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STATE TREASURER'S INVESTMENT COMMITTEE (STIC)

Bob Barth Conference Room
Wednesday, January 11, 2012, 9:00 a.m.

MEETING AGENDA

- Roll Call
- Introduction of Guests and Presenters
- 1. Approval of January 11, 2012 Agenda Action
- 2. Approval of December 14, 2011 Minutes Action
- 3. Discussion/Approval of 2012 Work Plan Action

INVESTMENT REPORTS

Month Ended
November 30, 2011

- 4. a. Executive Summary Informational
- b. General Fund Investments Informational
- c. Local Gov't Investment Pool (LGIP) Informational
- d. Tax-Ex. Bond Proceeds Investment Pool Informational
- e. Taxable Bond Proceeds Investment Pool Informational
- f. STBF Informational
- g. Investment Activity Reports Informational
- h. Summary of Broker Participation Informational
- i. Investment Policy Compliance Report Informational
- j. Economic and Investment Outlook Informational

**CASH MANAGEMENT AND
COLLATERAL REPORTS**

Month Ended
November 30, 2011

- 5. State Agency Deposit Balances Informational
- 6. Collateral Report on Agency Deposits & CD Informational

COMMITTEE REPORTS

OTHER

- 7. FY 2011 Audit Report Information Informational
- 8. Reserve Primary Fund Informational
- 9. Question Period Informational
- 10. Next Meeting --Wednesday, February 08, 2012, 9:00 am Informational
- 11. Adjournment

New Mexico State Treasurer's Office

STIC Committee Meeting

Meeting Minutes

Wednesday, December 14, 2011

I. Call to order

Chair, Spencer Wright called to order the meeting of the **STIC Committee** at **9:00 am** on **December 14, 2011** in **NMSTO Conference Room**.

II. Roll call

The following Committee Members were present:

Honorable Treasurer James B. Lewis

Chairman, Spencer Wright

Public Member, Paul Boushelle

Public Member, Paul Cassidy (teleconference)

Board of Finance Designee, Stephanie Schardin Clarke (teleconference)

Presenters

Vikki Hanges, STO Portfolio Manager (PM)

Arsenio Garduno, STO Collateral Manager

Sam Collins, State Cash Manager

Deanne Woodring, Davidson & Company Investment Advisor, (teleconference)

Other Attendees

Mark Valdes, Deputy Treasurer STO

Kirene Bargas Guardado, STO

Leila Burrows, LFC (teleconference)

Alfredo Santistevan, STO

Yasmin Dennig, STO

III. Approval of Agenda

Chairman Spencer Wright asked for a motion for approval of the agenda. The agenda was moved by Paul Boushelle and seconded by Treasurer James B. Lewis.

No questions, comments, or discussion.

IV. Approval of Minutes

Chairman Spencer Wright asked for a motion to approve the meeting minutes.

The minutes were moved by Treasurer James B. Lewis and seconded by Paul Boushelle.

No questions, comments, or discussion.

V. Executive Portfolio Summaries, Vikki Hanges

Portfolio Manager Hanges asked if the committee had any issues with the STIC binder presentation as a summary outlining the highlights presented in the binder contents. There were no objections from the committee and Ms. Hanges presented a summary of each section.

PM Hanges noted that as interest rates remained stable minimal movement the five year and shorter maturities were little changed with regard to price. Although longer maturities moved from 20 to 25 basis points, the focus of STO activities are in the shorter end of the curve and remain unchanged.

PM Hanges noted that potential solutions to the Greek debt crisis controlled the market in October. In November the crisis stabilized and briefly it appeared that the debt crisis was averted as the prime minister of Greece moved to cut debt by 50%. The market perceived that negatively due to protests by citizens regarding the proposed austerity measures.

PM Hanges noted that we have seen better performance in the General fund was due to lengthening the portfolio duration closer to its benchmark. Interest rates have been relatively stable to lower, so the longer duration has helped. PM Hanges also commented that she has been selectively adding spread products to increase yield. STO has increased funds in the CORE portion of the GF portfolio by transferring funds from the liquidity portfolio based on better cash forecasting and higher GF balances. In the last couple of months approximately \$100 million has been reallocated to the core portfolio out of the liquidity balances.

PM Hanges noted that within the tax exempt BPIP portfolio balances increased by \$50 million as a result of the NM State bonds issued.

PM Hanges noted that the taxable portfolio decreased by \$114 million spent on capital projects. Securities were sold in the fixed and floating rate notes area in order to meet the liquidity of the portfolio. Gains were taken on everything that was sold.

In addition to the sale, some securities were transferred to the LGIP. Price transparency was assured by putting the bonds out for the bid and using the highest bid price as the transfer price between the two portfolios. The trade was well documented should there be any concerns about the price levels on the transfer.

PM Hanges reviewed the current strategy on the LGIP which is to lower the portfolio's dependence on overnight bank deposits. PM Hanges also noted that she has selectively been adding floating rate notes based off of LIBOR to the LGIP portfolio. The 3 month Libor rate has gone to 55 basis points, and the LGIP has been purchasing agency floating rate notes since September. These investments have performed extremely well.

In addition to the FRNs, the PM has been adding callable paper with 1 year with the option for the issuer to call the bond in 3 months.

Member Bouchelle asked Ms. Hanges if it was her expectation that the banks will maintain their current rates. PM Hanges noted that there has not been recent discussion with the other banks of lowering the bank rates.

