137EADH	1.000	6/29/17	.934	100.365629550	20,073,125.91	20,227,800.00
25,500,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADJ	1.000	7/28/17	.932	100.381169647	25,597,198.26	25,834,815.00
5,250,000	UNITED STATES TREASURY NOTES	912828TG	.500	7/31/17	.613	99.462768952	5,221,795.37	5,224,170.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0MZ	.875	8/28/17	.799	100.417936320	25,104,484.08	25,126,000.00
35,000,000	UNITED STATES TREASURY NOTES	912828TM	.625	8/31/17	.685	99.710457257	34,898,660.04	35,022,050.00
295,750,000					.082		296,330,306.55	299,515,485.00

==> 0012 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2017 <==

1289158589					.019		1304840544.05	1316442965.51
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SOURCE: VisualQED

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
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==> 0086 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> GENERAL FUND CORE <==



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

Portfolio Summary – Local Government Investment Pool (LGIP)

Summary

- Ending September Market Value for the LGIP was \$608mil, slightly lower than reported at the end of August.
- The LGIP maintains an AAAM rating by Standard & Poor's.
- Three month libor declined to 0.3585%, lowering coupons on the floaters by about 10bp.
- LGIP was able to reinvest a maturity of Straight-A Funding CP for a three month term at 0.18% for \$25mil face amount.

Portfolio Mix

- 45% of the portfolio was invested in fixed income securities, 12% in floating rate notes, 15% in collateralized demand deposit accounts with qualified banking institutions, 4% in commercial paper and 24% in a repurchase agreement.
- At Month-end, the LGIP held positions in 24 securities.
- LGIP purchased \$20mil US Treasury Notes maturing in one year at approximately 0.20%.
- Treasuries continued to trade very close to Agency securities in the less than one year maturity segment of the yield curve.
- LGIP purchased a small, \$2.25mil, secondary IBRD (World Bank) FRN, AAA/Aaa rated, maturing 5/22/13. The security floats daily at a discount margin of 20 bp over the Federal Funds Effective Rate and was attractive vs. Agency FRNs that were trading closer to +1bp.

Investment Earnings

- In September, the fund earned \$120,282 for its participants.
- For Fiscal Year 2013, the fund earned \$397,262.
- Earnings in the LGIP are retained by participants after a management fee of 0.05% is paid to the General Fund.

Investment Strategy

- LGIP WAMs have shortened to approximately 43 and 72 days for WAM(R) and WAM (F) respectively.
- The LGIP continues to experience a small amount of net withdrawals.
- Maturities for October have totaled approximately \$32.6mil face amount and have been reinvested in overnight US Treasury repo and Wells Fargo collateralized demand deposits.
- Overnight repo continues to be attractive versus term investments. Until this relationship changes LGIP will continue to utilize repo for available cash.
- US Treasury fixed rate securities around the one year maturity will be the most likely investments vs. repo going forward.
- LGIP will continue to focus on diversification while maximizing safety of principal through investments in US Government and Agency securities, FDIC guaranteed and quasi-sovereign issues.

Performance

- Gross Yield on the LGIP was 0.23% at the end of September.
- Net yield to participants was 0.18%.

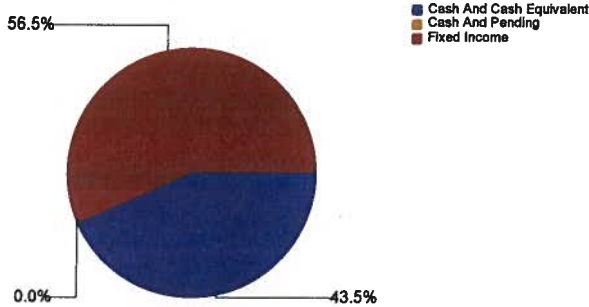
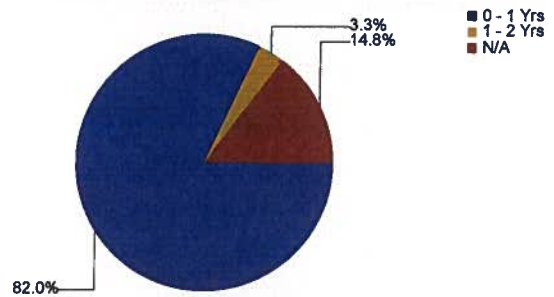
Investment Highlights

- For the LGIP, the WAM(R), 56 days, and WAM(F), 86 days, are within their maximums of 60 and 120 days respectively.
- During the month of September most of the floating rate notes held in the LGIP reset their coupons, with more than half, \$77.7mil, resetting for the last time. They will mature in December 2012.
- As a result of the resets, the WAM(R) lengthened to 56 days at the end of September versus 41 days reported for August.

Portfolio Characteristics

Duration Mix

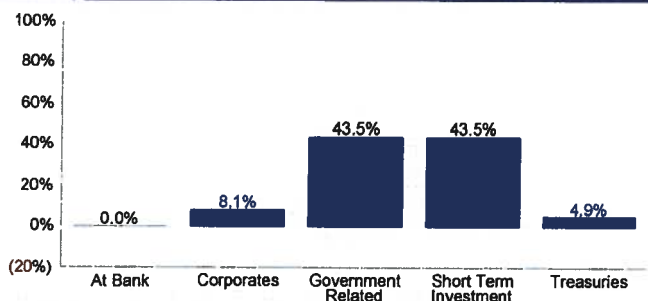
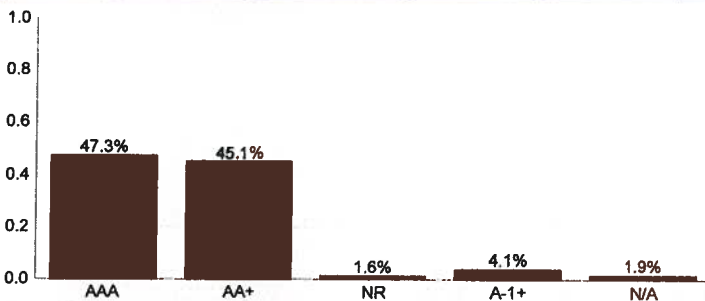
Total Net Assets (Millions) 609.6
Weighted Average Life (Years) 0.24
Weighted Avg. Effective Duration (Years) 0.15
Weighted Average Coupon (%) 0.47
Weighted Average Current Yield (%) 0.18
Weighted Average Yield to Maturity (%) 0.18
Weighted Average Rating AA+
Number of Holdings 27



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89499LC10	BANK OF THE WEST	11.21%	0.00	1/10/2012
31331KF62	FEDERAL FARM CR BKS CONS BD FLT 13 12/JUN/2013	8.20%	0.27	12/8/2013
99CR20127	REPO BANK OF NEW YORK/SOUTH STREET SECS	6.18%	0.16	1/10/2012
99CR20125	REPO BANK OF NEW YORK/SOUTH STREET SECS	6.05%	0.16	1/10/2012
99CR20126	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.08%	0.16	1/10/2012
95806AAB9	WESTERN CORP FEDERAL CREDIT UNION SUBORD 1.75%	6.38%	1.75	2/11/2012
36186CBF9	ALLY FINANCIAL INC 2.2% NTS 19/DEC/2012 USD1000	5.36%	2.20	19/12/2012
461247AN4	JPMORGAN CHASE & CO 0.53938% BDS 26/DEC/2012	4.89%	0.62	26/12/2012
22087WAB5	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2012	4.63%	0.00	25/10/2012
86257YH20	STRAIGHT A FDG SLS TN CORPORATE COMMERCIAL PAPER	4.10%	0.00	20/12/2012

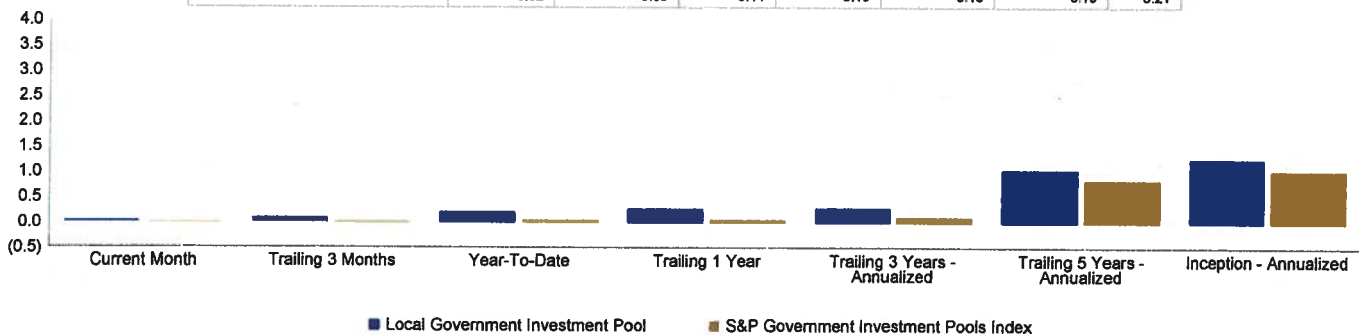
Quality/Rating Weightings

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	0.19	0.25	0.28	1.02	1.24
S&P Government Investment Pools Index	0.01	0.02	0.05	0.06	0.10	0.83	1.04
Excess	0.02	0.05	0.14	0.19	0.16	0.19	0.21



STATE OF NEW MEXICO

LGIP FUND (4101)

Portfolio Classification Summary

Positions Held as of 9/30/12

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	.1622	.00270	150,000,000	150,000,000	150,000,000		24.634
COMMERCIAL PAPER-DISCOUNT BASED	1	.1826	.22190	25,000,000	24,990,000	24,990,000		4.104
US TREASURY NOTE ACT/ACT 2X	2	.1925	.72237	30,000,000	29,991,217	29,993,100	1,883	4.926
TEMP CORP CU STABILIZATION FND	1	.1970	.05210	4,348,000	4,351,644	4,351,435	-209	.715
AGENCY US BOND 30/360 2X	1	.2177	.33970	9,200,000	9,198,320	9,199,356	1,036	1.511
AGENCY US VARIABLE ACT/360 4X	3	.2197	.72409	91,000,000	91,017,659	90,968,260	-49,399	14.939
CORP US NOTE 30/360 2X	3	.2027	.14383	91,799,000	92,033,111	92,033,284	173	15.114
CORP US FLOAT ACT/360 4X	5	.2739	.24726	58,950,000	58,982,205	59,021,190	38,985	9.693
MEDIUM-TERM NOTES	1	.3042	.63560	20,000,000	20,000,000	20,172,000	172,000	3.313
CORP US DISC ACT/ACT 365 DAY	2	.2931	.12151	38,240,000	38,225,918	38,235,935	10,017	6.279
CASH ACCOUNT	4	.2114		89,949,196	89,949,196	89,949,196		14.772
	<u>24</u>	<u>.2113</u>	<u>.27386</u>	<u>608,486,196</u>	<u>608,739,270</u>	<u>608,913,756</u>	<u>174,486</u>	<u>100.000</u>

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
14,149,477	WELLS FARGO CASH ACCOUNT	CASHCASH	.100			1.000000000	14,149,477.44	14,149,477.00
2,358,217	WELLS FARGO SAVINGS	CASHCASH	.100			1.000000000	2,358,216.95	2,358,217.00
68,354,475	BANK OF THE WEST	CASHCASH	.250			1.000000000	68,354,474.55	68,354,475.00
5,087,027	US BANK	CASHCASH	.200			1.000000000	5,087,027.06	5,087,027.00
89,949,196					.270		89,949,196.00	89,949,196.00

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

150,000,000	SOUTH STREET SEC US TREAS REPO	0928SSRP	.160	10/01/12	.162	100.000000000	150,000,000.00	150,000,000.00
4,348,000	U.S. CENTRAL FEDERAL CREDIT UNIO	90345AAC	1.900	10/19/12	.197	100.083803358	4,351,643.77	4,351,434.92
28,240,000	FDIC SSGN	22087WAB		10/25/12	.276	99.981869972	28,234,880.08	28,239,435.20
38,589,000	WESTERN COPORATE FCU	95806AAB	1.750	11/02/12	.200	100.133585011	38,640,549.12	38,638,393.92
20,910,000	CITIGROUP FUNDING TLGP	17313YAN	1.875	11/15/12	.212	100.203389335	20,952,528.71	20,952,447.30
10,000,000	UNITED STATES TREAS NTS	912828PV	.500	11/30/12	.188	100.051080000	10,005,108.00	10,006,300.00
2,700,000	GMAC LLC	36186CBG	.468	12/19/12	.214	100.036170370	2,700,976.60	2,701,647.00
32,300,000	ALLY FINANCIAL INC	36186CBF	2.200	12/19/12	.200	100.433532229	32,440,030.91	32,442,443.00
21,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A7F	.428	12/20/12	.082	100.056324810	21,011,828.21	21,007,560.00
25,000,000	STRAIGHT-A FUNDING CP	86257YHZ	.180	12/20/12	.183	99.960000000	24,990,000.00	24,990,000.00
17,250,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAU	1.016	12/21/12	.281	100.021155304	17,253,649.29	17,262,247.50
7,000,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAU	1.016	12/21/12	.306	100.015532286	7,001,087.26	7,004,970.00
29,750,000	JPMORGAN CHASE FLOAT	481247AN	.497	12/26/12	.262	100.084049177	29,775,004.63	29,800,872.50
387,087,000					.063		387,357,286.58	387,397,751.34

====> 0013 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
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 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 9/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 9/30/12

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

PAGE: 17

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
10,000,000	FDIC SSGN	625475AB		1/07/13	.341	99.910480200	9,991,048.02	9,996,500.00
9,200,000	FEDERAL HOME LOAN BANKS	313379AA	.160	2/01/13	.218	99.981660652	9,198,312.78	9,199,356.00
20,000,000	INTERNATIONAL FINANCE CORP	45950VBT	.300	5/20/13	.304	100.000000000	20,000,000.00	20,172,000.00
2,250,000	INTL BK RECON & DEVELOP	45905UJW	.460	5/22/13	.361	100.064347556	2,251,447.82	2,251,447.82
50,000,000	FEDERAL FARM CREDIT BANKS	31331KF6	.111	6/12/13	.249	100.018986740	50,009,493.37	49,972,500.00
20,000,000	UNITED STATES TREASURY NOTES	912828RK	.125	9/30/13	.195	99.930293900	19,986,058.78	19,986,800.00
111,450,000					.218		111,436,360.77	111,578,603.82

====> 0006 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <====

20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.290	99.981472350	19,996,294.47	19,988,200.00
20,000,000					1.215		19,996,294.47	19,988,200.00

====> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <====

608,486,196					.040		608,739,137.82	608,913,751.16
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====> 0024 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> LGIP FUND <====



8. 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 September at \$334mil vs. \$353mil at the end of August.
- The Pool paid out approximately \$19mil for capital spending in September 2012.
- There were no transactions in the Tax-Exempt BPIP in September.
- The Tax-Exempt BPIP was able to meet capital project withdrawals.
- The Pool was fully invested with the cash position declining to about 2% of the total market value.

Portfolio Mix

- 100% of the Tax-Exempt BPIP portfolio was invested in fixed income securities; 30% in TLGP Securities which are backed by the FDIC, 56% in Treasury and Agency Securities, 4% in Supranational (World Bank), 8% in NM municipal securities and the balance, approximately 2%, held in cash equivalents.
- 59% of the portfolio was invested in securities that mature in one year, 18% in securities that mature from 1-2 years, 15% in securities that mature from 2-4 years and 8% in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 29 securities.
- Weighted Average Life of the Tax Exempt BPIP was 1.7 years. The Weighted Average duration was 1.4 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- Unrealized gains in the Tax-Exempt BPIP Portfolio were \$1.4mil as of September 30th.
- Monthly Earnings on the portfolio for September were \$207,490.
- Earnings for FY2013 were \$694,091.
- 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 September was generally unchanged from August and was similar to the Benchmark.

Performance

- The purchase yield was 0.75% at the end of September. The yield-to-worst was 0.37%.
- The Tax-Exempt BPIP returned 0.03% for the month of September and 0.23% for the three months ended September 30, 2012, vs. Index returns of 0.01% and 0.20% respectively. YTD the Pool returned 0.61% vs. 0.29% for the Index.
- US Treasury yields were basically unchanged for the month of September, with outperformance of the Pool coming from a higher overall portfolio yield vs. the Index.

