The Honorable Laura M. Montoya
THE NEW MEXICO STATE TREASURER'S OFFICE

Local Government Investment Pool NEWSLETTER

May 2026

PORTFOLIO SUMMARY

- Ending March market value for the LGIP Short Term (ST) was $2.419 bil versus February's reported closing value of $2.407 bil.
- The LGIP ST maintains a AAAm rating by Standard & Poor's.

PORTFOLIO MIX

- At the end of March, the portfolio was invested as follows: 36% in US Treasury securities, 28% in US government agency securities, 18% in collateralized demand deposit accounts with qualified banking institutions, and 18% in repurchase agreements.
- At month-end, the LGIP ST held positions in 45 securities.

INVESTMENT EARNINGS

- During March, the fund earned $7,592,534.
- For FY2026, the fund earned $69,085,915.
- LGIP ST earnings are retained by participants after a management fee of 0.05% is paid to the General Fund.

PERFORMANCE

- Gross yield on the LGIP ST was 3.71% at the end of March.
- Net yield to participants was 3.66%.

INVESTMENT HIGHLIGHTS

- For the LGIP ST, the WAM(R) of 37 days and WAM (F) of 76 days were within their maximums of 60 and 120 days respectively.
- During the month, the LGIP ST purchased $776.6 mil US Treasury securities maturing in 2 months to 1 year, $40.8 mil discounted agency securities maturing in 3 months, and $25.0 mil callable agency securities maturing in 13 months.

INVESTMENT STRATEGY

- LGIP ST WAMs are currently 33 and 66 days for WAM(R) and WAM(F), respectively.
- LGIP ST will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of prudent investmfents.

NET ASSET VALUE/SHARE

- At month-end, the Net Asset Value per Share of the Local Government Investment Pool was $1.00007.

MARKET WATCH

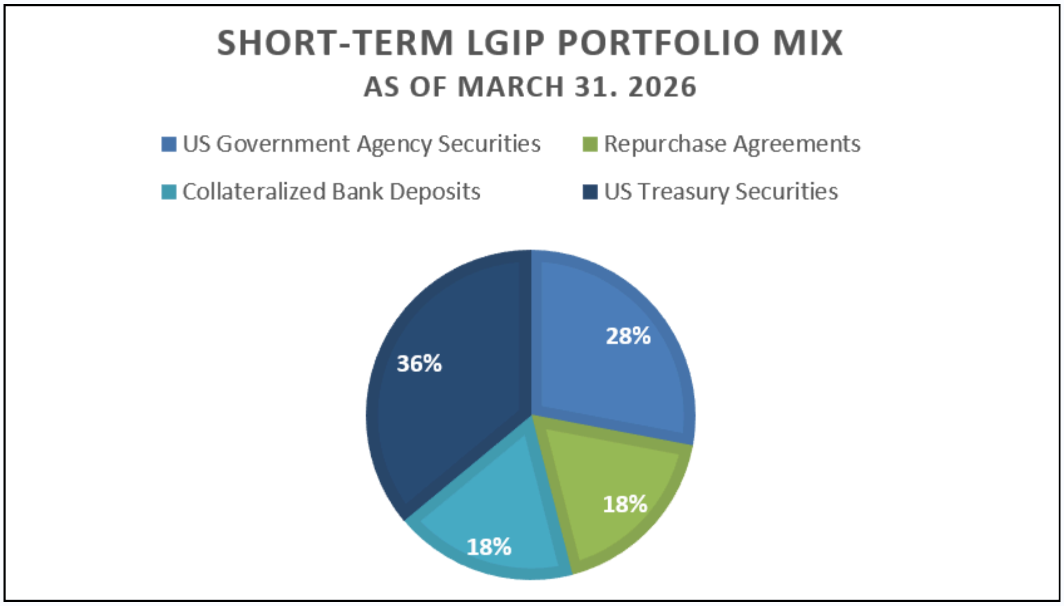
During the first quarter, the Fed held the policy interest rate at 3.50%-3.75% across two FOMC meetings, with two dissents in favor of a 0.25% reduction at the January 28 meeting, and one at the March 18 meeting. Following the January meeting, President Trump announced the nomination of Kevin Warsh as the next Fed chair, a decision that had a muted response from the market. On the one hand, Warsh has indicated support of lower rates in the near term; on the other hand, he favors a reduced Fed balance sheet, which would provide less support for longer term rates. Moreover, Warsh's confirmation was cast into doubt by Senator Tillis, who refused to back the nomination until the Department of Justice criminal probe of Chair Powell was dropped. This finally occurred at the end of April, just days before the final FOMC meeting with Powell as chair, clearing the way to a Warsh confirmation. At the press conference following the April 29 FOMC meeting, Powell confirmed that he would stay on the Fed as Governor until the DOJ investigation is "well and truly over, with finality and transparency."