PM Hanges reviewed the monthly earnings for each of the portfolios and noted that there was an error in the reporting for the Severance Tax Bonding Fund. The amount of monthly earnings should have been \$20,592 rather than the number that was reported.

PM Hanges noted that the bond markets have been steady compared to the movements of the equity market and that in her opinion, Treasury notes still appeared to be a safe haven. As previously noted, STO has been lengthening the duration of the portfolio within the 3-5 year area on an opportunistic basis.

PM Hanges noted that within the General Fund there have been some redemption of callable bonds. Redemption proceeds were used to invest into bullet agencies. The maturity ladder was utilized to properly place investments. The overall duration of the portfolio is about 2 years.

She also noted that New Mexico municipal bonds were placed into the core portfolio. Currently, 6% of the GF CORE portfolio is invested in municipal bonds.

PM Hanges noted that there were calls on some of the CD's in the portfolio, which is an indication that banks do not need cash to make loans.

PM Hanges noted that both BPIP portfolio's are invested short to their duration benchmarks. She has been very diligent of keeping liquidity available for withdrawals.

Chairman Wright asked for questions or comments.

Deanne Woodring noted that when cross trades between portfolios are made the PM will need to make detailed information about the pricing to the committee. In this instance, the process was complete and there were no compliance issues with the transaction.

PM Hanges noted that within the compliance reporting there is documentation of the inter-portfolio transaction. The sale inquiry was put out to about 6 dealers and STO received what the dealers were willing to pay for the securities. The best bid was then used as the price for the sale. The price was then used as the purchase price for the LGIP portfolio.

Chairman Wright noted that all documentation is included in the trade documentation to allow as much transparency as possible on the transaction.

Deanne Woodring noted the information was appropriate.

Member Boushelle asked for clarification on lengthening maturity duration within a portfolio. Member Boushelle asked if this policy or is this something that needs to be approved?

Chairman Wright noted that within the composition of the STIC committee, on a quarterly basis a strategy is provided for the portfolios of any investment changes of direction. Internally, the investment group meets on a weekly basis to discuss cash flow, and balancing the portfolio cash positions. The Chair noted that the cash flow projections for the General Fund portfolio were included in the General Fund information of the meeting packet.

Cash Manager Sam Collins noted that total funds available in the general fund indicated a year-to-year increase. Chairman Wright added that the State has received stronger than anticipated receipts for this year. He also commented that there has been significant

activity on working with agencies and cash management to improve projection of cash balances.

No further questions, comments, or discussion.

VI. General Fund Investments, Vikki Hanges

The STIC binder General Fund contents were presented within the Executive Summary portion of the presentation.

VII. LGIP, Vikki Hanges

The STIC binder LGIP contents were presented within the Executive Summary portion of the presentation.

VIII. Tax-Exempt BPIP, Vikki Hanges

The STIC binder Tax-Exempt BPIP contents were presented within the Executive Summary portion of the presentation.

IX. Taxable BPIP, Vikki Hanges

The STIC binder Taxable BPIP contents were presented within the Executive Summary portion of the presentation.

X. STBF, Vikki Hanges

The STIC binder STBF contents were presented within the Executive Summary portion of the presentation.

XI. Investment Accounting Reports, Vikki Hanges

The STIC binder Investment Accounting Report contents were presented within the Executive Summary portion of the presentation.

XII. Investment Policy Compliance Report, Vikki Hanges

The STIC binder Investment Policy Compliance Report contents were presented within the Executive Summary portion of the presentation.

XIII. Summary of Broker Participation, Vikki Hanges

The STIC binder Broker Participation contents were presented within the Executive Summary portion of the presentation.

XIV. Economic and Investment Outlook, Vikki Hanges

The STIC binder Economic and Investment Outlook contents were presented within the Executive Summary portion of the presentation.

XV. State Agency Deposit Balances, Sam Collins

The STIC binder state agency deposit balances contents were presented in its entirety.

Cash Manager Collins noted that the LGIP balance have decreased with the LGIP change in strategy as articulated by PM Hanges.

Chairman Wright asked if there were questions or comments.

XVI. Collateral Report, Arsenio Garduno

The STIC binder collateral report contents were presented in its entirety.

Arsenio Garduno asked if there were questions or comments.

No questions, comments, or discussion.

XVII. Question Period

Chair Spencer Wright and Treasurer Lewis noted that the FY 2011 audit was submitted by the required deadlines and will provide a brief summary of the audit findings and the treatment of the Reserve Primary Fund at the next scheduled STIC meeting.

Chair Spencer Wright asked if there were questions or comments.

No further questions, comments, or discussion.

XVIII. Next Meeting- Wednesday, January 11, 2012 @ 9:00 a.m. at STO.

Chair Spencer Wright noted the date and time of meeting.

No further questions, comments, or discussion.

XIX. Adjournment

Chairman Spencer Wright adjourned the meeting at **09:42 am**.

The adjournment was moved by Treasurer James B. Lewis and seconded by Paul Boushelle.

Minutes were taken by Kirene Bargas Guardado, on December 14, 2011.

Minutes approved by: Spencer Wright on December 30, 2011.