Investment Strategy

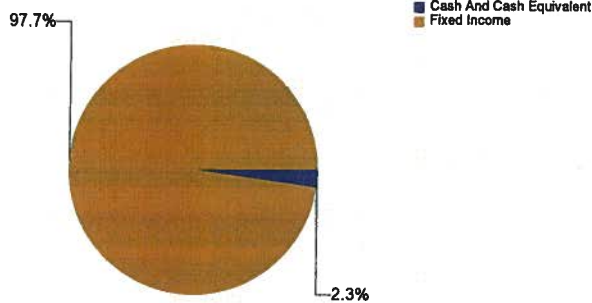
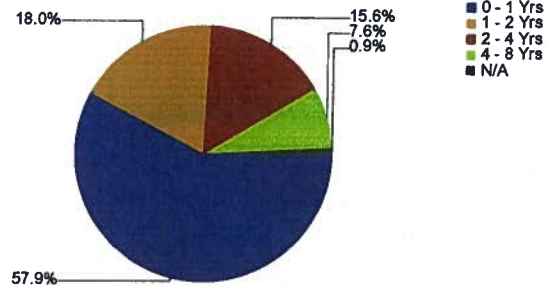
- The option-adjusted duration of the Tax-Exempt BPIP portfolio is currently 1.28 yrs. vs. 1.38 yrs. for the benchmark.
- Overnight repo rates have been very attractive vs. term investments. The duration of the portfolio has drifted lower as there has been no impetus to extend maturities.
- Interest rates have risen during the month of October with the five year maturity higher by almost 0.14% vs. the end of September.
- There was a call on \$6.11mil face amount of a FNMA on October 26. Assuming that the current yield environment persists, we anticipate an additional \$10mil face amount of Agencies will be called in the last quarter of 2012.

- Citigroup Funding TLGP, \$25mil face amount, maturing December 10, 2012, was sold at a gain in October to meet withdrawals for capital projects.
- The Pool's cash position is currently around 9% of the total market value.

Portfolio Characteristics

Duration Mix

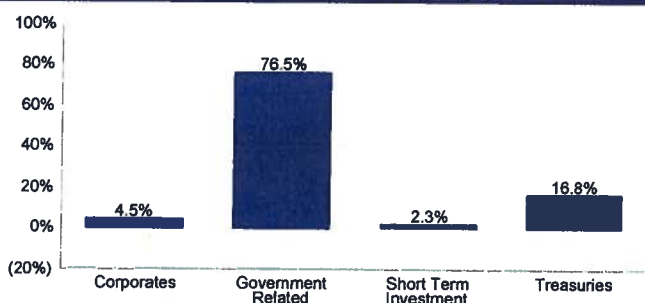
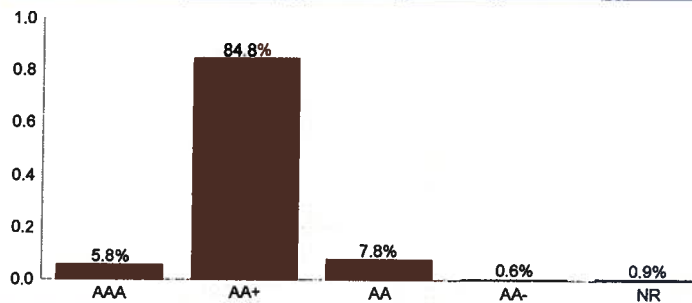
Total Net Assets (Millions)	336.8
Weighted Average Life (Years)	1.68
Weighted Avg. Effective Duration (Years)	1.35
Weighted Average Coupon (%)	2.03
Weighted Average Current Yield (%)	0.26
Weighted Average Yield to Maturity (%)	0.35
Weighted Average Rating	AA+
Number of Holdings	26



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	15.04%	2.62	28/12/2012
17313YAJ0	CITIGROUP FUNDING INC 2.25% BDS 10/DEC/2012	15.01%	2.25	10/12/2012
31359MRK1	FED NATL MORT ASSC 4.625% NOTES 01/MAY/2013	7.78%	4.62	1/5/2013
3137EACW7	FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	6.28%	2.00	25/8/2016
912828PM6	UNITED STATES TREAS NTS 2.125% 31/DEC/2015	4.73%	2.12	31/12/2015
912828KF6	UNITED STATES OF AMER TREAS NOTES 1.875% TB	4.56%	1.88	28/2/2014
912828MX5	UNITED STATES TREAS NTS 1.75% 15/APR/2013	4.53%	1.75	15/4/2013
313378FW4	FEDERAL HOME LOAN BANKS 1% BDS 08/JUN/2017 USD5000	4.51%	1.00	9/6/2017
3134G3ZA1	FEDERAL HOME LOAN MORTGAGE CORP 0.5% BDS	4.47%	0.50	28/8/2015
45950VBW5	INTL FINANCE CORP 0.33% MTN 01/AUG/2013 USD	4.46%	0.33	1/8/2013

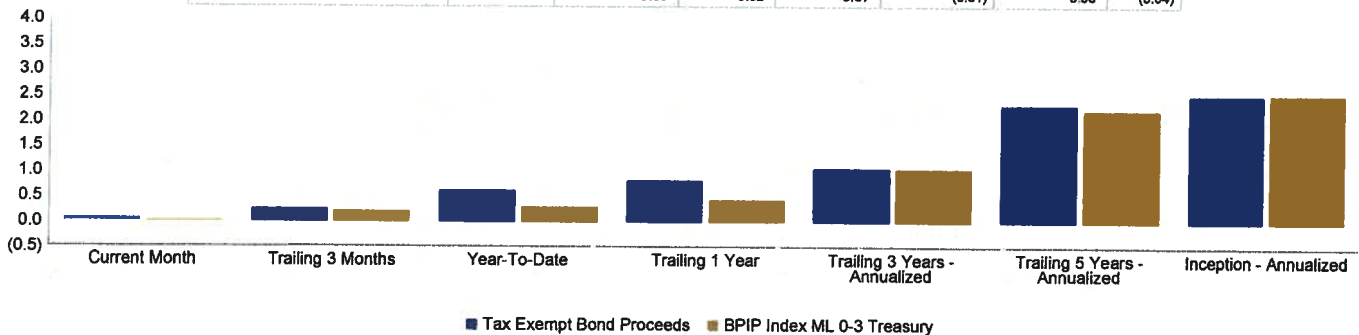
Quality/Rating Weightings

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
Tax Exempt Bond Proceeds	0.03	0.23	0.61	0.81	1.03	2.29	2.50
BPIP Index ML 0-3 Treasury	0.01	0.20	0.29	0.44	1.04	2.21	2.54
Excess	0.02	0.03	0.32	0.37	(0.01)	0.08	(0.04)



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

Portfolio Classification Summary

Positions Held as of 9/30/12

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	.2535	.00270	1,609,838	1,609,838	1,609,838		.481
CERTIFICATES OF DEPOSIT	2	.6000	1.76710	3,000,000	3,000,000	3,000,000		.896
US TREASURY NOTE ACT/ACT 2X	4	.6487	1.48019	55,000,000	56,095,485	56,350,650	255,165	16.823
FED FARM CR BKS CALLABLE	1	1.1863	.20550	10,000,000	10,000,000	10,013,400	13,400	2.990
AGENCY US BOND 30/360 2X	1	.8400	4.69040	15,000,000	15,118,040	15,142,200	24,160	4.521
AGENCY US NOTES 30/360 2X	4	.7848	2.12469	70,000,000	71,268,655	71,863,250	594,595	21.455
FED NATL MORTGAGE ASSN DEBS	4	1.2771	1.97662	29,605,000	29,671,547	30,088,928	417,381	8.983
CORP US NOTE 30/360 2X	2	.7596	.21915	100,000,000	100,368,769	100,509,000	140,231	30.007
MEDIUM-TERM NOTES	1	.3346	.83560	15,000,000	15,000,000	15,024,900	24,900	4.486
MUNI US 30/360 2X	7	.3900	1.47114	27,235,000	28,348,772	28,343,148	-5,624	8.462
UNITS - INVESTMENT POOL 1	1			3,006,818	3,006,818	3,006,818		.898
CASH ACCOUNT	1			-31	-31	-31		
	<u>29</u>	<u>.7475</u>	<u>1.35055</u>	<u>329,456,625</u>	<u>333,487,893</u>	<u>334,952,101</u>	<u>1,464,208</u>	<u>100.000</u>

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

PAGE: 1

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
-	31 CASH KEY	CASHCASH				1.000000000	- 30.92	- 31.00
3,006,818	UNITS - INVESTMENT POOL 1	UNITS001				1.000000033	3,006,818.10	3,006,818.00
3,006,787					8.082		3,006,787.18	3,006,787.00

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

1,609,838	OVERNIGHT REPO	1001RP	.250	10/01/12	.253	100.000010560	1,609,838.17	1,609,838.17
50,000,000	CITIGROUP FUNDING INC.	17313YAJ	2.250	12/10/12	.759	100.286284740	50,143,142.37	50,200,500.00
50,000,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAY	2.625	12/28/12	.759	100.451322280	50,225,661.14	50,308,500.00
101,609,838					.238		101,978,641.68	102,118,838.17

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	UNITED STATES TREASURY NOTES	912828PR	.625	1/31/13	.377	100.081983300	10,008,198.33	10,016,400.00
15,000,000	UNITED STATES TREASURY NOTES	912828MX	1.750	4/15/13	.715	100.554919600	15,083,237.94	15,127,800.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MRK	4.625	5/01/13	.550	102.374342800	25,593,585.70	25,649,750.00
2,000,000	LOS ALAMOS CNTY N MEX INC UTIL	54423EBV	5.000	7/01/13	.355	103.479340000	2,069,586.80	2,068,160.00
15,000,000	INTL FINANCE CORP	45950VBW	.330	8/01/13	.335	100.000000000	15,000,000.00	15,024,900.00
7,350,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RQ	1.000	8/01/13	.300	100.585428980	7,393,029.03	7,385,721.00
74,350,000					.323		75,147,637.80	75,272,731.00

====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

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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
15,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	.986	101.245269800	15,186,790.47	15,349,800.00
6,485,000	NEW MEXICO ST SEVERANCE TAX	647310P4	4.000	7/01/14	.406	106.271254125	6,891,690.83	6,900,947.90
4,780,000	NEW MEXICO ST SEVERANCE TAX	647310N4	4.000	7/01/14	.406	106.271254184	5,079,765.95	5,070,767.40
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
500,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RR	2.000	8/01/14	.466	102.807992000	514,039.96	513,505.00
5,570,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RE	3.000	8/01/14	.456	104.650185637	5,829,015.34	5,832,068.50
35,335,000					.666		36,501,302.55	36,667,088.80

====> 0007 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> 2014 <====

550,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RS	2.000	8/01/15	.598	103.955683636	571,756.26	571,978.00
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.161599933	15,024,239.99	15,043,500.00
6,110,000	FED NATL MORTGAGE ASSN DEBS	3136FTDU	1.125	10/26/15	1.045	100.006176596	6,110,377.39	6,113,360.50
10,000,000	FED FARM CR BKS CALLABLE	31331K2S	1.170	12/14/15	1.186	100.000000000	10,000,000.00	10,013,400.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,072,600.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	105.449811467	15,817,471.72	15,856,650.00
56,660,000					.422		57,523,845.36	57,671,488.50

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

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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
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.160	103.255469150	20,651,093.83	21,097,400.00
10,000,000	FEDERAL NATL MTG ASSN DEBS	3135G0ES	1.375	11/15/16	1.227	100.661149400	10,066,114.94	10,310,800.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,125,800.00
3,495,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	3,495,000.00	3,538,967.10
43,495,000					.550		44,212,208.77	45,072,967.10

====> 0004 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <====

15,000,000	FEDERAL HOME LOAN BANKS	313379FW	1.000	6/09/17	.840	100.789189667	15,118,378.45	15,142,200.00
15,000,000					1.607		15,118,378.45	15,142,200.00

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

329,456,625					.073		333,488,801.79	334,952,100.57
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====> 0029 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL1 TAX EX <



9. 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 September at \$560mil vs. \$590mil on August 30th.
- The Pool paid out approximately \$30mil for capital spending in September 2012.

Portfolio Mix

- 100% of the Taxable BPIP portfolio was invested in fixed income securities; 77% in US Treasury and Agency securities, 17% in securities that are backed by the FDIC, 3% in Supranational (World Bank), and the balance, approximately 3%, was held in cash equivalents and collateralized NM bank CDs.
- 53% of the portfolio was invested in securities that mature in one year, 25% in securities that mature from 1-2 years, 20% in securities that mature from 2-4 years and 3% in securities out to 5 years.
- The Taxable BPIP held positions in 46 securities.
- Weighted Average Life of the Taxable BPIP was 1.9 years. The Weighted Average duration was 1.3 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- The unrealized gains in the Taxable BPIP Portfolio were \$3.3mil as of September 30th.
- Monthly earnings on the portfolio for September were \$435,609.
- For fiscal year 2013, the fund has earned \$1.5mil.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Investment Highlights

- The Taxable BPIP had an FNMA, \$25mil face amount, called away on September 20, 2012 providing liquidity for capital project withdrawals.
- At the end of September the Taxable BPIP was fully invested with less than 3% of the total market value in cash equivalents.
- The Pool purchased \$4.035mil face amount of NM municipal securities maturing in one to three years at an average yield of close to 0.70%.
- The municipal sector continued to offer value vs. Treasury and Agency bullet securities as well as callable structures.

Performance

- Purchase Yield at the end of September was 0.91%, 10 bp lower than August. The yield-to-worst was 0.34%.
- Average Term of the fund was unchanged at 1.9 yrs.
- The Taxable BPIP returned 0.02% for the month of September and 0.24% for the three months ended September 30, 2012, vs. Index returns of 0.01% and 0.20% respectively. YTD the Pool returned 0.78% vs. 0.29% for the Index.

Investment Strategy

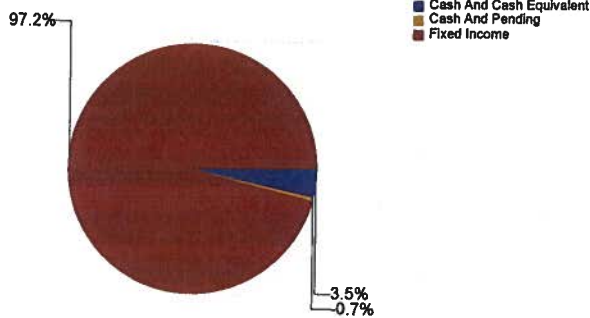
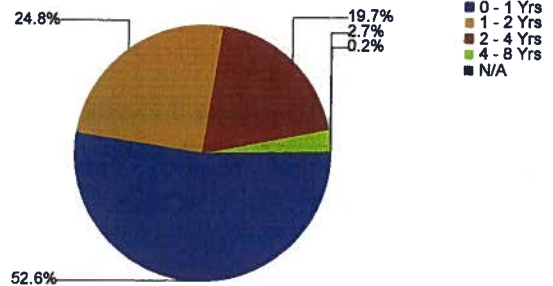
- The option adjusted duration of the portfolio is currently 1.26 yrs. vs. 1.38 yrs. for the benchmark.
- The Pool continues to be fully invested with the cash position at less than 3% of the total market value.
- USCENT, \$20mil face amount, matured on October 19, 2012.
- NM municipal securities, \$7.36mil face amount, were purchased from the General Fund at an average yield of approximately 0.45%.

- Assuming that the current yield environment persists, we anticipate that three Agency issues, \$44.365mil face amount, will be called in the last quarter of 2012.
- Sufficient liquidity to meet capital project withdrawals will be available as a result of the potential calls and a total of \$95.155mil face amount of securities that mature in the last quarter of 2012.
- Short duration, less than five year maturity, interest rates are extremely low with yield spread advantages vs. Treasuries, on alternate sectors and structures, very tight.
- Municipal securities have been the exception and offer historically higher yields vs. Treasuries and Agencies.
- In the past there was a premium for the tax advantage of municipals however; perceived credit risk has reversed these yield relationships.
- With short term liquidity building during the fourth quarter, potentially adding \$139.52mil to the cash position, there may be an opportunity to lengthen duration and reposition the portfolio.
- This could occur through the active sales of soon to mature short term securities, at capital gains, accompanied by the purchase of either one to three year NM municipal bonds or three to five year Treasuries.