When Powell took the podium for the last time as Fed chair, he addressed a press that had not only been covering the DOJ criminal probe, but the dramatic geopolitical events of the prior two months – notably, the war in Iran that began in February, leading to the ongoing closure of the Strait of Hormuz, resulting in global oil prices soaring to $120 per barrel by the time markets closed that day. He also presented a Fed policy decision with the most dissents since 1992. Although the decision to hold the Fed Funds range unchanged at 3.50%-3.75% was widely anticipated, a notable 4 members dissented – with Governor Miran maintaining his support of a 0.25% reduction, and Governors Hammack, Logan and Kashkari banding together to object the easing bias in the Fed's statement. Near-term inflation pressures from the conflict in Iran, combined with lagged effect of tariffs on goods prices, have pushed the price stability risk of the Fed's dual mandate to the forefront again.

Recent data indicates that the economy is still on solid footing, although higher energy prices could put pressure on the consumer going forward. The market response has been a dramatic steepening of the yield curve, pushing longer term yields well above 4%. The yield curve is now positively sloped, meaning that investors are paid for the extension into longer maturities – even on the front end of the curve. As a result, the weighted average maturity (WAM) of the Short Term LGIP has extended from 11 days at the end of December to 37 days at the end of March.

MARKET WATCH (CONT.)

The objectives of the Short-Term LGIP remain unchanged: safety, liquidity, and yield – in that order. Preservation of principal and providing access to liquidity, in most cases within 24 hours, are the pool's primary objectives. The pool is managed within the confines of Standard & Poor's Principal Stability Fund criteria and possesses the highest possible rating, AAAm.



NOTICE ON INACTIVE LGIP IPAS USER ACCOUNTS

IPAS user accounts that have not been accessed within the past 180 days will be automatically deactivated for security purposes. Users must contact the office to have their access reinstated. The STO website has links to LGIP participant forms, should they need to be updated, located here: https://nmsto.gov/local-government-investment-pool-lgip/. Please reach out to Amanda Padilla, LGIP Coordinator, for any updates or changes to your account documents at (505) 955-1142, or NMSTO.LGIP@sto.nm.gov.

Data	Period*	Value	Next Period	Expected Value	Release Date*
ISM Manufacturing Index	Mar-26	52.7	Apr-26	53.2	5/1/2026
ISM Services Index	Mar-26	54.0	Apr-26	53.7	5/5/2026
U.S. Unemployment	Mar-26	4.30%	Apr-26	4.30%	5/8/2026
Change in Nonfarm Payrolls	Mar-26	178,000	Apr-26	60,000	5/8/2026
CPI Ex Food and Energy YoY	Mar-26	2.60%	Apr-26		5/12/2026
CPI Ex Food and Energy MoM	Mar-26	0.20%	Apr-26		5/12/2026
CPI YoY	Mar-26	3.30%	Apr-26		5/12/2026
CPI MoM	Mar-26	0.90%	Apr-26		5/12/2026
PPI YoY	Mar-26	3.00%	Apr-26		5/13/2026
PPI MoM	Mar-26	0.50%	Apr-26		5/13/2026
PCE Core Deflator YoY	Mar-26	3.20%	Apr-26		5/28/2026
PCE Core Deflator MoM	Mar-26	0.30%	Apr-26		5/28/2026
Fed Funds Target	29-Apr-26	3.50%-3.75%	17-Jun-26	3.50%-3.75%	6/17/2026
GDP QoQ	Q1 2026	2.00%	Q2 2026		7/30/2026
Data from Bloomberg as of 4/30/2026					

LGIP STAFF

Transaction Coordinator: Amanda Padilla
Investment Transaction Supervisor: Hannah Chavez
Portfolio Managers: Anna Murphy, CFA, and Vikki Hanges, Chief Investment Officer