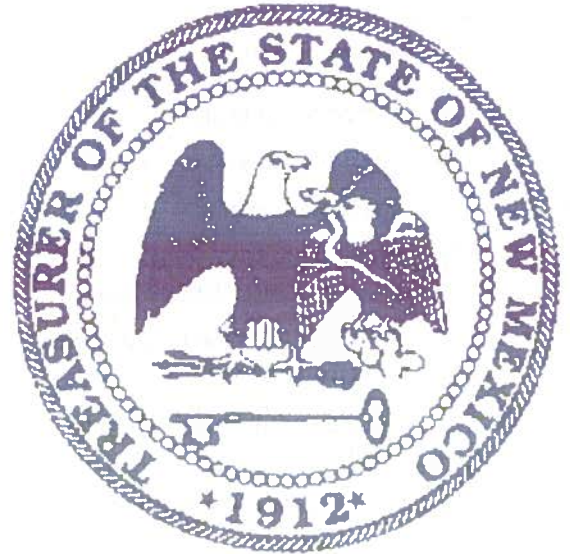
STATE OF NEW MEXICO
OFFICE OF THE TREASURER

MEMORANDUM

DATE: December 30, 2011
To: Members of the State Treasurer's Investment Committee
FROM: Spencer Wright, Portfolio Manager *MSW*
RE: Planned Items for STIC Consideration - 2012

During each year, we are obligated to perform several actions in compliance with our Investment Policy and other obligations by the State Board of Finance.

<u>Meeting Date</u>	<u>Investment Month</u>	<u>Additional Items</u>
January 11, 2012	November	- Audit Information - RPF Information - Investment Personnel Disclosure to SBoF
February 15	December	- Quarterly Investment Summary - FA - Quarterly Investment Plan - STO - Benchmark Recommendations -FA - Draft Investment Policy Review (Semi-Annual Public Comment Period) - Draft Broker-Dealer selection process
March 14	January	- Approve Broker-Dealer process
April 11	February	
May 9	March	- Quarterly Investment Summary - FA - Quarterly Investment Plan - STO - Recommend Broker-Dealer list to SBoF
June 13	April	- Recommend Investment Policy to SBoF
July 11	May	- Submit LGIP for Rating Review
September 12	June, July	- Annual Investment Summary for SBoF - FA - Quarterly Investment Summary - FA - Quarterly Investment Plan - STO
October 10	August	- Review of any planned changes to legislation concerning investments
November 7	September	- Quarterly Investment Summary -- FA - Quarterly Investment Plan - STO
December 12	October	



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

November 2011
State Treasurer's Investment Council
Monthly Investment Report

January 11, 2011

Table of Contents – Investment Reports

Investment Reports

- **Executive Summary**
- **Portfolio Summary – General Fund**
- **Portfolio Summary – LGIP**
- **Portfolio Summary – Tax-Exempt Bond Proceeds Investment Pool**
- **Portfolio Summary – Taxable Bond Proceeds Investment Pool**
- **Portfolio Summary – Severance Tax Bond Fund**
- **Investment Accounting Reports**
- **Broker-Dealer Activities**
- **Investment Policy Compliance Review**
- **Primary and Secondary Bond Purchases and Sales**
- **Commissions Paid**
- **Variable Rate and Structured Note Holdings**
- **Transaction Variances and Inter-Portfolio Transactions**
- **Economic Outlook**

Cash Management and Collateral Reports

- **Long and Short-Term Cash Projections**
- **Collateral Summary**

Executive Summary

- US Treasury yields across all maturities were virtually unchanged during the month of November 2011.
- Equity markets were relatively tame, declining less than 1%.
- US economy showed some signs of improvement as housing statistics, pending home sales and building permits, jumped unexpectedly.
- An additional surprise was the drop in the November unemployment rate to 8.6% from 9.0%. Joy to the world!
- Federal Reserve is still on hold with regard to monetary policy until 2013, keeping the Fed Funds rate close to zero for the foreseeable future.

Mark to Market

As detailed more fully on the next page, the portfolios all reported gains on a mark-to-market basis.

For each of the portfolios:

<u>Fund</u>	<u>Unrealized Gains¹</u>
General Funds	\$6.0 million.
Bond Proceeds Funds	\$4.9 million.
Local Government Investment Pool	Not Meaningful
Severance Tax Bonding Fund	Not Meaningful

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 today. Market conditions change on a daily basis and the resulting calculations will also change with market movements

Portfolio Yields

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

<u>Fund</u>	<u>Portfolio Yield²</u>
General Fund Liquidity	0.16%
General Fund CORE	1.17%
Bond Proceeds - Tax Exempt	1.01%
Bond Proceeds - Taxable	1.25%
Local Government Investment Pool	0.23%
Severance Tax Bonding Fund	0.20%

Investment Recap

- We have been more aggressively investing the General Fund Liquidity portfolio as local banks continue to opt out of rolling over CD maturities and there is no appetite for adding new relationships.
- International Bank for Reconstruction and Development (IBRD), rated AAA/Aaa, 13 month maturity, callable quarterly was added in November.
- Other investments that make sense for the Liquidity fund include high coupon (cushion) callable agencies that have a very high probability of being called. These securities add yield while keeping duration relatively short.
- US Government Agency floating rate notes that reset over 3 month Libor will also work for this portfolio.
- We have continued to move cash from the Liquidity portfolio to the Core when we feel we have sufficient balances to cover estimated cash flows.
- The General Fund Core portfolio is fully invested as we have added several US Government Agency bullet and callable issues, with varying terms.

² Portfolio yields are calculated at a moment in time, specifically at month end. Each of these funds has considerable inflows and outflows. As such, purchase yields will vary with money flows.