Portfolio Characteristics

Duration Mix

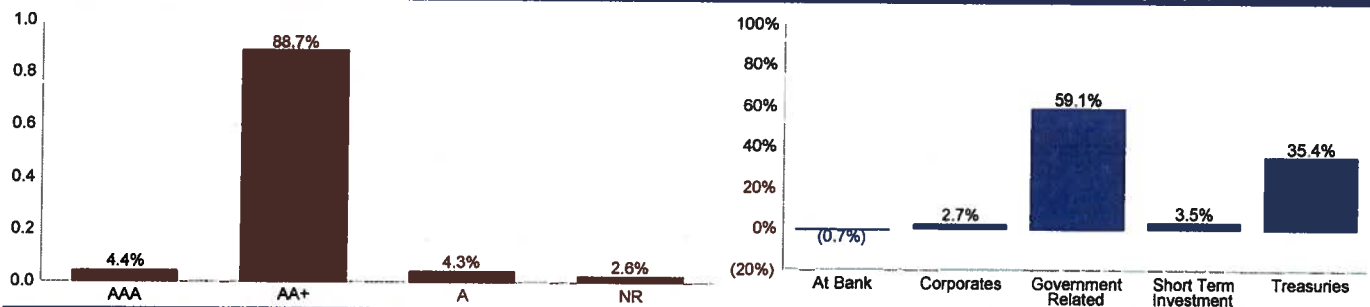
Total Net Assets (Millions)	562.2
Weighted Average Life (Years)	1.91
Weighted Avg. Effective Duration (Years)	1.34
Weighted Average Coupon (%)	1.54
Weighted Average Current Yield (%)	0.25
Weighted Average Yield to Maturity (%)	0.46
Weighted Average Rating	AA
Number of Holdings	43



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
912828KF8	UNITED STATES OF AMER TREAS NOTES 1.875% TB	7.24%	1.88	28/2/2014
912828NU0	UNITED STATES TREAS NTS 0.750% 15/AUG/2013	5.33%	0.75	15/8/2013
3137EACW7	FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	4.87%	2.00	25/8/2016
36967HAV9	GENERAL ELECTRIC CAPITAL CORP SER'G'2.125% NTS	4.49%	2.12	21/12/2012
31359MTP8	FED NATL MTG ASSN 5.12% 02/JAN/2014	4.30%	5.12	2/1/2014
31398A4M1	FED NATL MORT ASSC 1.825% BDS 28/OCT/2015 USD1000	3.69%	1.82	28/10/2015
3135G0AP8	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% NTS	3.59%	1.25	27/2/2014
17313YAJ0	CITIGROUP FUNDING INC 2.25% BDS 10/DEC/2012	3.57%	2.25	10/12/2012
90345AAC6	US CENTRAL FEDERAL CRED 1.90% 19/OCT/2012	3.56%	1.90	19/10/2012
17314JAT0	CITIBANK NA 1.75% 28/DEC/2012	3.56%	1.75	28/12/2012

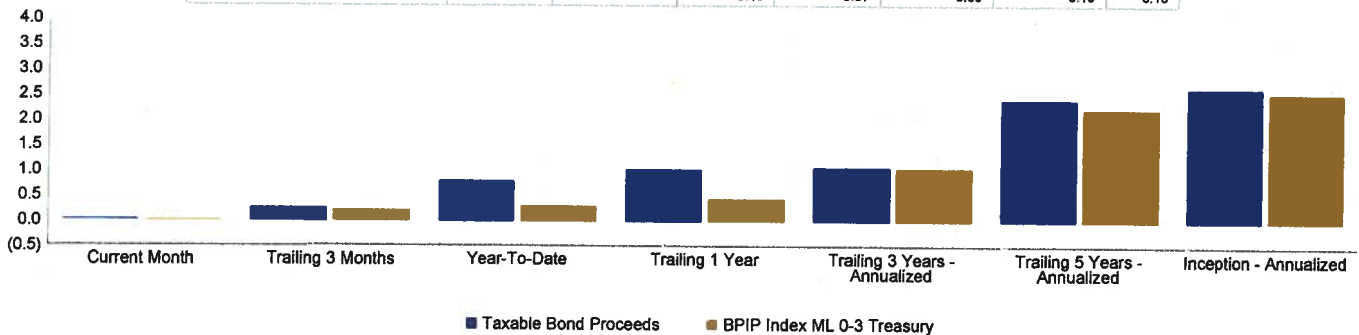
Quality/Rating Weightings

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
Taxable Bond Proceeds	0.02	0.24	0.78	1.01	1.04	2.40	2.64
BPIP Index ML 0-3 Treasury	0.01	0.20	0.29	0.44	1.04	2.21	2.54
Excess	0.00	0.05	0.49	0.57	0.00	0.19	0.10



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

Portfolio Classification Summary

Positions Held as of 9/30/12

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 (0/N)	1	.2535	.00270	8,312,765	8,312,765	8,312,765		1.485
CERTIFICATES OF DEPOSIT	5	.6177	.69953	6,200,000	6,200,000	6,200,000		1.108
LINKED-CERTIFICATE OF DEPOSIT	2	.5000	1.29320	4,000,000	4,000,000	4,000,000		.715
US TREASURY NOTE ACT/ACT 2X	14	.7535	1.51416	195,000,000	197,168,727	198,494,650	1,325,923	35.466
TEMP CORP CU STABILIZATION FND	1	1.9488	.05210	20,000,000	19,999,790	20,015,800	16,010	3.576
FED FARM CR BKS CALLABLE	1	1.1928	.20550	4,365,000	4,364,104	4,370,849	6,745	.781
AGENCY US BOND 30/360 2X	1	.8367	4.69040	15,000,000	15,120,315	15,142,200	21,885	2.706
AGENCY US NOTES 30/360 2X	9	1.0913	2.16239	132,410,000	134,424,268	135,524,095	1,099,827	24.215
FED NATL MORTGAGE ASSN DEBS	5	.9819	1.53297	75,000,000	75,602,130	76,292,100	689,970	13.631
CORP US NOTE 30/360 2X	4	.8993	.20388	75,155,000	75,336,546	75,432,315	95,769	13.478
MEDIUM-TERM NOTES	1	.3346	.83560	15,000,000	15,000,000	15,024,900	24,900	2.685
UNITS - INVESTMENT POOL 1	1			1,305,973	1,305,973	1,305,973		.233
CASH ACCOUNT	1			-435,413	-435,413	-435,413		-.078
	<u>46</u>	<u>.9113</u>	<u>1.46471</u>	<u>551,313,325</u>	<u>556,399,205</u>	<u>559,680,234</u>	<u>3,281,029</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/01/12 @ 10:08:08
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 9/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 9/30/12

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
- 4,556,808 (TD)-CASH KEY		CASHCASH				1.000000000	- 4,556,808.09	- 4,556,808.00
1,305,973 UNITS - INVESTMENT POOL 1		UNITS001				1.000000069	1,305,973.09	1,305,973.00
- 3,250,835					-7.475		- 3,250,835.00	- 3,250,835.00

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

8,312,765 OVERNIGHT REPO		1001RP	.250	10/01/12	.253	99.999995669	8,312,764.64	8,312,764.64
20,000,000 U.S. CENTRAL FEDERAL CREDIT UNIO		90345AAC	1.900	10/19/12	1.949	99.998948900	19,999,789.78	20,015,800.00
10,000,000 WESTERN COPORATE FCU		95806AAB	1.750	11/02/12	1.818	99.995186300	9,999,518.63	10,012,800.00
20,000,000 CITIGROUP FUNDING INC.		17313YAJ	2.250	12/10/12	.757	100.286671300	20,057,334.26	20,080,200.00
25,155,000 GENERAL ELECTRIC CAPITAL CORPORA		36967HAV	2.125	12/21/12	.758	100.304512662	25,231,600.16	25,262,914.95
1,100,000 WESTERN BANK ALAMOGORDO		08118544	.700	12/27/12	.700	100.000000000	1,100,000.00	1,100,000.00
20,000,000 CITIBANK, N.A.		17314JAT	1.750	12/28/12	.759	100.240654400	20,048,130.88	20,076,400.00
104,567,765					.232		104,749,138.35	104,860,879.59

====> 0007 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2012 <====

5,000,000 UNITED STATES TREAS NTS		912828QK	.625	2/28/13	.724	99.958940600	4,997,947.03	5,009,950.00
2,400,000 FEDERAL NATIONAL MORTGAGE ASSOCI		3136F9DU	4.000	4/15/13	4.136	99.956859167	2,398,964.62	2,449,152.00
20,000,000 UNITED STATES TREASURY NOTES		912828QZ	.500	5/31/13	.454	100.030398050	20,006,079.61	20,043,000.00
1,360,000 CLOVIS N MEX GROSS RCPTS TAX R		189387CU	2.000	6/01/13	.608	100.922000000	1,372,539.20	1,373,069.60

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/01/12 @ 10:08:08
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
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 AMRTZD: BOOK VALUES AMORTIZED THROUGH 9/30/12

STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	UNITED STATES TREASURY NOTES	912828RA	.375	6/30/13	.474	99.926181650	19,985,236.33	20,029,600.00
10,000,000	UNITED STATES TREASURY NOTES	912828NN	1.000	7/15/13	.914	100.067096600	10,006,709.66	10,064,400.00
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	15,024,900.00
20,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.789	99.966023900	19,993,204.78	20,098,400.00
10,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.946	99.829967600	9,982,996.76	10,049,200.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A2S	1.000	9/23/13	.572	100.424511250	20,084,902.25	20,150,400.00
5,000,000	UNITED STATES TREASURY NOTES	912828PB	.500	10/15/13	.575	99.922448800	4,996,122.44	5,015,650.00

133,860,000					.181		133,924,702.68	134,407,721.60

====> 0015 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ===> 2013 <====

14,260,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	105.357253997	15,023,944.42	15,120,305.80
8,450,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.854	105.324956450	8,899,958.82	8,959,788.50
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	100.746707950	20,149,341.59	20,311,200.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.007	101.215596450	40,486,238.58	40,932,800.00
10,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.298	100.899932700	10,089,993.27	10,259,000.00
10,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.346	101.481718000	10,148,171.80	10,333,600.00
1,325,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CV	2.000	6/01/14	.659	102.226000000	1,354,494.50	1,355,806.25

SOURCE: VisualQED
 MODEL: INVENTORY
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 RUN: 10/01/12 @ 10:08:08
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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	99.824366100	9,982,436.61	9,997,700.00
118,035,000					.202		120,134,579.59	121,270,200.55

====> 0010 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <====

1,350,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CW	2.000	6/01/15	.760	103.286000000	1,394,361.00	1,399,774.50
10,000,000	UNITED STATES TREAS NTS	912828NP	1.750	7/31/15	.453	103.644709900	10,364,470.99	10,406,300.00
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.161599933	15,024,239.99	15,043,500.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	31398A4M	1.625	10/26/15	.870	102.318420650	20,463,684.13	20,731,200.00
4,365,000	FED FARM CR BKS CALLABLE	31331K2S	1.170	12/14/15	1.192	99.980781443	4,364,161.11	4,370,849.10
7,300,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	7,300,000.00	7,352,998.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	105.449811467	15,817,471.72	15,856,650.00
73,015,000					.325		74,728,388.94	75,161,271.60

====> 0007 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2015 <====

10,000,000	UNITED STATES TREAS NTS	912828QR	1.500	6/30/16	.656	103.118793100	10,311,879.31	10,398,400.00
25,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.295	102.741598720	25,685,399.68	26,371,750.00
20,000,000	FEDERAL HOME LOAN MTG CORP	3134G3BT	1.625	11/23/16	1.658	99.959406150	19,991,881.23	20,033,400.00
20,000,000	FED HOME LOAN MORTGAGE CORP BDS	3134G3CB	1.625	12/05/16	1.196	100.077849400	20,015,569.88	20,042,800.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,125,800.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	5,000,000.00	5,062,900.00
90,000,000					.267		91,004,730.10	92,035,050.00

===> 0006 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2016 <===

20,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTYG	1.000	1/30/17	1.026	99.948998400	19,989,799.68	20,061,000.00
15,000,000	FEDERAL HOME LOAN BANKS	313379FW	1.000	6/09/17	.836	100.803021600	15,120,453.24	15,142,200.00
35,000,000					.692		35,110,252.92	35,203,200.00

===> 0002 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2017 <===

551,226,930					.044		556,400,957.58	559,687,488.34
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===> 0049 ITEMS IN SUBTOTAL FOR ===> FUND-NAME..... ===> BOND PROCEEDS INV POOL2 TAXABL <



10. Portfolio Summary- Severance Tax Bonding Fund

Portfolio Summary – Severance Tax Bonding Fund

Summary

- The Severance Tax Bonding Fund closed the month of September at \$120 Million.
- The Severance Tax Bonding Fund earned \$21,682 during September.
- The Severance Tax Bonding Fund earned \$35,654 during FY2013.

Portfolio Mix

- Severance Tax Bonding Fund Proceeds are invested in the LGIP and the overnight repurchase agreement pool.
- Severance Taxes are remitted to the Treasury on a monthly basis and are range between \$30-35MM per month.
- 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.
- STBF balances will be decreased at the end of December to meet Debt Service Costs and also transferred to the Severance Tax Permanent Fund managed by the State Investment Council.

Investment Strategy

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

STATE OF NEW MEXICO

STB FUND (4001)

Portfolio Classification Summary

Positions Held as of 9/30/12

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)	2	.4509	.00270	103,832,515	103,832,515	103,832,515		86.376
UNITS - INVESTMENT POOL 1	1			16,377,332	16,377,332	16,377,332		13.624
	3	.3895	.00270	120,209,847	120,209,847	120,209,847		100.000

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/01/12 @ 10:08:08
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
16,377,332 UNITS -	INVESTMENT POOL 1	UNITS001				1.000000006	16,377,332.09	16,377,332.00
16,377,332					1.484		16,377,332.09	16,377,332.00

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

101,100,000	OVERNIGHT REPO	1001RP	.450	10/01/12	.456	100.000000000	101,100,000.00	101,100,000.00
2,732,515	OVERNIGHT REPO	1001RP	.250	10/01/12	.253	99.999999268	2,732,514.98	2,732,514.98
103,832,515					.234		103,832,514.98	103,832,514.98

===> 0002 ITEMS IN SUBTOTAL FOR ===> FINAL-MATURITY.. ===> 2012 <===

120,209,847					.202		120,209,847.07	120,209,846.98
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===> 0003 ITEMS IN SUBTOTAL FOR ===> FUND-NAME..... ===> STB FUND <===



11. 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.

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	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Bank of America/MLPFS	25,000	-	25,000	-	-	-	-	-	-	-	-	-	50,000	5.5%
Bank of Oklahoma (Bk ABC)	-	-	760	-	-	-	-	-	-	-	-	-	760	0.1%
Barclays	41,790	7,500	30,000	10,000	-	-	-	-	-	-	-	-	89,290	9.8%
BB&T/Scott & Stringfellow	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
BNP Paribas	101,100	66,000	26,000	-	-	-	-	-	-	-	-	-	193,100	21.1%
Cantor Fitzgerald	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Citigroup	25,000	-	2,970	10,000	-	-	-	-	-	-	-	-	37,970	4.2%
Credit Suisse Securities	-	20,000	-	-	-	-	-	-	-	-	-	-	20,000	2.2%
Deutsche Bank	90,000	-	-	19,050	-	-	-	-	-	-	-	-	109,050	11.9%
FTN Financial	-	-	1,760	-	-	-	-	-	-	-	-	-	1,760	0.2%
George K. Baum & Company	8,400	-	1,550	-	-	-	-	-	-	-	-	-	9,950	1.1%
Goldman Sachs	-	-	-	5,200	-	-	-	-	-	-	-	-	5,200	0.6%
Great Pacific Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
HSBC	60,000	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Jefferies	20,000	-	21,690	38,000	-	-	-	-	-	-	-	-	60,000	6.6%
Lawson Financial	-	-	-	-	-	-	-	-	-	-	-	-	79,690	8.7%
Mitsubishi UFJ (Repo)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Morgan Keegan	-	3,225	-	-	-	-	-	-	-	-	-	-	-	0.0%
Morgan Stanley	10,000	14,250	-	15,000	-	-	-	-	-	-	-	-	3,225	0.4%
Muriel Siebert & Co.	-	-	-	-	-	-	-	-	-	-	-	-	39,250	4.3%
Nomura Securities	10,500	18,000	24,250	-	-	-	-	-	-	-	-	-	-	0.0%
Northem Trust	-	-	-	-	-	-	-	-	-	-	-	-	52,750	5.8%
Piper Jaffrey	-	11,280	2,600	-	-	-	-	-	-	-	-	-	-	0.0%
RW Pressprich	-	-	-	-	-	-	-	-	-	-	-	-	13,880	1.5%
Raymond James & Associates	-	-	875	-	-	-	-	-	-	-	-	-	-	0.0%
Robert W. Baird & Co.	5,000	-	4,225	-	-	-	-	-	-	-	-	-	875	0.1%
South Street (Repo Only)	-	-	-	-	-	-	-	-	-	-	-	-	9,225	1.0%
Southwest Securities	-	4,825	-	-	-	-	-	-	-	-	-	-	-	0.0%
Stifel Financial	100	2,195	375	-	-	-	-	-	-	-	-	-	4,825	0.6%
UBS Financial Services	40,000	-	-	-	-	-	-	-	-	-	-	-	2,670	0.3%
Vining Sparks	-	-	-	-	-	-	-	-	-	-	-	-	40,000	4.4%
Wedbush Securities	6,470	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Williams Capital Group	-	-	-	-	-	-	-	-	-	-	-	-	6,470	0.7%
Direct Purchase	12,100	4,000	-	15,000	-	-	-	-	-	-	-	-	-	0.0%
Interfund	-	37,670	-	14,720	-	-	-	-	-	-	-	-	31,100	3.4%
Total	455,460	188,945	142,055	126,970	-	-	-	-	-	-	-	-	913,430	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	-	-	-	-	-	-	-	-	-	116,505	12.8%
Secondary Market	448,990	122,945	113,020	106,970	-	-	-	-	-	-	-	-	-	791,925	87.2%
Total	455,460	188,945	142,055	121,970	-	-	-	-	-	-	-	-	-	908,430	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	-	-	-	-	-	-	-	-	-	31,100	3.4%
Corporate Bonds	-	-	2,250	-	-	-	-	-	-	-	-	-	-	2,250	0.2%
TLGP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Agencies	236,790	39,750	25,000	58,200	-	-	-	-	-	-	-	-	-	359,740	39.4%
Commercial Paper	140,000	66,000	25,000	-	-	-	-	-	-	-	-	-	-	231,000	25.3%
MBS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Treasuries	51,600	20,000	75,250	39,050	-	-	-	-	-	-	-	-	-	185,900	20.4%
Municipal/Sponge	14,970	59,195	14,555	14,720	-	-	-	-	-	-	-	-	-	103,440	11.3%
ABS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Money Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total	455,460	188,945	142,055	126,970	-	-	-	-	-	-	-	-	-	913,430	100.0%

STATE OF NEW MEXICO

Summary of Fixed-Income Purchases and Sales

TRADES During The Period 9/01/12 Through 9/30/12

TKN-DATE	CUSIP#	ASSET-TYPE	INVST#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
PURCHASE TRANSACTIONS													
9/25/12	86257YHZ	COMMERCIAL PAPE	17537	STRAIGHT-A FUNDING CP	.180	12/20/12	.1801	BANK OF AMERICA	4101	25,000,000.00	24,989,250.00		
9/05/12	912828RK	US TREASURY NOT	17406	UNITED STATES TREASURY	.125	9/30/13	.1948	JEFFRIES & CO	4101	20,000,000.00	19,985,156.25		
9/05/12	912828TG	US TREASURY NOT	17407	UNITED STATES TREASURY	.500	7/31/17	.6133	BNP PARIBAS	1001	5,250,000.00	5,221,494.14		
9/05/12	912828TM	US TREASURY NOT	17410	UNITED STATES TREASURY	.625	8/31/17	.6242	NOMURA	1001	20,000,000.00	20,000,781.25		
9/19/12	912828TM	US TREASURY NOT	17410	UNITED STATES TREASURY	.625	8/31/17	.6853	BARCLAYS	1001	15,000,000.00	14,956,054.69		
9/05/12	3135GOMZ	AGENCY US NOTES	17413	FEDERAL NATIONAL MORTGA	.875	8/28/17	.7907	NOMURA	1001	4,250,000.00	4,267,450.50		
9/06/12	3135GOMZ	AGENCY US NOTES	17413	FEDERAL NATIONAL MORTGA	.875	8/28/17	.7878	BNP PARIBAS	1001	20,750,000.00	20,837,772.50		
9/25/12	4590SUJW	CORP US FLOAT A	17546	INTL BK RECON & DEVELOP	.460	5/22/19	.3557	PIPER JAFFREY	4101	2,250,000.00	2,251,485.00		
9/21/12	189387CV	MUNI US 30/360	17534	CLOVIS N MEX GROSS RCPT	2.000	6/01/14	.6503	ROBERT W BAIRD	4002	1,325,000.00	1,354,494.50		
9/21/12	189387CW	MUNI US 30/360	17533	CLOVIS N MEX GROSS RCPT	2.000	6/01/15	.7503	ROBERT W BAIRD	4002	1,350,000.00	1,394,361.00		
9/21/12	189387CU	MUNICIPAL BOND	17535	CLOVIS N MEX GROSS RCPT	2.000	6/01/13	.6000	ROBERT W BAIRD	4002	1,360,000.00	1,372,539.20		
11 PURCHASES DURING PERIOD TOTAL.....										116,535,000.00	116,630,839.03		
SALE TRANSACTIONS													
9/19/12	912828MB	US TREASURY NOT	14550	UNITED STATES TREASURY	1.125	12/15/12		BARCLAYS	1001	15,000,000.00	15,035,156.25	42,379.28	
9/25/12	011464GP	MUNI US 30/360	16636	ALAMOGORDO NM MSD 1	1.500	8/01/14		PIPER JAFFREY	1001	350,000.00	355,915.00	-490.36	
9/25/12	085275B6	MUNI US 30/360	15609	BERNALILLO CNTY N MEX	3.000	2/01/14		JEFFRIES & CO	1001	570,000.00	589,106.40	1,633.66	
9/25/12	149321CH	MUNI US 30/360	16122	CATRON & CIBOLA COUNTY	2.000	8/01/14		ROBERT W BAIRD	1001	140,000.00	143,368.40	-475.61	
9/25/12	189414HR	MUNI US 30/360	16940	CLOVIS NM MSD #1	3.000	8/01/15		STIFFEL NICOLAU	1001	275,000.00	293,460.75	-106.33	
9/25/12	29662RAK	MUNI US 30/360	15632	ESPANOLA N MEX PUB SCH	2.000	9/01/13		CITIGROUP GLOBA	1001	1,100,000.00	1,115,719.00	2,563.40	
9/25/12	29662RAL	MUNI US 30/360	15631	ESPANOLA N MEX PUB SCH	2.000	9/01/14		JEFFRIES & CO	1001	1,120,000.00	1,150,396.80	8,021.14	
9/25/12	311441KG	MUNI US 30/360	16439	FARMINGTON MSD #5 NM	3.000	9/01/13		CITIGROUP GLOBA	1001	1,000,000.00	1,024,440.00	467.21	
9/25/12	54422NCP	MUNI US 30/360	15427	LOS ALAMOS N MEX PUB SC	2.000	8/01/13		FIRST TENNESSEE	1001	475,000.00	481,279.50	506.06	
9/25/12	54422NCQ	MUNI US 30/360	15428	LOS ALAMOS N MEX PUB SC	2.000	8/01/14		RAYMOND JAMES & 1001	325,000.00	333,632.00	1,519.68		
9/25/12	547473DB	MUNI US 30/360	15670	LOVINGTON N MEX MUN SCH	2.000	10/01/13		GEORGE K. BAUM	1001	900,000.00	914,031.00	2,298.68	
9/25/12	547473DC	MUNI US 30/360	15671	LOVINGTON N MEX MUN SCH	2.000	10/01/14		FIRST TENNESSEE	1001	935,000.00	62,068.25	8,526.08	
9/25/12	647310F6	MUNI US 30/360	17053	NEW MEXICO ST SEVERANCE	4.000	7/01/13		STIFFEL NICOLAU	1001	100,000.00	102,617.00	-120.83	
9/25/12	843789FG	MUNI US 30/360	17043	SOUTHERN SANDOVAL CNTY	2.000	8/01/14		ROBERT W BAIRD	1001	50,000.00	51,158.00	-121.94	
9/26/12	011464GN	MUNI US 30/360	16635	ALAMOGORDO NM MSD 1	1.500	8/01/13		FIRST TENNESSEE	1001	350,000.00	353,139.50	-91.05	
9/26/12	013595RF	MUNI US 30/360	16881	ALBUQUERQUE, NM MSD 12	3.000	8/01/15	.5500	CITIGROUP GLOBA	1001	870,000.00	930,012.60	2,545.81	
9/26/12	085275B5	MUNI US 30/360	15608	BERNALILLO CNTY N MEX	4.000	2/01/13		RAYMOND JAMES & 1001	550,000.00	556,776.00	216.36		
9/26/12	64711NFW	MUNI US 30/360	15499	NEW MEXICO FIN ADTH REV	2.000	6/01/13		BANK OF OKLAHOM	1001	760,000.00	767,189.60	295.95	
9/26/12	767171LH	MUNI US 30/360	15449	RIO RANCHO N MEX PUB SC	2.000	8/01/13	.3480	GEORGE K. BAUM	1001	500,000.00	506,935.00	857.89	
9/25/12	843789FF	MUNICIPAL BOND	17045	SOUTHERN SANDOVAL CNTY	2.000	8/01/13		GEORGE K. BAUM	001	150,000.00	151,900.50	-278.82	
20 SALES DURING PERIOD TOTAL.....										25,520,000.00	25,818,301.55	70,146.26	
== GRAND-TOTAL ==>										142,055,000.00	142,449,140.58	70,146.26	

*** END-OF-REPORT ***



12. Fiscal Year 2012 Summary and Account Balances



STATE OF NEW MEXICO
OFFICE OF THE TREASURER

MEMORANDUM

DATE: October 26, 2012
To: Members of the State Treasurer’s Investment Committee
FROM: Spencer Wright, Portfolio Manager *MSL*
RE: Fiscal Year End Summary 2012

During September’s meeting, we presented a fiscal year 2012 results as a component of our reporting, including a summary of the results and performance as well as a projection of our strategy for the portfolios for 2013.

In addition to the year-end summary results, we have attached corrected balances of the various funds from the QED system.

Year in Review

- FY2012 was a difficult year for fixed income investors. Rates declined throughout the year with specific rates in our sector declining by up to 50%.
- Significant easing by the Federal Reserve depressed rates for the year.
- Fed actions included “Operation Twist” an aggressive move to purchase long duration US Treasury Bonds and keep longer rates under pressure.
- The Fed has been extremely open about its plans and has said that it is expected to maintain its accommodative stance through at least the end of 2014.
- Despite Fed actions to inject stimuli, the US economy remains under pressure.
- Concerns about Europe, specifically Greece and Spain, have continued to keep pressure on global rates.
- The domestic fixed income securities markets reached record lows during the year.

US Treasury Yields

<i>Maturity</i>	<i>July 1, 2011</i>	<i>June 30, 2012</i>
<i>3-Month</i>	0.02%	0.08%
<i>6-Month</i>	0.09%	0.15%
<i>2-Year</i>	0.47%	0.30%
<i>5-Year</i>	1.78%	0.71%
<i>10-Year</i>	3.18%	1.64%
<i>30-Year</i>	4.39%	2.75%

Source: Bloomberg LP

Portfolio Mark-to-Market

With the overall decline in yields, the STO-managed portfolios all reported positive results on a mark-to-market basis at the end of the fiscal year.

Despite growth in the size of the overall portfolios, general declines in short-term interest rates have continued to put pressure on total interest earnings.

For each of the STO portfolios:

<u>Fund</u>	<u>Unrealized Gains¹</u>
General Funds	\$8.3 million.
Bond Proceeds Funds	\$4.2 million.
Local Government Investment Pool	Not Meaningful
Severance Tax Bonding Fund	Not Meaningful

Portfolio Yields

As of the end of June, the portfolios had the following purchase yields:

<u>Fund</u>	<u>Portfolio Yield²</u>
General Fund Liquidity	0.26%
General Fund CORE	1.10%
Bond Proceeds - Tax Exempt	1.02%
Bond Proceeds – Taxable	1.09%
Local Government Investment Pool	0.23%
Severance Tax Bonding Fund	0.15%

Investment Earnings

Investment Earnings for Fiscal Year 2012 are summarized in the table below. Declines in interest rates have adversely affected annual earnings amounts.

For each of the portfolios:

<u>Fund</u>	<u>Investment Earnings³</u>
General Funds	\$13,960,700
Bond Proceeds Funds	11,055,816
LGIP	2,125,370
Severance Tax Bonding Fund	376,970

Compensating Balances at Fiscal Agent Bank

During FY2012, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$117 million. This balance earned a “soft-dollar” credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$117,571,992
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Fiscal Year Earnings</i>	\$587,859

¹ 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.

² 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.

³ 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.

Portfolio Review

During the year, we continued to focus on identifying, and planning, around spending levels.

General Fund – We continued to refine our cash flow modeling which better allows us to allocate between Liquidity and CORE balances. Over the past fiscal year, we have increased the amount of CORE assets by over \$500MM, investing those assets with longer durations and increasing overall portfolio yields. The overall General Fund grew throughout the year which allowed us to match that growth in CORE assets.

Bond Proceeds Accounts – We focused on minimizing cash balances in the Bond Proceeds accounts as well, optimizing returns while being able to maintain capital spending.

LGIP – The LGIP remained under pressure during the Fiscal Year, adapting to rating agency changes as well as declining balances.

Severance Tax Bonding Fund – Our strategy of investing in the LGIP increased overall yields for the STBF while enabling balances to be used for Debt Service draws.

We approved new Portfolio Benchmarks which should help our investment planning measurably as we focus on matching overall portfolio duration and adding value where appropriate.

Importantly, we have also implemented new accounting and reconciliation policies which should allow us to better maintain and forecast cash balances.

Outlook for 2013

Unfortunately, we expect that there will continue to be pressures on investment returns for FY 2013. The Fed has telegraphed strongly that rates will remain low and absent any economic activity, we expect that any increases in short-term rates will be short-lived. We are concerned and disturbed by the negative rates which we have seen in several European countries and are optimistic that those pressures will not occur here in the United States.

We continue to be concerned about money flows connected with the overall size of the LGIP. Pressures on municipal balance sheets will continue to affect local municipal investment. The overall level of interest rates has also decreased balances. The federal TAG program with 100% FDIC insurance is providing an alternative to the LGIP program.

We continue to expect slow growth throughout the election and into 2013. Unfortunately, as fixed income investors, this will continue to keep pressure on overall STO portfolio returns.

New Mexico State Treasurer
Monthly Fund Summary Report
(Unaudited)

As of June 30, 2012

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
Liquidity	\$ 829,381,875	\$ 829,320,738	\$ (61,137)	0.19%	S&P LGIP	0.06%	0.13%	\$ 122,708	\$ 985,513
CORE	1,200,840,685	1,209,226,343	8,385,658	1.45%	CORE Index	1.69%	-0.24%	1,063,870	\$ 12,975,187
TRAN	-	-	-	0.00%	All-In Tran TIC	0.00%	0.00%	-	-
Totals	\$ 2,030,222,560	\$ 2,038,547,081	\$ 8,324,521	0.94%	Blended	1.03%	-0.09%	\$ 1,186,578	\$ 13,960,700
Bond Proceeds Investment Pool (BPIP)									
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
Tax-Exempt	\$ 507,226,137	\$ 508,444,760	\$ 1,218,623	0.73%	BPIP Tax Ex	1.00%	-0.27%	\$ 239,038	\$ 4,322,092
Taxable	644,124,944	647,183,045	3,058,101	0.98%	BPIP Taxable	1.00%	-0.02%	486,602	\$ 6,733,724
Totals	\$ 1,151,351,081	\$ 1,155,627,805	\$ 4,276,724	0.87%	Blended	1.00%	-0.13%	\$ 725,639	\$ 11,055,816
Local Government Investment Pool (New MexiGrow LGIP)									
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
LGIP	\$ 874,531,232	\$ 874,677,468	\$ 146,236	0.25%	S&P LGIP	0.06%	0.19%	\$ 159,013	\$ 2,125,370
Severance Tax Bonding Fund									
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Monthly Earnings	YTD Earnings
STBF	\$ 120,641,343	\$ 120,641,343	\$ -	0.25%	S&P LGIP	0.06%	0.19%	\$ 50,448	376,970

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. Yield is calculated on combined balances and also includes fund flows during the month.
- (3) Source: STO Records, QED Financial Systems, JPMorgan Custody Reporting

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/26/12 @ 08:44:15
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 6/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/12

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

PAGE: 1

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
-	38 CASH KEY	CASHCASH				1.000000000	- 38.06	- 38.00
100,637,750	UNITS - INVESTMENT POOL 1	UNITS001				.999999998	100,637,749.79	100,637,750.00
100,637,712					.342		100,637,711.73	100,637,712.00

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

168,009,005	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	99.999999887	168,009,004.81	168,009,004.81
50,000,000	CITIGROUP FUNDING INC.	17313YAJ	2.250	12/10/12	.759	100.660323080	50,330,161.54	50,448,500.00
50,000,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAY	2.625	12/28/12	.759	100.918902180	50,459,451.09	50,569,000.00
268,009,005					.128		268,798,617.44	269,026,504.81

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	UNITED STATES TREASURY NOTES	912828PR	.625	1/31/13	.377	100.144104900	10,014,410.49	10,025,400.00
15,000,000	UNITED STATES TREASURY NOTES	912828MX	1.750	4/15/13	.715	100.813121800	15,121,968.27	15,179,850.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MRK	4.625	5/01/13	.550	103.389550960	25,847,387.74	25,889,000.00
50,000,000					.675		50,983,766.50	51,094,250.00