- The Core Fund has also invested in NM municipal securities that were issued in November and settle in early December. The amount purchased was approximately \$20mil.
- The Bond Proceeds Funds have begun to stabilize with regard to withdrawals and will be the beneficiaries of incoming cash as the NM municipal securities settle in December.
- For the LGIP, although it has been difficult to replace the overnight bank deposits, we are chipping away at them. At the end of November the percentage of these deposits was 56% of the total fund. They still offer attractive yields for the level of liquidity and safety of principal, as they are all highly collateralized with US Government and Agency securities.
- LGIP also invested in the recent issue of IBRD, AAA/Aaa rated, 13 month final maturity, a 2A7 eligible security.
- We have lengthened the weighted average maturity of the LGIP only when we could secure yields that were more attractive than the overnight bank deposit rates without giving up credit quality.

Investment Earnings

Investment Earnings for each of the funds for the month of November is summarized below.

For each of the portfolios:

<i>Fund</i>	<i>Monthly Earnings³</i>
General Funds	\$882,261
Bond Proceeds Funds	887,416
Local Government Investment Pool	192,395
Severance Tax Bonding Fund	35,107

Compensating Balances at Fiscal Agent Bank

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.

During November, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$175 million. This balance earned a "soft-dollar" credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$175,184,533
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$71,983
<i>Estimated Year-to-Date Earnings</i>	\$213,608

Current Market Conditions

- The short-term fixed income markets continue to trade in a narrow range.
- As equity markets improve, US Treasury bond yields increase and the reverse, mainly tied to the debt situation in Europe.
- However, there was some decoupling in December, as the economic data reported for housing and employment in the US was better than expected.
- Events in Europe have stabilized somewhat as the European Central Bank has opened the flood gates, lending to banks that are having trouble funding themselves.

Investment Strategy Update

- US Government Agency callable structures have offered attractive yields and tend to perform well in stable interest rate environments.
- Portfolios are fully invested with a focus on minimizing overnight repurchase balances as these yields are quite low. We will be ramping up investments in commercial paper keeping them on a short leash.
- Investments in overnight bank deposits for the General Fund Core/Liquidity and the BPIP funds could be an alternative to repo offering more stable yields. We will attempt to leverage existing relationships.

- The Bond Proceeds Pools will experience an influx of funds in December. The Tax Exempt Fund will receive approximately \$50mil in early December and the Taxable Fund should receive \$115mil at the end of December.
- We will invest these funds in US Government Agency bullet and callable securities while maintaining enough liquidity to cover any project withdrawals.
- We are targeting \$50 to \$75mil in liquidity for these portfolios utilizing a combination of LGIP holdings, repurchase agreements and highly rated (A1/P1) commercial paper.
- LGIP has lengthened its WAM as a result of maximizing the 20% investment policy limit in floating rate notes. These investments have been quite successful as the 3 month Libor rate is approaching 0.60%.
- S&P has indicated we need to change the collateral we receive for BBVA/Compass overnight deposits in LGIP. Letters of Credit issued by FHLB have been deemed to be unacceptable. We are setting up receipt of actual US Government Agency securities as a replacement using US Bank as the collateral custodian.

New Mexico State Treasurer
Monthly Fund Summary Report
(Unaudited)

As of November 30, 2011

General Fund Account	Holdings			Earnings	
	Cost Basis	Market Value	Unrealized	Monthly	
			Gain/Loss	Earnings	YTD Earnings
Liquidity	\$ 591,132,326	\$ 591,132,326	\$ -	\$ 56,024	\$ 285,218
CORE	931,268,353	937,233,819	5,965,466	826,237	\$ 5,530,950
TRAN	-	-	-	-	-
Totals	\$ 1,522,400,679	\$ 1,528,366,145	\$ 5,965,466	\$ 882,261	\$ 5,816,168

Bond Proceeds Investment Pool (BPIP)

Account	Cost Basis	Market Value	Unrealized	Monthly	
			Gain/Loss	Earnings	YTD Earnings
Tax-Exempt	\$ 426,669,250	\$ 428,539,099	\$ 1,869,849	\$ 358,516	\$ 1,974,911
Taxable	519,426,368	522,420,719	2,994,351	528,900	\$ 3,168,951
Totals	\$ 946,095,618	\$ 950,959,818	\$ 4,864,200	\$ 887,416	\$ 5,143,863

Local Government Investment Pool (New MexiGrow LGIP)

Account	Cost Basis	Market Value	Unrealized	Monthly	
			Gain/Loss	Earnings	YTD Earnings
LGIP	\$ 881,808,453	\$ 881,842,729	\$ 34,276	\$ 192,395	\$ 962,571

Severance Tax Bonding Fund

Account	Cost Basis	Market Value	Unrealized	Monthly	
			Gain/Loss	Earnings	YTD Earnings
STBF	\$ 226,070,040	\$ 226,070,040	\$ -	\$ 35,107	\$ 91,632

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

Portfolio Summary – General Fund

Summary

- The General Fund (Liquidity and Core Portfolios) closed the month of November at \$1.53 Billion.
- Earnings were approximately \$882,000.
- Average Collected Balance at our Fiscal Agent bank was \$175 million for the month.