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

SOURCE: VisualQED

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AS-OF: 6/30/12

AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/12

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
15,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	.986	101.464676400	15,219,701.46	15,384,900.00
15,000,000					2.260		15,219,701.46	15,384,900.00

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

6,110,000	FED NATL MORTGAGE ASSN DEBS	3136FTDU	1.125	10/26/15	1.045	100.029262357	6,111,787.93	6,124,175.20
10,000,000	FED FARM CR BKS CALLABLE	31331K2S	1.170	12/14/15	1.186	100.000000000	10,000,000.00	10,021,400.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,058,400.00
26,110,000					1.317		26,111,787.93	26,203,975.20

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.160	103.459140150	20,691,828.03	21,015,200.00
10,000,000	FEDERAL NATL MTG ASSN DEBS	3135G0ES	1.375	11/15/16	1.227	100.700210000	10,070,021.00	10,235,000.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,099,600.00
3,495,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	3,495,000.00	3,529,810.20
43,495,000					.777		44,256,849.03	44,879,610.20

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

503,251,717					.068		506,008,434.09	507,226,952.21
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SOURCE: VisualQED

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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
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====> 0016 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL1 TAX EX <

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 MODEL: INVENTORY
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 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 6/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/12

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

PAGE: 4

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
- 488,425	CASH KEY	CASHCASH				1.000000000	- 488,425.10	- 488,425.00
109,292,564	UNITS - INVESTMENT POOL 1	UNITS001				1.000000004	109,292,564.47	109,292,564.00
108,804,139					.316		108,804,139.37	108,804,139.00

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

1,989,027	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	99.999986426	1,989,026.73	1,989,026.73
2,000,000	WESTERN BANK CLOVIS	15866000	.750	7/05/12	.750	100.000000000	2,000,000.00	2,000,000.00
600,000	WESTERN BANK CLOVIS	15894000	.750	7/19/12	.750	100.000000000	600,000.00	600,000.00
1,000,000	WESTERN BANK ALAMOGORDO	81186340	.750	7/22/12	.750	100.000000000	1,000,000.00	1,000,000.00
1,000,000	WESTERN BANK ALAMOGORDO	10000000	.750	7/26/12	.750	100.000000000	1,000,000.00	1,000,000.00
2,000,000	WESTERN COMMERCE BANK	20124770	.550	7/27/12	.550	100.000000000	2,000,000.00	2,000,000.00
2,000,000	WESTERN COMMERCE BANK	20124780	.550	7/27/12	.550	100.000000000	2,000,000.00	2,000,000.00
5,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MNU	5.250	8/01/12	.367	100.406550800	5,020,327.54	5,020,050.00
5,000,000	MORGAN STANLEY	617446V8	5.750	8/31/12	5.364	100.027132800	5,001,356.64	5,032,150.00
10,000,000	THE GOLDMAN SACHS GROUP, INC.	38141GCG	5.700	9/01/12	5.383	100.047930700	10,004,793.07	10,062,700.00
20,000,000	U.S. CENTRAL FEDERAL CREDIT UNIO	90345AAC	1.900	10/19/12	1.949	99.993576650	19,998,715.33	20,100,800.00
10,000,000	WESTERN COPORATE FCU	95806AAB	1.750	11/02/12	1.818	99.983915700	9,998,391.57	10,051,400.00
20,000,000	CITIGROUP FUNDING INC.	17313YAJ	2.250	12/10/12	.757	100.661210450	20,132,242.09	20,179,400.00
25,155,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAV	2.125	12/21/12	.758	100.647753488	25,317,942.39	25,371,836.10
1,100,000	WESTERN BANK ALAMOGORDO	08118544	.700	12/27/12	.700	100.000000000	1,100,000.00	1,100,000.00
20,000,000	CITIBANK, N.A.	17314JAT	1.750	12/28/12	.759	100.490299050	20,098,059.81	20,148,800.00
126,844,027					.270		127,260,855.17	127,656,162.83

====> 0016 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/26/12 @ 08:44:15
 BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)
 AS-OF: 6/30/12
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/12

STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,000,000	UNITED STATES TREAS NTS	912828QK	.625	2/28/13	.724	99.934241600	4,996,712.08	5,014,450.00
2,400,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136F9DU	4.000	4/15/13	4.136	99.934354583	2,398,424.51	2,470,440.00
20,000,000	UNITED STATES TREASURY NOTES	912828QZ	.500	5/31/13	.454	100.041929100	20,008,385.82	20,046,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828RA	.375	6/30/13	.474	99.901617050	19,980,323.41	20,024,200.00
10,000,000	UNITED STATES TREASURY NOTES	912828NN	1.000	7/15/13	.914	100.088602700	10,008,860.27	10,076,200.00
20,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.789	99.956320250	19,991,264.05	20,107,000.00
10,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.946	99.781284600	9,978,128.46	10,053,500.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A2S	1.000	9/23/13	.572	100.532539150	20,106,507.83	20,166,600.00
5,000,000	UNITED STATES TREASURY NOTES	912828PB	.500	10/15/13	.575	99.903686800	4,995,184.34	5,013,650.00
112,400,000					.306		112,463,790.77	112,972,040.00
====> 0009 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====								
14,260,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	106.421330856	15,175,681.78	15,221,409.20
8,450,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.854	106.382476568	8,989,319.27	9,019,699.00
20,000,000	FED NATIONAL MTG ASSN DEB	3135G0AP	1.250	2/27/14	.725	100.878700650	20,175,740.13	20,175,740.13
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.007	101.429731775	40,571,892.71	41,026,400.00
10,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.298	101.040313700	10,104,031.37	10,281,300.00
10,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.346	101.703120800	10,170,312.08	10,364,100.00
10,000,000	UNITED STATES TREAS NTS	912828RV	.250	12/15/14	.330	99.804443900	9,980,444.39	9,974,200.00
112,710,000					.299		115,167,421.73	116,062,848.33
====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====								

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 10/26/12 @ 08:44:15

BASIS: SETTLEMENT (SIC FROM QMARKET-LIBRARY)

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
10,000,000	UNITED STATES TREAS NTS	912828NP	1.750	7/31/15	.453	103.965518600	10,396,551.86	10,396,100.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	31398A4M	1.625	10/26/15	.870	102.504405350	20,500,881.07	20,716,200.00
4,365,000	FED FARM CR BKS CALLABLE	31331K2S	1.170	12/14/15	1.192	99.979610080	4,364,109.98	4,374,341.10
7,300,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	7,300,000.00	7,342,632.00
41,665,000					.808		42,561,542.91	42,829,273.10

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

10,000,000	UNITED STATES TREAS NTS	912828QR	1.500	6/30/16	.656	103.324473000	10,332,447.30	10,359,400.00
25,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.295	102.912615520	25,728,153.88	26,269,000.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136FR3N	1.350	9/20/16	1.369	100.000000000	25,000,000.00	25,051,250.00
20,000,000	FEDERAL HOME LOAN MTG CORP	3134G3BT	1.625	11/23/16	1.658	99.957212950	19,991,442.59	20,075,400.00
20,000,000	FED HOME LOAN MORTGAGE CORP BDS	3134G3CB	1.625	12/05/16	1.196	100.188815600	20,037,763.12	20,086,600.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,099,600.00
5,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	5,000,000.00	5,049,800.00
115,000,000					.296		116,089,806.89	116,991,050.00

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

20,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTYG	1.000	1/30/17	1.026	99.946249550	19,989,249.91	20,078,600.00
20,000,000					1.721		19,989,249.91	20,078,600.00

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

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
637,423,166					.054		642,336,806.75	645,394,113.26

==> 0046 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL2 TAXABL <

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
9,998,329	CASH KEY	CASHCASH				1.000000000	9,998,328.76	9,998,329.00
40,026,495	UNITS - INVESTMENT POOL 1	UNITS001				.999999999	40,026,494.94	40,026,495.00
50,024,824					.688		50,024,823.70	50,024,824.00

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

352,888,014	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	100.000000139	352,888,014.49	352,888,014.49
350,719,839	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	100.000000126	350,719,839.44	350,719,839.44
1,000,000	FARMERS & STOCKMENS	DEACTIVE	1.000	7/20/12	1.000	100.000000000	1,000,000.00	1,000,000.00
5,000,000	BANK OF LAS VEGAS	16225630	.750	9/21/12	.750	100.000000000	5,000,000.00	5,000,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A7F	.428	12/20/12	.172	100.120024300	20,024,004.86	20,018,200.00
8,000,000	CENTURY BANK	01709924	.400	12/28/12	.400	100.000000000	8,000,000.00	8,000,000.00
737,607,853					.047		737,631,858.79	737,626,053.93

====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

250,000	GUADALUPE CREDIT UNION	735605	.750	3/26/13	.750	100.000000000	250,000.00	250,000.00
8,000,000	CENTURY BANK SANTA FE	17099245	.400	3/28/13	.400	100.000000000	8,000,000.00	8,000,000.00
2,000,000	MY BANK BELEN	63000023	.400	4/17/13	.400	100.000000000	2,000,000.00	2,000,000.00
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

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
10,000,000	FEDERAL HOME LOAN BANKS	313379RU	.300	7/05/13	.304	100.000000000	10,000,000.00	9,995,600.00
28,750,000					1.197		28,750,000.00	28,745,600.00
====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====								
20,000,000	FED HOME LOAN BANK	313374CD	1.125	9/17/14	.456	100.142056300	20,028,411.26	20,033,000.00
20,000,000					1.718		20,028,411.26	20,033,000.00
====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====								
836,382,677					.041		836,435,093.75	836,429,477.93
====> 0015 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND <====								

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,298 UNITS -	INVESTMENT POOL 1	UNITS001				1.000069338	1,298.09	1,298.00
1,298					26500.		1,298.09	1,298.00
====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====								
1,570,000	NEW MEXICO ST SEVERANCE TAX	647310N2	2.000	7/01/12	.213	100.000000000	1,570,000.00	1,570,000.00
4,000,000	ALBUQUERQUE NM 2012D	ABQ2012D	.290	7/02/12	.294	100.000000000	4,000,000.00	4,000,000.00
3,075,640	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	100.000013331	3,075,640.41	3,075,640.41
5,800,000	SANTA FE NM PSD GO2011	802088JT	3.000	8/01/12	.527	100.206035690	5,811,950.07	5,811,890.00
1,100,000	LOS ALAMOS N MEX PUB SCH DIST	54422NCN	2.000	8/01/12	.406	100.133010909	1,101,463.12	1,101,287.00
2,675,000	RIO RANCHO N MEX PUB SCH DIST	767171LG	2.000	8/01/12	.355	100.137216823	2,678,670.55	2,678,129.75
23,500,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MNU	5.250	8/01/12	.308	100.411508255	23,596,704.44	23,594,235.00
1,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136F7GV	5.000	8/02/12	3.662	100.112735000	1,001,127.35	1,003,970.00
2,385,000	GADSDEN N MEX INDPT SCH DIST N	362550KS	2.000	8/15/12	.305	100.207301468	2,389,944.14	2,389,293.00
570,000	ESPANOLA N MEX PUB SCH DIST NO	29662RAJ	2.000	9/01/12	.386	100.269238597	571,534.66	571,436.40
2,500,000	FARMINGTON N MEX MUN SCH DIST	311441KF	2.000	9/01/12	.257	100.290762800	2,507,269.07	2,506,300.00
20,380,000	FEDERAL HOME LOAN BANKS	3133XLX7	5.000	9/14/12	3.639	100.273314868	20,435,701.57	20,573,406.20
25,000,000	UNITED STATES TREASURY NOTES	912828LM	1.375	9/15/12	1.231	100.028640440	25,007,160.11	25,063,500.00
525,000	LOVINGTON N MEX MUN SCH DIST N	547473DA	2.000	10/01/12	.508	100.373655238	526,961.69	527,021.25
5,000,000	FEDERAL FARM CREDIT BANK	31331X3S	4.500	10/17/12	3.543	100.283775400	5,014,188.77	5,063,100.00
25,000,000	CITIGROUP FUNDING INC.	17313YAL	1.875	10/22/12	.789	100.336572200	25,084,143.05	25,122,750.00
10,000,000	ABBOTT LABORATORIES	002819AA	5.150	11/30/12	5.231	99.987081600	9,998,708.16	10,186,200.00
15,000,000	FEDERAL HOME LOAN BANKS	3133XDTB	4.875	12/14/12	3.661	100.559401133	15,083,910.17	15,311,700.00
25,000,000	UNITED STATES TREASURY NOTES	912828MB	1.125	12/15/12	1.327	99.908089320	24,977,022.33	25,106,500.00
174,080,640					.197		174,432,099.66	175,256,359.01

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
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====> 0019 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	UNITED STATES TREASURY NOTES	912828PR	.625	1/31/13	.450	100.101627100	10,010,162.71	10,025,400.00
550,000	BERNALILLO CNTY N MEX	085275B5	4.000	2/01/13	.507	102.035805455	561,196.93	561,561.00
10,000,000	UNITED STATES TREAS NTS	912828QK	.625	2/28/13	.478	100.097512200	10,009,751.22	10,028,900.00
5,000,000	FEDERAL HOME LOAN BANKS	3133XPNZ	3.500	3/08/13	3.882	99.775406800	4,988,770.34	5,110,500.00
5,000,000	CONNECTICUT STATE	20772JBS	1.720	5/15/13	1.003	100.632891200	5,031,644.56	5,051,050.00
200,000	SANTA ROSA CSD #8 NM	802751DK	1.000	5/15/13	.356	100.564630000	201,129.26	200,772.00
2,000,000	NEW MEXICO FIN AUTH REV	64711NNV	2.000	6/01/13	1.014	100.909868500	2,018,197.37	2,019,860.00
3,605,000	NEW MEXICO FIN AUTH REV	64711NPA	2.000	6/01/13	.356	101.507711789	3,659,353.01	3,660,480.95
760,000	NEW MEXICO FIN AUTH REV	64711NPW	2.000	6/01/13	.660	101.230678947	769,353.16	769,036.40
1,285,000	UNIVERSITY OF NM-REFUNDING	914692N2	2.000	6/01/13	.305	101.553998444	1,304,968.88	1,301,846.35
500,000	NMFA SERIES B1	64711NLW	2.000	6/01/13	.305	101.553998000	507,769.99	507,910.00
10,000,000	FEDERAL HOME LOAN BANKS	3133XXYX	1.875	6/21/13	.851	101.000932900	10,100,093.29	10,156,500.00
3,225,000	NEW MEXICO ST SEVERANCE TAX	647310N3	4.000	7/01/13	.437	103.557496124	3,339,729.25	3,342,744.75
7,525,000	ALBUQUERQUE NM 2012C	ABQ2012C	.290	7/01/13	.294	100.000000000	7,525,000.00	7,525,000.00
2,000,000	LOS ALAMOS NM UTILITY	54423EBV	5.000	7/01/13	.448	104.542934500	2,090,858.69	2,090,300.00
475,000	LOS ALAMOS N MEX PUB SCH DIST	54422NCP	2.000	8/01/13	.558	101.563829474	482,428.19	483,084.50
500,000	RIO RANCHO N MEX PUB SCH DIST	767171LH	2.000	8/01/13	.558	101.563828000	507,819.14	508,400.00
785,000	LOS ALAMOS N MEX PUB SCH DIST	54422NDB	2.000	8/01/13	.406	101.727721019	798,562.61	798,360.70
350,000	ALAMOGORDO NM MSD 1	011464GN	1.500	8/01/13	.406	101.187800000	354,157.30	354,088.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BR	.500	8/09/13	.588	99.911905400	19,982,381.08	20,047,600.00
2,245,000	GADSDEN N MEX INDPT SCH DIST N	362550KT	2.000	8/15/13	.608	101.563220490	2,280,094.30	2,283,995.65
1,100,000	ESPANOLA N MEX PUB SCH DIST NO	29662RAK	2.000	9/01/13	.710	101.507475455	1,116,582.23	1,117,886.00

SOURCE: VisualQED
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,000,000	FARMINGTON MSD #5 NM	311441KG	3.000	9/01/13	.407	103.021730000	1,030,217.30	1,029,520.00
10,000,000	UNITED STATES TREASURY NOTES	912828NY	.750	9/15/13	.541	100.250880800	10,025,088.08	10,056,600.00
900,000	LOVINGTON N MEX MUN SCH DIST N	547473DB	2.000	10/01/13	.710	101.614662222	914,531.96	917,496.00
10,000,000	FEDERAL HOME LOAN BANKS	313371UC	.875	12/27/13	1.110	99.675953200	9,967,595.32	10,079,300.00
109,005,000					.314		109,577,436.17	110,028,192.30