Portfolio Mix

- 92% of the General Fund Core portfolio is invested in fixed income securities; 40% in Treasury securities; 40% in Agency Securities; 3% in TLGP Securities backed by the FDIC; 7% in New Mexico Municipal Bonds; 2% in Corporate Bonds, and the balance in New Mexico Bank CDs and Cash.
- 22% of the portfolio is invested in securities that mature in one year; 24% in securities that mature from 1-2 years; 40% in 2-4 years and 14% invested in securities that mature within 5 years.
- The General Fund held positions in 107 securities.
- The Weighted Average Life of the CORE portion of the general fund is 2.4 years. The Weighted Average duration is 2.17 years.
- The maximum security term for the CORE portfolio is 5 years.

Market Value and Investment Earnings

- Unrealized gains in the Core Portfolio were \$6.0 million as of November 30th.
- Monthly Earnings on the General Fund Portfolios were \$882 thousand.
- Earnings on the General Fund are used to offset General Fund Spending.

Compensating Balances at Fiscal Agent Bank

During November, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$175 million. This balance earned a “soft-dollar” credit against processing fees assessed by the bank.

<i>Average Collected Balance</i>	\$175,184,533
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$71,983
<i>Estimated Year-to-Date Earnings</i>	\$213,608

Investment Strategy

- The General Fund Core portfolio purchase yield is relatively unchanged. The portfolio duration has remained relatively stable at 2.0 years vs. the benchmark at 1.9 years.
- We will strive to maintain overnight balances of approximately \$130 million at our Fiscal Agent Bank.
- The General Fund Core portfolio is fully invested as we have added several US Government Agency Callable issues with varying terms.
- The Core Fund has invested in NM municipal securities that were issued in November and settle in early December. The amount purchased was approximately \$20mil. The total municipal exposure in the Fund is now \$68mil.
- We have continued to move cash from the Liquidity portfolio to the Core when we feel we have sufficient balances to cover estimated cash flows.
- We have been more aggressively investing the General Fund Liquidity portfolio as local banks continue to opt out of rolling over CD maturities and there is no appetite for adding new relationships.

- **International Bank for Reconstruction and Development (IBRD), rated AAA/Aaa, 13 month maturity, callable quarterly was added in November.**
- **Other investments that make sense for the Liquidity fund include high coupon (cushion) callable agencies that have a very high probability of being called. These securities add yield while keeping duration relatively short.**
- **US Government Agency floating rate notes that reset over 3 month Libor will also work for this portfolio.**

STATE OF NEW MEXICO

GENERAL FUND (1000)

Portfolio Classification Summary

Positions Held as of 11/30/11

TXN BASIS: TRADE

MKT-SOURCE: IDC-PREFERRED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
CERTIFICATES OF DEPOSIT	9	.6340	.42409	36,250,000	36,250,000	36,250,000		6.132
LINKED-CERTIFICATE OF DEPOSIT	1	.3500	.38080	2,000,000	2,000,000	2,000,000		.338
CORPORATE BONDS (FRN QUARTERLY)	1	.4639	.30140	20,000,000	20,000,000	20,000,000		3.383
MONEY MARKET	2		.00274	12,897,169	12,897,169	12,897,169		2.182
UNITS - REPURCHASE POOL	1	.1200	.00274	519,985,157	519,985,157	519,985,157		87.964
	<u>14</u>	<u>.1613</u>	<u>.04060</u>	<u>591,132,326</u>	<u>591,132,326</u>	<u>591,132,326</u>		<u>100.000</u>

Fixed Income - Standard Report (Monthly) New Mexico State Treasurers Office (06677) November 2011