====> 0026 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

13,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	106.421330846	13,834,773.01	13,876,460.00
20,000,000	FED HOME LOAN BANKS	313376UF	.375	1/29/14	.323	100.088043900	20,017,608.78	20,007,800.00
20,000,000	UNITED STATES TREASURY NOTES	912828JZ	1.750	1/31/14	.666	101.703313250	20,340,662.65	20,452,400.00
570,000	BERNALILLO CNTY N MEX	085275B6	3.000	2/01/14	.710	103.614908772	590,604.98	592,988.10
20,000,000	UNITED STATES TREASURY NOTES	912828QH	1.250	2/15/14	1.413	99.738861350	19,947,772.27	20,299,200.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.048	101.361551925	40,544,620.77	41,026,400.00
15,000,000	UNITED STATES TREASURY NOTES	912828KJ	1.750	3/31/14	.729	101.770421133	15,265,563.17	15,370,350.00
20,000,000	UNITED STATES TREAS NTS	912828SL	.250	3/31/14	.262	99.979057600	19,995,811.52	19,976,600.00
20,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.476	100.717606250	20,143,521.25	20,562,600.00
200,000	SANTA ROSA CSD #8 NM	802751DL	1.000	5/15/14	.507	100.930465000	201,860.93	201,238.00
20,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.509	101.393154300	20,278,630.86	20,728,200.00
3,060,000	NEW MEXICO FIN AUTH REV	64711NNW	3.000	6/01/14	1.490	102.880384314	3,148,139.76	3,174,260.40
3,615,000	NEW MEXICO FIN AUTH REV	64711NPB	2.000	6/01/14	.456	102.954593914	3,721,808.57	3,723,558.45
770,000	NEW MEXICO FIN AUTH REV	64711NPX	2.000	6/01/14	1.014	101.893384416	784,579.06	787,440.50
165,000	UNIVERSITY OF NM-REFUNDING	914692Q6	3.000	6/01/14	.487	104.801866667	172,923.08	172,278.15
330,000	UNIVERSITY OF NM-REFUNDING	914692N3	2.000	6/01/14	.487	102.896348485	339,557.95	338,319.30

SOURCE: VisualQED
 MODEL: INVENTORY
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	UNITED STATES TREASURY NOTES	912828QS	.750	6/15/14	.771	99.959246550	19,991,849.31	20,165,600.00
4,780,000	NEW MEXICO ST SEVERANCE TAX	647310N4	4.000	7/01/14	.710	106.542651883	5,092,738.76	5,108,768.40
9,810,000	NEW MEXICO ST SEVERANCE TAX	647310P4	4.000	7/01/14	.710	106.542651784	10,451,834.14	10,494,738.00
15,000,000	UNITED STATES TREAS NTS	912828LC	2.625	7/31/14	1.513	102.270422267	15,340,563.34	15,706,650.00
325,000	LOS ALAMOS N MEX PUB SCH DIST	54422NCQ	2.000	8/01/14	.811	102.474101539	333,040.83	334,831.25
140,000	CATRON & CIBOLA COUNTY ISD 2	149321CH	2.000	8/01/14	.507	103.104750000	144,346.65	143,795.40
350,000	ALAMOGORDO NM MSD 1	011464GP	1.500	8/01/14	.507	102.069817143	357,244.36	356,982.50
2,005,000	GADSDEN N MEX INDPT SCH DIST N	362550KU	2.000	8/15/14	.862	102.413203990	2,053,384.74	2,059,255.30
20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0BY	.875	8/28/14	.457	100.909566850	20,181,913.37	20,201,000.00
1,120,000	ESPANOLA N MEX PUB SCH DIST NO	29662RAL	2.000	9/01/14	.963	102.245942857	1,145,154.56	1,150,788.80
1,000,000	FARMINGTON MSD #5 NM	311441KH	3.000	9/01/14	.558	105.269173000	1,052,691.73	1,052,150.00
935,000	LOVINGTON N MEX MUN SCH DIST N	547473DC	2.000	10/01/14	1.014	102.218771123	955,745.51	965,032.20
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACY	.750	11/25/14	.772	99.973774900	9,997,377.49	10,075,000.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3BL	1.000	12/05/14	1.014	100.000000000	20,000,000.00	20,034,200.00
302,175,000					.112		306,426,323.40	309,138,884.75

====> 0030 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ==> 2014 <====

20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0HG	.375	3/16/15	.541	99.572978850	19,914,595.77	19,941,600.00
20,000,000	UNITED STATES TREAS NTS	912828SP	.375	4/15/15	.387	99.966692450	19,993,338.49	19,986,000.00
225,000	SANTA ROSA CSD #8 NM	802751DM	1.000	5/15/15	.659	100.994195556	227,236.94	226,530.00
20,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0LN	.500	7/02/15	.551	99.872097750	19,974,419.55	19,975,200.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134A4VC	4.375	7/17/15	.965	110.247124050	22,049,424.81	22,305,200.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136FR3F	.950	9/08/15	.963	100.000000000	20,000,000.00	20,042,600.00

SOURCE: VisualQED
 MODEL: INVENTORY
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACM	1.750	9/10/15	1.015	102.346482650	20,469,296.53	20,747,400.00
20,000,000	FEDERAL FARM CR BANKS CALLABLE	31331KS9	1.120	11/16/15	1.188	99.828111400	19,965,622.28	20,049,400.00
20,000,000	FEDERAL FARM CR BANKS CALLABLE	31331KZ2	1.330	12/07/15	1.348	100.000000000	20,000,000.00	20,064,800.00
11,660,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3EG	1.150	12/30/15	1.166	100.000000000	11,660,000.00	11,749,665.40
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,058,400.00
181,885,000					.187		184,253,934.37	185,146,795.40

====> 0011 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MH8	5.000	3/15/16	1.026	114.466682400	22,893,336.48	23,125,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BA	2.375	4/11/16	1.057	104.920819900	20,984,163.98	20,984,163.98
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACT	2.500	5/27/16	1.095	105.415733200	21,083,146.64	21,337,000.00
25,000,000	FEDERAL AGRICULTURAL MORTG CORP	31315PB7	.900	6/09/16	.913	100.000000000	25,000,000.00	25,226,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MS6	5.375	7/15/16	1.142	116.730326300	23,346,065.26	23,636,600.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.168	103.426172600	20,685,234.52	21,015,200.00
20,000,000	UNITED STATES TREASURY NOTES	912828RF	1.000	8/31/16	.929	100.289203350	20,057,840.67	20,314,000.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0CM	1.250	9/28/16	1.218	100.201578500	20,040,315.70	20,349,200.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3136FTQJ	1.625	11/21/16	1.650	99.990992900	19,998,198.58	20,078,200.00
20,000,000	FED HOME LOAN MORTGAGE CORP BDS	3134G3CB	1.625	12/05/16	1.196	100.188815600	20,037,763.12	20,086,600.00
25,000,000	UNITED STATES TREAS NTS	912828RX	.875	12/31/16	.776	100.436714960	25,109,178.74	25,224,500.00
230,000,000					.144		239,235,243.69	241,376,463.98

====> 0011 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

SOURCE: VisualQED
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
15,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTYG	1.000	1/30/17	1.026	99.946249533	14,991,937.43	15,058,950.00
60,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0GY	1.250	1/30/17	1.069	100.873992733	60,524,395.64	60,945,600.00
20,000,000	UNITED STATES TREAS NTS	912828SC	.875	1/31/17	.846	100.129950400	20,025,990.08	20,173,400.00
20,000,000	FEDERAL HOME LOAN BANK	3133786Q	1.000	2/13/17	1.044	99.864850450	19,972,970.09	20,095,400.00
40,000,000	UNITED STATES TREAS NTS	912828SJ	.875	2/28/17	.872	100.013476200	40,005,390.48	40,346,800.00
20,000,000	FED HOME LOAN MORTGAGE CORP DBS	3137EADC	1.000	3/08/17	1.121	99.516902150	19,903,380.43	20,108,200.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0JA	1.125	4/27/17	1.064	100.356126200	10,035,612.62	10,093,900.00
185,000,000					.185		185,459,676.77	186,822,250.00

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2017 <====

1182146938					.029		1199386012.15	1207770243.44
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====> 0105 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND CORE <====

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 10/26/12 @ 08:44:15
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
42,887,481	WELLS FARGO CASH ACCOUNT	CASHCASH	.100			1.000000000	42,887,480.61	42,887,481.00
2,357,624	WELLS FARGO SAVINGS	CASHCASH	.100			1.000000000	2,357,624.25	2,357,624.00
94,297,467	BANK OF THE WEST	CASHCASH	.250			1.000000000	94,297,467.17	94,297,467.00
5,085,749	US BANK	CASHCASH	.200			1.000000000	5,085,748.53	5,085,749.00
144,628,321					.238		144,628,320.56	144,628,321.00

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

100,000,000	DEUTSCHE BANK US TREASURY REPO	0629DBRP	.130	7/02/12	.132	100.000000000	100,000,000.00	100,000,000.00
200,000,000	SOUTH STREET SEC US GOVT REPO	0629SSRP	.170	7/02/12	.172	100.000000000	200,000,000.00	200,000,000.00
10,000,000	UNITED STATES TREASURY NOTES	912828NQ	.625	7/31/12	.238	100.031838200	10,003,183.82	10,003,900.00
40,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MNU	5.250	8/01/12	.338	100.409029475	40,163,611.79	40,160,400.00
25,000,000	FEDERAL HOME LOAN BANKS	3133XYWB	.875	8/22/12	.207	100.094940280	25,023,735.07	25,025,250.00
14,500,000	STRAIGHT-A FUNDING CP	86257YFM	.180	9/07/12	.183	99.966000000	14,495,070.00	14,495,070.00
25,000,000	STRAIGHT-A FUNDING CP	86257YGA	.180	9/25/12	.183	99.957000000	24,989,250.00	24,989,250.00
4,348,000	U.S. CENTRAL FEDERAL CREDIT UNIO	90345AAC	1.900	10/19/12	.197	100.512131095	4,370,267.46	4,369,913.92
16,450,000	FDIC SSGN	22087WAB		10/25/12	.296	99.907618784	16,434,803.29	16,438,649.50
38,589,000	WESTERN COPORATE FCU	95806AAB	1.750	11/02/12	.200	100.521445386	38,790,220.56	38,787,347.46
20,910,000	CITIGROUP FUNDING TLGP	17313YAN	1.875	11/15/12	.212	100.619453946	21,039,527.82	21,042,569.40
10,000,000	UNITED STATES TREAS NTS	912828PV	.500	11/30/12	.188	100.129439600	10,012,943.96	10,013,300.00
2,700,000	GMAC LLC	36186CBG	.468	12/19/12	.301	100.077989259	2,702,105.71	2,703,996.00
32,300,000	ALLY FINANCIAL INC	36186CBF	2.200	12/19/12	.200	100.933807430	32,601,619.80	32,596,514.00
21,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A7F	.428	12/20/12	.172	100.120024333	21,025,205.11	21,019,110.00
17,250,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAU	1.016	12/21/12	.373	100.045038783	17,257,769.19	17,263,627.50

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
7,000,000	GENERAL ELECTRIC CAPITAL CORPORA	36967HAU	1.016	12/21/12	.398	100.033106714	7,002,317.47	7,005,530.00
29,750,000	JPMORGAN CHASE FLOAT	481247AN	.497	12/26/12	.356	100.173108639	29,801,499.82	29,832,705.00
614,797,000					.056		615,713,130.87	615,747,132.78

====> 0018 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	FDIC SSGN	625475AB		1/07/13	.341	99.826696000	9,982,669.60	9,983,000.00
9,200,000	FEDERAL HOME LOAN BANKS	313379AA	.160	2/01/13	.218	99.967948044	9,197,051.22	9,194,664.00
20,000,000	INTERNATIONAL FINANCE CORP	45950VBT	.300	5/20/13	.304	100.000000000	20,000,000.00	20,158,800.00
50,000,000	FEDERAL FARM CREDIT BANKS	31331KF6	.111	6/12/13	.313	100.025554700	50,012,777.35	49,972,500.00
15,000,000	FEDERAL HOME LOAN BANKS	313379K8	.300	6/14/13	.304	100.000000000	15,000,000.00	14,997,450.00
10,000,000	FEDERAL HOME LOAN BANKS	313379RU	.300	7/05/13	.304	100.000000000	10,000,000.00	9,995,600.00
114,200,000					.301		114,192,498.17	114,302,014.00

====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

873,625,321					.039		874,533,949.60	874,677,467.78
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====> 0028 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> LGIP FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 10/26/12 @ 08:44:15

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

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
16,352,898	UNITS - INVESTMENT POOL 1	UNITS001				1.000000028	16,352,898.46	16,352,898.00
16,352,898					2.104		16,352,898.46	16,352,898.00

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

104,280,161	OVERNIGHT REPO	0702RP	.350	7/02/12	.355	99.999999578	104,280,160.56	104,280,160.56
104,280,161					.330		104,280,160.56	104,280,160.56

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

120,633,059					.285		120,633,059.02	120,633,058.56
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====> 0002 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> STB FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: WRIGHT

RUN: 10/26/12 @ 08:44:15

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
=====					=====		=====	=====
4153462878		4153462878			.008		4179333355.36	4192131313.18

==> 0212 ITEMS IN SUBTOTAL FOR ==> REPORT..... ==> GRAND-TOTAL <==

SOURCE: VisualQED
MODEL: INVENTORY
USER: WRIGHT
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Evaluation methods, assumptions and other notes related to this report evaluation:

- o SOURCE: VisualQED
- o MODEL: Inventory
- o PRICED: MKT-SOURCE: IDC-PREFERED+

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This QED reporting object "q_driver.inv" was run by WRIGHT on 10/26/12 @ 08:44:32
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13. State Agency Deposit Balances




James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER

Mark F. Valdes
Deputy State Treasurer

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

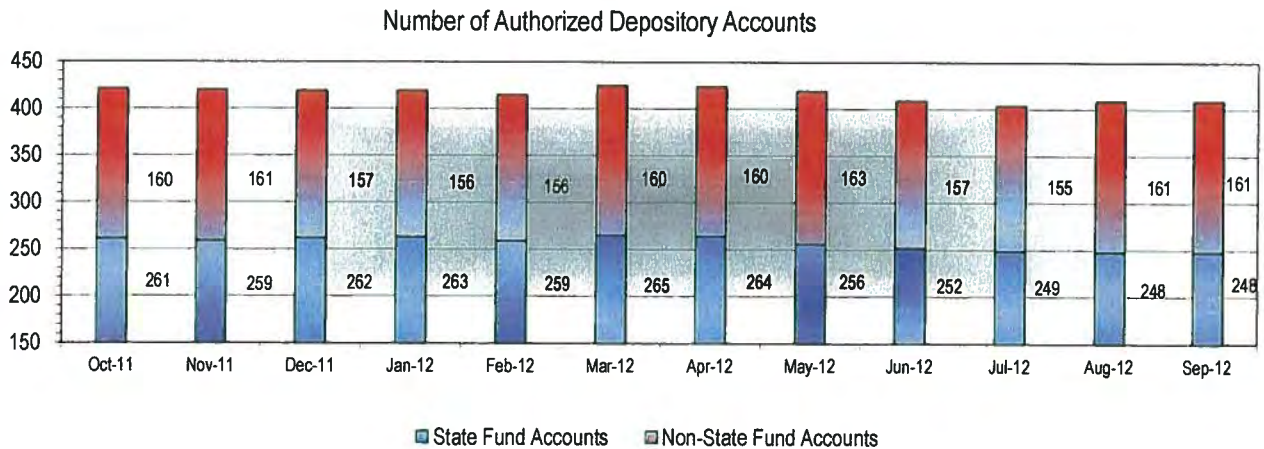
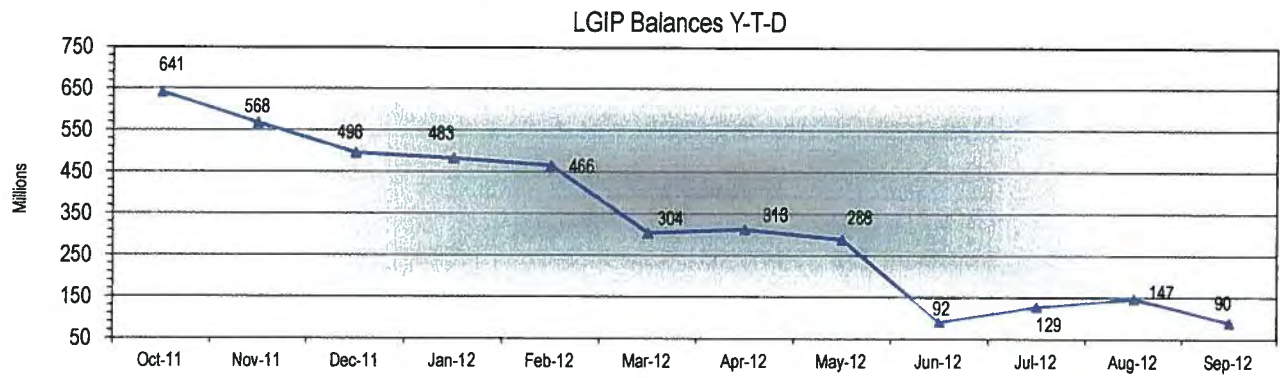
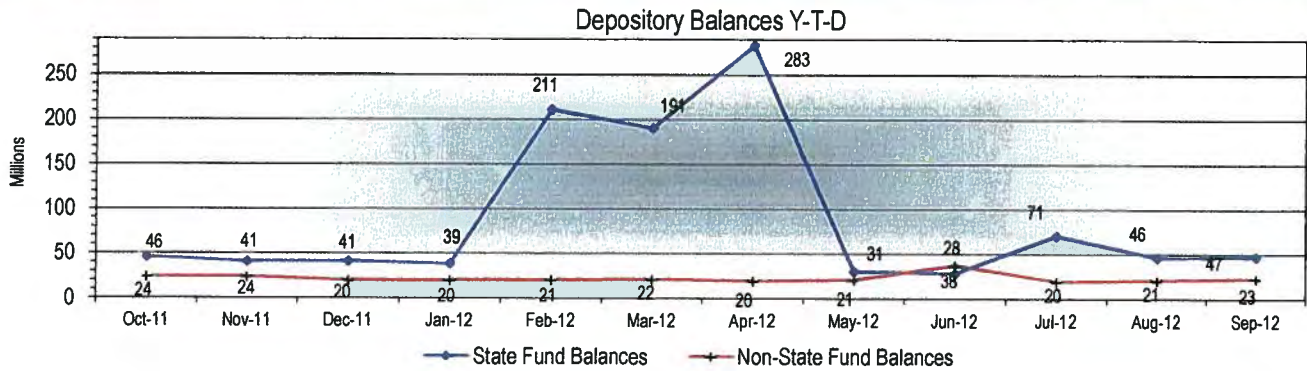
Date: October 24, 2012
To: James B. Lewis, State Treasurer
For: Governor Martinez and Members of the State Board of Finance
From: Samuel K. Collins, Jr., State Cash Manager 
Subject: State Fund Deposit Activity for the month ending September 30, 2012