Account / Holdings	Market Value	Cost	% of Total	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	S&P Quality Rating
GENERAL FUND LIQUIDITY(10933600)	568,380,206.40	588,846,121.35	100.00%	0.18	0.06	7.10	0.04	0.17	0.04	(0.02)	0.07	0.17		
Fixed Income + Cash and Cash Equivalent	588,380,108.79	588,846,121.35	103.52%	0.18	0.06	6.86	0.04	0.17	0.04	(0.02)	0.06	0.17	Aa1	AA
Fixed Income	20,023,510.00	20,000,000.00	3.52%	0.46	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	NR
Government Related	20,023,510.00	20,000,000.00	3.52%	0.46	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	NR
Supranational	20,023,510.00	20,000,000.00	3.52%	0.46	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	NR
Cash And Cash Equivalent	568,356,598.79	568,846,121.35	100.00%	0.17	0.03	7.41	0.03	0.16	0.03	0.00	0.03	0.16	Aa1	AA+
	568,356,598.79	568,846,121.35	100.00%	0.17	0.03	7.41	0.03	0.16	0.03	0.00	0.03	0.16	Aa1	AA+
Cash And Pending	(19,999,902.39)	0.00	(3.52%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA
	(19,999,902.39)	0.00	(3.52%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
GENERAL FUND LIQUIDITY(10933600)				568,380,206.40	568,848,121.35	100.00%	0.18		0.06	7.10	0.04	0.17	0.04	(0.02)	0.07	0.17		10.29	
Fixed Income + Cash and Cash Equivalent				568,380,108.79	568,846,121.35	103.52%	0.18		0.06	6.86	0.04	0.17	0.04	(0.02)	0.06	0.17	Aa1	9.94	AA
Fixed Income				20,023,510.00	20,000,000.00	3.52%	0.46		1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
Government Related				20,023,510.00	20,000,000.00	3.52%	0.46		1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
Supranational				20,023,510.00	20,000,000.00	3.52%	0.46		1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
INTERNATIONAL BANK FOR REC & DEV 0.48% BDS	45905UJZ8	USD	20,000,000	20,023,510.00	20,000,000.00	3.52%	0.46	02/01/2013	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
Cash And Cash Equivalent				568,356,598.79	568,846,121.35	100.00%	0.17		0.03	7.41	0.03	0.16	0.03	0.00	0.03	0.16	Aa1	6.76	AA+
RESERVE FUND PRIMARY FUND SER'12	761056373	USD	584,469	568,356,598.79	568,846,121.35	100.00%	0.17		0.03	7.41	0.03	0.16	0.03	0.00	0.03	0.16	Aa1	6.76	AA+
LGIP POOL PARTICIPANT	892998X00	USD	10,026,495	10,028,408.92	10,026,494.94	1.76%	0.22										N/A	0.00	N/A
FARMERS & STOCKMENS BANK	3A@99CAG5	USD	1,000,000	1,003,353.41	1,000,000.00	0.18%	0.80	20/01/2012	0.14	76.00	0.14	0.80	0.14	0.00	0.14	0.80	Aaa	1.00	AAA
CENTURY BANK SANTA FE	1PS991AF0	USD	8,000,000	8,016,767.12	8,000,000.00	1.41%	0.50	28/12/2011	0.08	44.00	0.08	0.50	0.08	0.00	0.08	0.50	NR	100.00	NR
CENTURY BANK SANTA FE	1PS991AG8	USD	8,000,000	8,018,443.85	8,000,000.00	1.41%	0.55	28/03/2012	0.33	51.00	0.33	0.55	0.33	0.00	0.33	0.55	NR	100.00	NR
BANK OF LAS VEGAS	0SL99WAA5	USD	3,000,000	3,012,575.35	3,000,000.00	0.53%	1.00	29/08/2012	0.58	91.00	0.58	1.00	0.58	0.01	0.58	1.00	NR	100.00	NR
CENTURY BANK SANTA FE	1PS991AH6	USD	8,000,000	8,019,785.21	8,000,000.00	1.41%	0.59	28/06/2012	0.58	50.00	0.58	0.59	0.58	0.01	0.58	0.59	NR	100.00	NR
FARMERS & STOCKMENS BANK	3A@99CAJ9	USD	1,000,000	1,003,643.85	1,000,000.00	0.18%	1.00	20/07/2012	0.64	90.00	0.64	1.00	0.64	0.01	0.64	1.00	NR	100.00	NR
GUADALUPE CREDIT UNION	4AA99CAE8	USD	250,000	250,493.15	250,000.00	0.04%	0.75	26/03/2012	0.32	71.00	0.32	0.75	0.32	0.00	0.32	0.75	NR	100.00	NR
BANK OF LAS VEGAS	0SL99WAB3	USD	5,000,000	5,007,239.72	5,000,000.00	0.88%	0.75	21/09/2012	0.81	82.00	0.81	0.75	0.81	0.01	0.81	0.75	NR	100.00	NR
MY BANK BELEN	5PM99RAE8	USD	2,000,000	2,003,597.25	2,000,000.00	0.35%	0.35	17/04/2012	0.38	30.00	0.38	0.35	0.38	0.00	0.38	0.35	NR	100.00	NR
BANK OF LAS VEGAS	0SL99WAC1	USD	2,000,000	2,005,243.84	2,000,000.00	0.35%	0.55	07/05/2012	0.43	49.00	0.43	0.55	0.43	0.00	0.44	0.55	NR	100.00	NR
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011Q	99BX40082	USD	49,000,000	49,000,176.94	49,000,000.00	8.62%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO MITSUBISHI UFJ SECURITIES (USA),INC.	99BX40084	USD	51,136,364	51,136,534.09	51,136,363.64	9.00%	0.12	01/12/2011		3.00	0.00	0.12	0.00	0.00	0.00	0.12	Aaa	0.00	AAA
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011R	99BX40086	USD	35,000,000	35,000,126.39	35,000,000.00	6.16%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011O	99BX40088	USD	49,000,000	49,000,176.94	49,000,000.00	8.62%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40090	USD	49,019,607	49,019,797.63	49,019,607.00	8.62%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40092	USD	39,029,413	39,029,564.78	39,029,413.00	6.87%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA
REPO BANK OF NEW YORK (CANTOR) 30/NOV/2011U	99BX40081	USD	35,000,000	35,000,116.67	35,000,000.00	6.16%	0.12	01/12/2011		3.00	0.00	0.12	0.00	0.00	0.00	0.12	Aaa	0.00	AAA
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011P	99BX40083	USD	49,000,000	49,000,176.94	49,000,000.00	8.62%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO MITSUBISHI UFJ SECURITIES (USA),INC.	99BX40085	USD	11,863,638	11,863,675.91	11,863,636.38	2.09%	0.12	01/12/2011		3.00	0.00	0.12	0.00	0.00	0.00	0.12	Aaa	0.00	AAA
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011N	99BX40087	USD	49,000,000	49,000,176.94	49,000,000.00	8.62%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40089	USD	4,916,530	4,916,549.26	4,916,530.14	0.87%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA
REPO NOMURA SECURITIES/FIXED INCOME 30/NOV/2011M	99BX40091	USD	49,000,000	49,000,176.94	49,000,000.00	8.62%	0.13	01/12/2011		4.00	0.00	0.13	0.00	0.00	0.00	0.13	Aaa	0.00	AAA
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40093	USD	49,019,607	49,019,797.63	49,019,607.00	8.62%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA

STATE OF NEW MEXICO

GENERAL FUND CORE (1001)