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 September 30, 2012.

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 September 30, 2012

(Attachments)

Depository Account Summary - September 2012



Depository accounts authorized in September 2012 pursuant to Section 6-1-13 NMSA :
 2 13th Judicial District Court
 2 Dept of Health

Depository accounts closed in August 2012:
 3 13th Judicial District Court
 1 Commission for the Blind

Depository Account Summary by Agency

September 2012

STATE FUNDS

NON-STATE FUNDS

AGENCY	# OF ACCTS.	BALANCE
AOC (fines, fees etc.)	50	\$3,467,295
BERN. CO. METRO COURT	2	\$439,773
1-13 DISTRICT ATTORNEY	6	\$57,892
EDUCATION RETIREMENT BOARD	1	\$20,583
TAXATION & REVENUE DEPT.	29	\$177,616
PUBLIC SCHOOL INS. AUTHORITY	6	\$33,194,888
PUBLIC DEFENDER	1	\$380
SECRETARY OF STATE	1	\$0
STATE TREASURER (JDC)	28	\$155,098
STATE TREASURER (OTHER INVEST)	0	\$0
NM RACING COMMISSION	7	\$394,875
SPACEPORT AUTHORITY	1	\$1,502,989
DEPT. OF GAME & FISH	2	\$84,128
SOUTHWEST REGION ED.	1	\$2,058,910
ENERGY & MINERALS	4	\$522,608
COMMISSION PUBLIC LAND	2	\$36,433
STATE ENGINEER'S OFFICE	3	\$92,883
IRRG WKS CONST	1	\$252,262
COMMISSION FOR THE BLIND	1	\$0
HUMAN SERVICES DEPT.	5	\$23,758
WORKFORCE SOLUTIONS	6	\$2,295,549
DIVISION OF VOCATIONAL REHAB	1	\$83,969
MINER'S HOSPITAL	1	\$880,901
DEPARTMENT OF HEALTH	76	\$1,295,062
ENVIRONMENT DEPARTMENT	1	\$0
CORRECTIONS DEPARTMENT	5	\$1,219
DEPT. OF PUBLIC SAFETY	2	\$53,728
HIGHWAY & TRANSPORTATION	4	\$1,324
CENTRAL REGIONAL CO-OP	1	\$309,892

AGENCY	# OF ACCTS.	BALANCE
AOC (Bonds)	50	
1ST JUDICIAL DIST. COURT	3	\$1,178,247
2ND JUDICIAL DIST. COURT	2	\$1,449,704
3RD JUDICIAL DIST. COURT	2	\$1,507,070
4TH JUDICIAL DIST. COURT	4	\$81,129
5TH JUDICIAL DIST. COURT	3	\$1,353,956
6TH JUDICIAL DIST. COURT	3	\$268,681
7TH JUDICIAL DIST. COURT	4	\$160,128
8TH JUDICIAL DIST. COURT	4	\$443,700
9TH JUDICIAL DIST. COURT	3	\$590,641
10TH JUDICIAL DIST. COURT	2	\$288,103
11TH JUDICIAL DIST. COURT	10	\$1,208,307
12TH JUDICIAL DIST. COURT	7	\$891,772
13TH JUDICIAL DIST. COURT	59	\$3,234,522
BERNALILLO CO. METRO COURT	2	\$828,111
6TH DISTRICT ATTORNEY	3	\$39,091
7TH DISTRICT ATTORNEY	1	\$1,690
10TH DISTRICT ATTORNEY	1	\$361
11TH JUDICIAL DIST. ATTORNEY	1	\$22,706
ATTORNEY GENERAL	1	\$8,666
LGIP	4	\$89,949,198
PUBLIC REG. COMMISSION	2	\$627,413
NM STATE FAIR	5	\$5,643,671
SOUTHWEST REGION ED.	1	\$15
COMM STATUS OF WOMEN	0	\$0
COMM FOR THE BLIND	2	\$228,666
WORKFORCE SOLUTIONS	0	\$0
MINER'S HOSPITAL	1	\$2,027
DEPARTMENT OF HEALTH	11	\$773,282
CHILDREN, YOUTH & FAMILIES	6	\$95,498
CORRECTIONS DEPARTMENT	11	\$1,790,511
DEPT. OF PUBLIC SAFETY	2	\$28,348
CENTRAL REGION CO-OP	1	\$469,756

Total: 248 \$47,404,015

Total: 161 \$113,164,970

Total Depository Balances: \$160,568,985

Total Depository Accounts: 409

State Fund Balances by Financial Institution
September- 2012

Bank 34/Alamogordo	0
Century Bank/Santa Fe	0
First National Bank/Alamogordo	100,139
Bank of America/Albuquerque	2,480,487
Wells Fargo Bank/Albuquerque	38,763,316
Compass Bank/Albuquerque	2,406,371
Bank of the West/Albuquerque	637
First American Bank/Artesia	58,665
My Bank/Belen	7,254
Carlsbad National Bank/Carlsbad	2,382
Western Commerce Bank/Carlsbad	68,046
Farmers/Stockmens Bank/Clayton	15,707
First National Bank/Clayton	897,809
Bank of Clovis/Clovis	0
Citizens Bank/Clovis	31,390
NM Bank & Trust/Albuquerque	301,371
Community Bank/Santa Fe	3,458
Valley National Bank/Espanola	287
Pinnacle Bank/Gallup	1,210
Grants State Bank/Grants	100
Lea County State Bank/Hobbs	141,467
Citizens Bank/Las Cruces	0
Southwest Capitol/Las Vegas	165,238
Community 1st Bank/Las Vegas	768,890
Western Bank/Lordsburg	74,835
Los Alamos National Bank/Los Alamos	13,050
James Polk Stone National Bank/Portales	59,840
International Bank/Raton	81,152
Valley Bank of Commerce/Roswell	85,573
First National Bank of Santa Fe/Santa Fe	0
First State Bank/Socorro	20,852
Centinel Bank/Taos	103,929
US Bank/Albuquerque	180,129
Bank of the Southwest/Roswell	509,997
People's Bank	30,272
AmBank	30,162
Total:	\$47,404,015



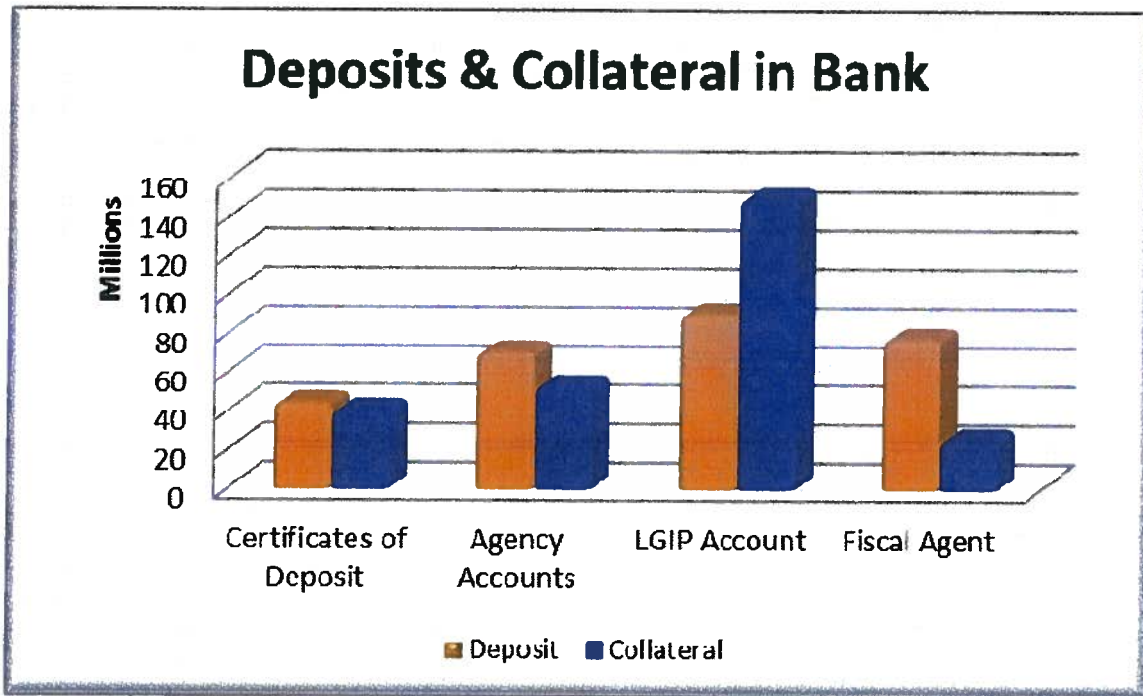
14. Collateral Report on Agency Deposits & CD

Office of the Treasurer

Collateral Summary Review

September 30, 2012

All depository institutions holding public funds for the month ending September 2012 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.



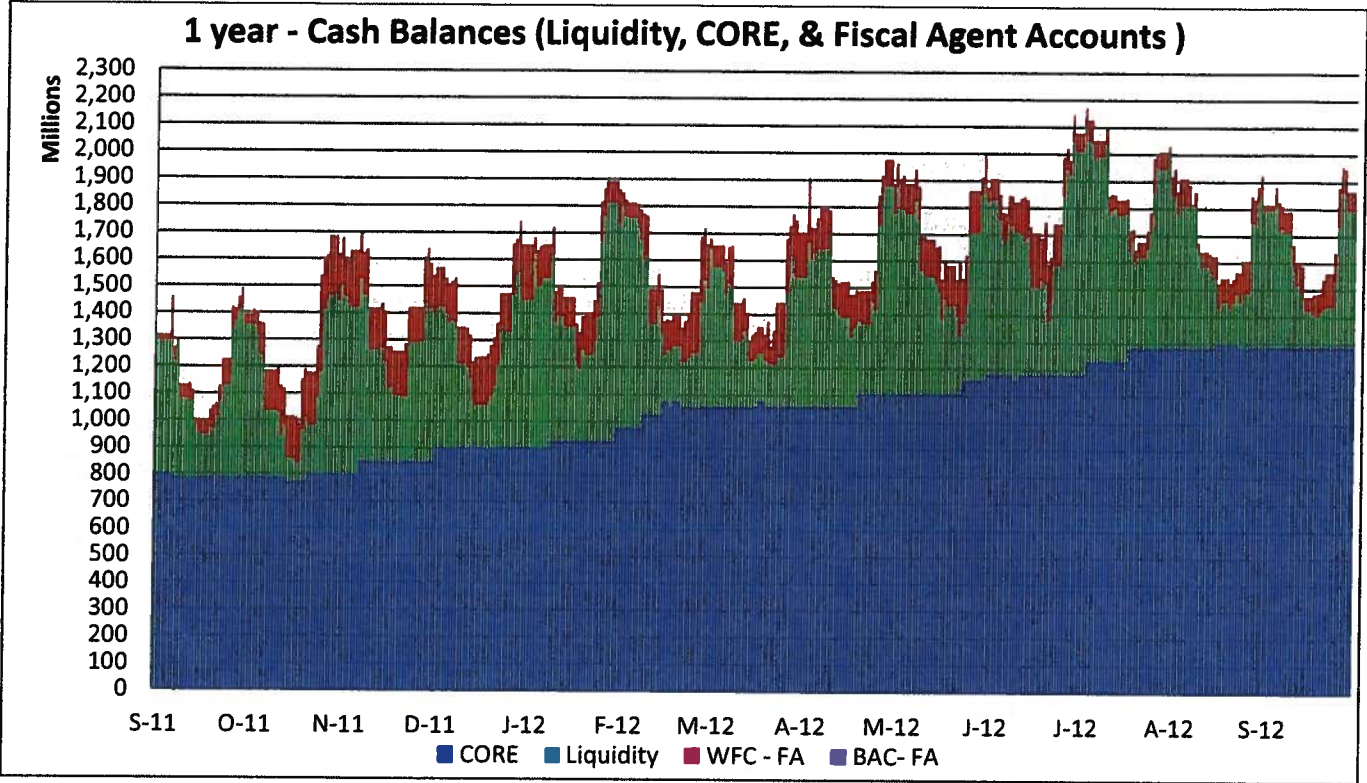
Balances

	<u>Deposit</u>	<u>Collateral</u>	<u>Percentage</u>
Certificate of Deposit	\$ 44.0 Million	\$ 40.0 Million	90.9%
Agency Deposit	70.0 Million	52.3 Million	74.7%
LGIP Deposits	89.9 Million	149.1 Million	165.8%
Fiscal Agent	78.0 Million	25.4 Million	32.5%
Totals →	281.9 Million	266.8 Million	94.6%

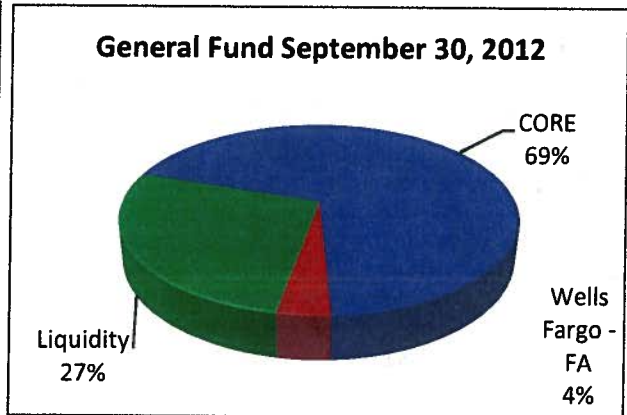
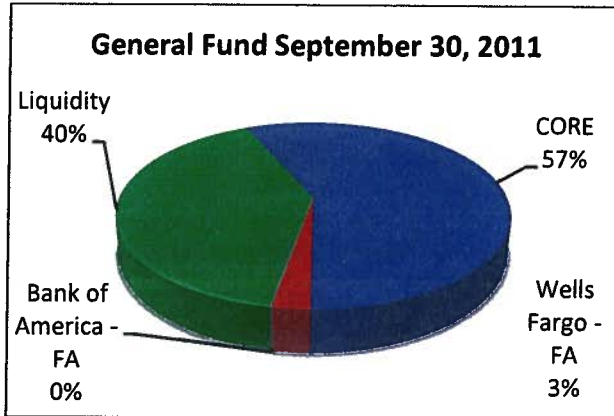