Portfolio Classification Summary

Positions Held as of 11/30/11

TXN BASIS: TRADE

MKT-SOURCE: IDC-PREFERRED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
U.S. TREASURY NOTES	20	.9953	1.82789	365,000,000	367,866,667	372,251,150	4,384,483	39.718
CORPORATE BONDS	2	5.4289	.66985	20,000,000	20,030,149	20,521,800	491,651	2.190
FED FARM CR BKS CONS LONG TERM	1	3.5425	.88220	5,000,000	5,042,932	5,185,950	143,018	.553
FED FARM CR BKS CALLABLE	1	1.3485	1.02190	20,000,000	20,000,000	20,000,000		2.134
FED HOME LOAN BANKS	7	2.8935	1.13144	70,380,000	70,955,359	72,569,259	1,613,900	7.743
FED HOME LOAN MORTGAGE CORP BDS	5	1.0289	4.02801	90,000,000	95,005,763	94,787,000	-218,763	10.113
FED HOME LOAN MORTGAGE CALL 4X	1	1.0000	1.01640	20,000,000	20,000,000	20,000,000		2.134
FED NATL MORTGAGE ASSN DEBS	8	1.0687	3.05952	153,000,000	162,460,886	161,856,578	-604,308	17.270
FED NATL MORTGAGE ASSN MEDTRM NT	1	3.6592	.67400	1,000,000	1,009,069	1,031,540	22,471	.110
TLGP SECURITIES - FDIC	1	.7890	.89590	25,000,000	25,243,103	25,394,750	151,647	2.710
MONEY MARKET	2		.00274	1,457,732	1,457,732	1,457,732		.156
MUNICIPAL BOND	26	.6792	1.49667	46,270,000	47,238,193	47,224,782	-13,411	5.039
MUNICIPAL BOND REVENUE	4	.6273	2.25547	19,385,000	20,804,650	20,799,428	-5,222	2.219
UNITS - REPURCHASE POOL	1	.1200	.00274	74,153,850	74,153,850	74,153,850		7.912
	<u>80</u>	<u>1.1748</u>	<u>1.94616</u>	<u>910,646,582</u>	<u>931,268,353</u>	<u>937,233,819</u>	<u>5,965,466</u>	<u>100.000</u>

Fixed Income - Standard Report (Monthly) New Mexico State Treasurers Office (06677) November 2011