Office of the Treasurer
Collateral Review
 Accumulated Total by Institution
 September 30, 2012

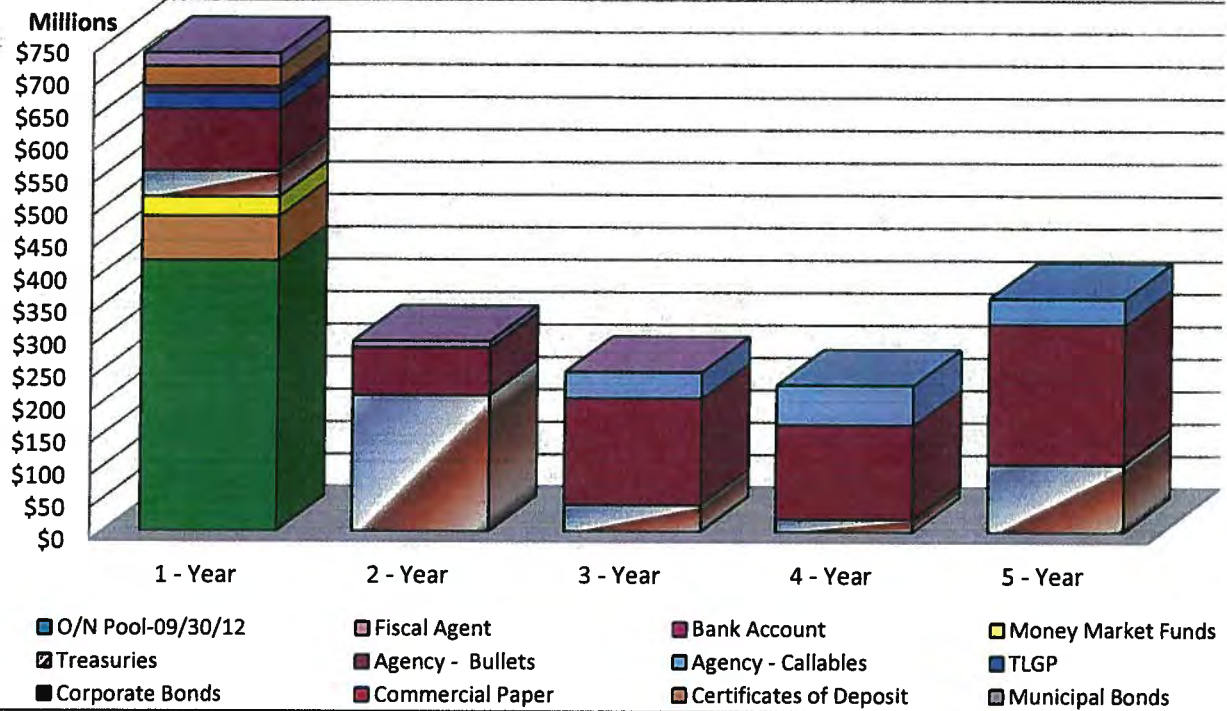
FINANCIAL INSTITUTION	%	TOTAL DEPOSITS	FDIC / NCUA INSURANCE	LESS INSURANCE COVERAGE	SUBJECT TO BE COLLATERALIZED	COLLATERAL PLEDGED	EXCESS (UNDER)
First National - Alamogordo	50%	539,506	250,000	289,506	144,753	447,521	302,769
Western - Alamogordo	75%	3,608,526	250,000	3,358,526	2,518,895	3,561,177	1,042,283
Bank of America	50%	3,010,824	1,034,759	1,976,065	988,033	6,523,714	5,535,682
Bank of the West	50%	69,858,593	250,637	69,607,956	34,803,978	95,576,823	60,772,845
BBVA Compass	102%	2,406,400	2,309,077	97,324	99,270	539,066	439,796
US Bank	50%	6,483,623	430,130	6,053,493	3,026,747	5,031,807	2,005,060
Wells Fargo	50%	71,465,990	13,114,043	58,351,947	29,175,974	88,423,056	59,247,082
First American	50%	58,665	58,665	0	0	0	0
My Bank	102%	2,243,504	257,254	1,986,251	2,025,976	2,295,000	269,024
Carlsbad National	50%	2,382	2,382	0	0	0	0
Western Commerce	50%	4,068,046	258,871	3,809,175	1,904,588	3,017,832	1,113,245
Farmers & Stockmen	75%	3,096,680	262,370	2,834,310	2,125,732	3,697,915	1,572,183
First National - Clayton	50%	897,809	250,000	647,809	323,905	1,695,710	1,371,805
Bank of Clovis	50%	590,640	590,640	0	0	590,640	590,640
Citizens - Clovis	50%	31,389	31,389	0	0	0	0
NM Bank & Trust	50%	301,372	250,600	50,772	25,386	250,000	224,614
Western - Clovis	50%	3,100,000	250,000	2,850,000	1,425,000	1,613,545	188,545
Valley National	102%	287	287	0	0	0	0
Pinnacle	50%	1,210	1,210	0	0	0	0
Grants State	50%	89,469	89,469	0	0	0	0
Lea County State	50%	141,467	141,467	0	0	0	0
Citizens - Las Cruces	50%	3,589	3,589	0	0	0	0
Southwest Capital	50%	735,825	279,862	455,964	227,982	757,769	529,787
Community 1st - Las Vegas	50%	768,890	768,890	0	0	1,000,000	1,000,000
Western - Lordsburg	50%	97,036	97,036	0	0	0	0
Los Alamos National	75%	13,050	13,050	0	0	0	0
James Polk Stone Communi International	50%	529,596	529,596	0	0	0	0
Bank of the Southwest	50%	165,222	165,222	0	0	450,000	450,000
Valley Commerce	50%	758,526	309,642	448,884	224,442	225,788	1,346
Century	50%	85,573	85,573	0	0	0	0
Community	50%	24,634,967	250,000	24,384,967	12,192,484	21,380,000	9,187,517
First National - Santa Fe	102%	148,084	148,084	0	0	0	0
First State	50%	0	0	0	0	0	0
AM	50%	64,852	64,852	0	0	0	0
Centinel	50%	30,162	30,162	0	0	0	0
Peoples	50%	103,929	103,929	0	0	0	0
BANK'34	75%	30,272	30,272	0	0	0	0
Union Savings	102%	2,158,106	2,158,106	0	0	2,201,236	2,201,236
Guadalupe Credit	50%	2,000,000	250,000	1,750,000	875,000	2,143,553	1,268,553
	50%	250,000	250,000	0	0	0	0
204,574,062		25,621,114	178,952,948	92,108,142	241,422,153	149,314,011	116



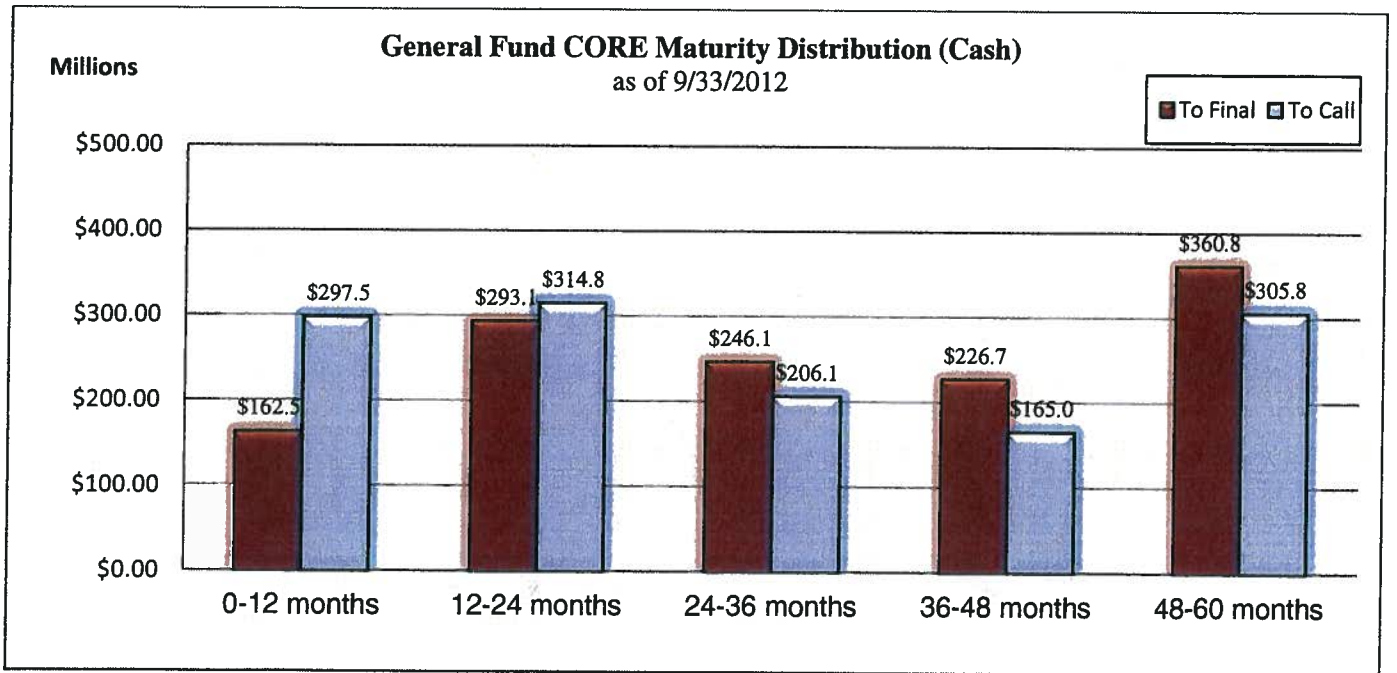
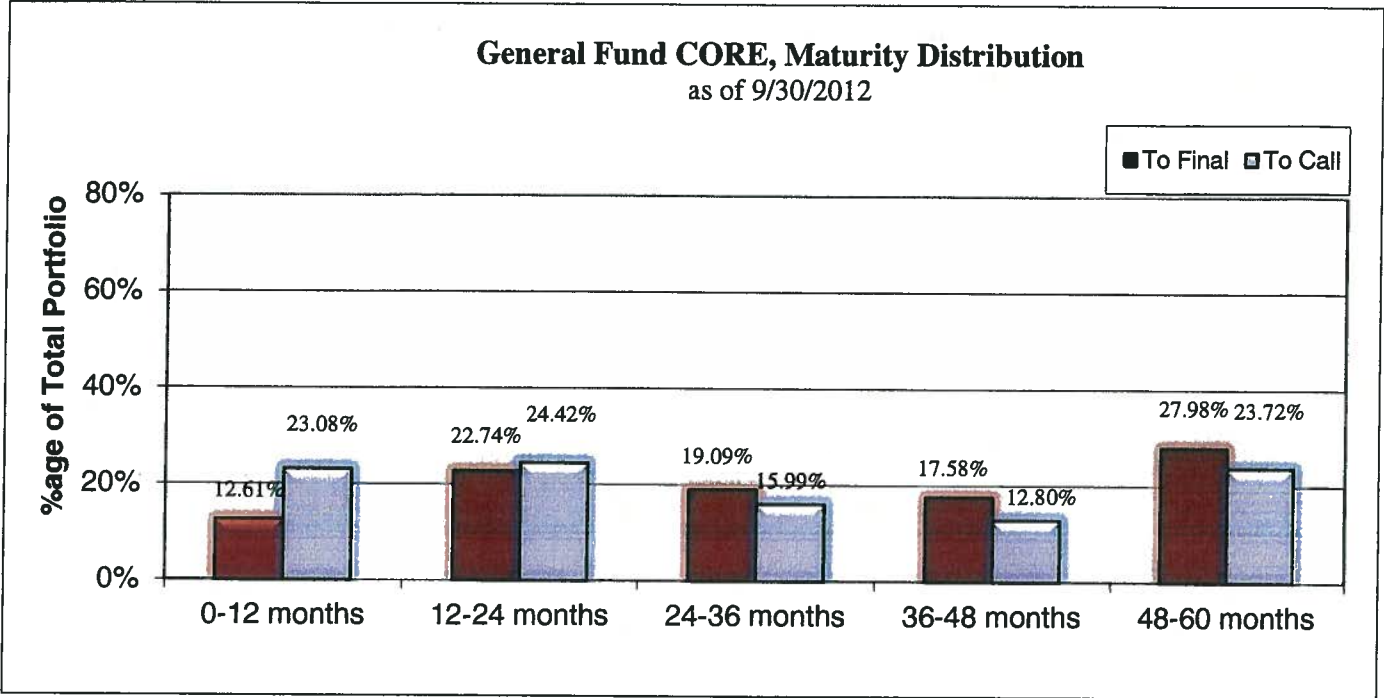
GENERAL FUND	Sep-11	Sep-12	Difference
Liquidity	565,562,619	505,859,193	(59,703,426)
CORE	789,589,231	1,289,159,964	499,570,732
Wells Fargo - FA	36,212,069	68,293,650	32,081,581
Bank of America - FA	1,795,744		(1,795,744)
Total	1,393,159,663	1,863,312,807	470,153,144



**General Fund Maturity Ladder by Year & Asset Type
as of September 30, 2012**



Asset Allocation	1 - Year	2 - Year	3 - Year	4 - Year	5 - Year	Total	%
Agency - Bullets	95,000,000	73,000,000	164,250,000	145,000,000	215,500,000	692,750,000	37%
Agency - Callables	0		40,000,000	61,660,000	40,000,000	141,660,000	8%
TLGP	25,000,000					25,000,000	1%
Corporate Bonds	10,000,000					10,000,000	1%
Money Market Funds	30,027,793					30,027,793	2%
Municipal Bonds	20,370,000	10,145,000	250,000			30,765,000	2%
Certificates of Deposit	30,750,000					30,750,000	2%
Commercial Paper						0	0%
Treasuries	40,000,000	210,000,000	41,600,000	20,000,000	105,250,000	416,850,000	22%
Bank Account						0	0%
Fiscal Agent	68,293,650					68,293,650	4%
O/N Pool-09/30/12	417,064,988					417,064,988	22%
Total:	736,506,432	293,145,000	246,100,000	226,660,000	360,750,000	1,863,161,432	100%
% of Total:	40%	16%	13%	12%	19%		



GFIP Cash Flows

General Fund Portfolio Allocation - Month ending September 30, 2012

Allocation by Amount

Number of Items	81	87	81	83	109	100
	<u>Jun-11</u>	<u>Sep-11</u>	<u>Dec-11</u>	<u>Mar-12</u>	<u>Jun-12</u>	<u>Sep-12</u>
Treasury Notes	310,000,000	365,000,000	365,000,000	380,000,000	395,000,000	436,850,000
Corporate Bonds	39,935,000	20,000,000	40,000,000	20,000,000	10,000,000	10,000,000
Commercial Paper	0	0	0	0	0	0
TLGP Securities	75,000,000	75,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Agencies	273,495,000	283,380,000	461,040,000	604,540,000	714,540,000	814,410,000
MBS/Bank Accounts	0	0	0	60,017,370	0	0
Certificates of Deposits	52,100,000	57,250,000	38,250,000	37,250,000	32,750,000	30,750,000
Mutual Funds	34,349,111	39,354,901	10,026,496	10,027,792	40,027,793	30,027,794
Municipal Bonds	0	0	0	0	84,530,000	30,765,000
Overnight Repo	600,037,008	481,795,465	443,273,557	332,440,228	706,683,493	417,064,988
Fiscal Agent Account	63,426,603	32,154,835	38,007,813	203,859,418	164,300,659	77,966,347
Total :	1,448,342,722	1,353,935,201	1,420,597,866	1,673,134,808	2,172,831,945	1,872,834,129

Allocation by Percent

	<u>Jun-11</u>	<u>Sep-11</u>	<u>Dec-11</u>	<u>Mar-12</u>	<u>Jun-12</u>	<u>Sep-12</u>
Treasury Notes	21.4%	27.0%	25.7%	22.7%	18.2%	23.3%
Corporate Bonds	2.8%	1.5%	2.8%	1.2%	0.5%	0.5%
Commercial Paper	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TLGP Securities	5.2%	5.5%	1.8%	1.5%	1.2%	1.3%
Agencies	18.9%	20.9%	32.5%	36.1%	32.9%	43.5%
Certificates of Deposits	3.6%	4.2%	2.7%	2.2%	1.5%	1.6%
MBS/Bank Accounts	0.0%	0.0%	0.0%	3.6%	0.0%	0.0%
Mutual Funds	2.4%	2.9%	0.7%	0.6%	1.8%	1.6%
Municipal Bonds	0.0%	0.0%	0.0%	0.0%	3.9%	1.6%
Overnight Repo	41.4%	35.6%	31.2%	19.9%	32.5%	22.3%
Fiscal Agent Account	4.4%	2.4%	2.7%	12.2%	7.6%	4.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