Account / Holdings	Market Value	Cost	% of Total	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	S&P Quality Rating
GENERAL FUND CORE(10933700)	879,047,945.93	935,321,050.33	100.00%	2.20	2.29	22.68	1.41	0.65	2.17	(0.05)	2.38	0.65		
Fixed Income + Cash and Cash Equivalent	939,852,575.73	935,321,050.33	106.92%	2.06	2.14	21.21	1.32	0.60	2.03	(0.04)	2.22	0.60	Agy	AA+
Fixed Income	865,697,140.99	860,869,373.92	98.48%	2.23	2.32	22.60	1.44	0.64	2.21	(0.05)	2.42	0.64	Agy	AA
Corporates	20,633,230.56	20,410,300.00	2.35%	5.87	0.66	240.06	0.67	2.55	0.67	0.01	0.67	2.55	A1	A+
Financial Institutions	10,174,800.00	10,414,200.00	1.16%	6.60	0.33	445.47	0.34	4.59	0.34	0.00	0.34	4.59	A2	A-
Industrial	10,458,430.56	9,996,100.00	1.19%	5.15	0.98	40.22	0.99	0.57	0.99	0.01	1.00	0.57	A1	AA
Government Related	471,541,179.53	471,508,162.45	53.64%	2.72	2.81	31.43	2.61	0.86	2.60	(0.13)	2.95	0.86	Aaa	AA
Agencies	403,253,420.13	403,211,034.10	45.87%	2.73	3.00	31.55	2.76	0.89	2.75	(0.16)	3.16	0.89	Aaa	AA+
Local Authorities	68,287,759.40	68,297,128.35	7.77%	2.70	1.69	30.71	1.69	0.68	1.69	0.04	1.74	0.68	Aa1	A-
Treasuries	373,522,730.90	368,950,911.47	42.49%	1.40	1.80	(0.55)	0.00	0.27	1.80	0.05	1.83	0.27	Tsy	AA+
Treasuries	373,522,730.90	368,950,911.47	42.49%	1.40	1.80	(0.55)	0.00	0.27	1.80	0.05	1.83	0.27	Tsy	AA+
Cash And Cash Equivalent	74,155,434.74	74,451,676.41	8.44%	0.14		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	AAA
	74,155,434.74	74,451,676.41	8.44%	0.14		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	AAA
Cash And Pending	(60,804,629.80)	0.00	(6.92%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA
	(60,804,629.80)	0.00	(6.92%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
GENERAL FUND CORE(10933700)				879,047,945.93	935,321,050.33	100.00%	2.20		2.29	22.68	1.41	0.65	2.17	(0.05)	2.38	0.65		101.76	
Fixed Income + Cash and Cash Equivalent				939,852,575.73	935,321,050.33	106.92%	2.06		2.14	21.21	1.32	0.60	2.03	(0.04)	2.22	0.60	Agy	95.18	AA+
Fixed Income				865,697,140.99	860,869,373.92	98.48%	2.23		2.32	22.60	1.44	0.64	2.21	(0.05)	2.42	0.64	Agy	103.33	AA
Corporates				20,633,230.56	20,410,300.00	2.35%	5.87		0.66	240.06	0.67	2.55	0.67	0.01	0.67	2.55	A1	102.64	A+
Financial Institutions				10,174,800.00	10,414,200.00	1.16%	6.60		0.33	445.47	0.34	4.59	0.34	0.00	0.34	4.59	A2	100.65	A-
MORGAN STANLEY 6.6% NOTES 01/APR/2012 USD1000	617446HC6	USD	10,000,000	10,174,800.00	10,414,200.00	1.16%	6.60	01/04/2012	0.33	445.47	0.34	4.59	0.34	0.00	0.34	4.59	A2	100.65	A-
Industrial				10,458,430.56	9,996,100.00	1.19%	5.15		0.98	40.22	0.99	0.57	0.99	0.01	1.00	0.57	A1	104.57	AA
ABBOTT LABORATORIES 5.15% SNR NTS 30/NOV/2012	002819AA8	USD	10,000,000	10,458,430.56	9,996,100.00	1.19%	5.15	30/11/2012	0.98	40.22	0.99	0.57	0.99	0.01	1.00	0.57	A1	104.57	AA
Government Related				471,541,179.53	471,508,162.45	53.64%	2.72		2.81	31.43	2.61	0.86	2.60	(0.13)	2.95	0.86	Aaa	104.41	AA
Agencies				403,253,420.13	403,211,034.10	45.87%	2.73		3.00	31.55	2.76	0.89	2.75	(0.16)	3.16	0.89	Aaa	104.53	AA+
FED NATL MTG ASSN 5.12% 02/JAN/2014	31359MTP8	USD	13,000,000	14,370,353.47	14,313,260.00	1.63%	5.12	02/01/2014	1.97	60.23	1.98	0.88	1.97	0.05	2.09	0.88	Aa2	108.42	A
FEDERAL HOME L MTG CORP 4.375% BDS 17/JUL/2015	3134A4VC5	USD	20,000,000	22,817,094.44	22,525,880.00	2.60%	4.38	17/07/2015	3.35	32.10	3.36	0.88	3.35	0.13	3.63	0.88	Agy	112.46	AA+
FEDERAL HOME LOAN BANK 4.875 % 14/DEC/2012	3133XDTB7	USD	15,000,000	16,041,068.75	15,848,100.00	1.82%	4.88	14/12/2012	1.00	7.73	1.00	0.25	1.00	0.02	1.04	0.25	Agy	104.68	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016	31359MH89	USD	20,000,000	23,395,311.11	23,515,020.00	2.66%	5.00	15/03/2016	3.89	41.12	3.91	1.13	3.90	0.18	4.29	1.13	Agy	115.92	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 5.375% BDS	31359MS61	USD	20,000,000	24,150,911.11	24,003,140.00	2.75%	5.38	15/07/2016	4.11	37.90	4.13	1.19	4.11	0.20	4.62	1.19	Agy	118.72	AA+
FEDERAL FARM CREDIT BANKS 4.5% BDS 17/OCT/2012	31331X3S9	USD	5,000,000	5,213,450.00	5,218,850.00	0.59%	4.50	17/10/2012	0.87	12.10	0.87	0.27	0.87	0.01	0.88	0.27	Agy	103.72	AA+
FEDERAL HOME LOAN BANKS 5% BDS 14/SEP/2012	3133XLX73	USD	20,380,000	21,341,211.38	21,584,741.60	2.43%	5.00	14/09/2012	0.78	23.02	0.78	0.37	0.78	0.01	0.79	0.37	Agy	103.65	AA+
CITIGROUP FUNDING INC 1.875% 22/OCT/2012	17313YAL5	USD	25,000,000	25,445,531.25	25,589,500.00	2.89%	1.88	22/10/2012	0.89	(4.22)	0.89	0.11	0.89	0.01	0.89	0.11	Aaa	101.58	AA+
FEDERAL HOME LOAN BANKS 4.875% BDS 08/JUN/2012	3133XKSK2	USD	10,000,000	10,456,470.83	10,557,800.00	1.19%	4.88	08/06/2012	0.51	51.27	0.51	0.61	0.51	0.01	0.52	0.61	Agy	102.22	AA+
FEDERAL HOME LOAN BANKS 1.875% BDS 21/JUN/2013	3133XXYX9	USD	10,000,000	10,318,033.33	10,222,500.00	1.17%	1.88	21/06/2013	1.53	3.58	1.53	0.27	1.53	0.03	1.56	0.27	Agy	102.35	AA+
FEDERAL HOME LOAN MORTGAGE CORP 3.5% BDS	3133XPNZ3	USD	5,000,000	5,241,697.22	4,927,335.00	0.60%	3.50	08/03/2013	1.24	23.58	1.24	0.43	1.24	0.02	1.27	0.43	Agy	104.03	AA+
FED NATL MORT ASSC 5% MTN 02/AUG/2012 USD1000	3136F7GV3	USD	1,000,000	1,048,067.78	1,057,770.00	0.12%	5.00	02/08/2012	0.66	18.22	0.66	0.30	0.66	0.01	0.67	0.30	Agy	103.15	AA+
FEDERAL HOME LOAN MORTGAGE CORP 1.75% NTS	3137EACM9	USD	20,000,000	20,658,750.00	20,573,180.00	2.35%	1.75	10/09/2015	3.64	31.50	3.66	0.92	3.65	0.15	3.78	0.92	Agy	102.90	AA+
FEDERAL HOME LOAN BANKS 0.875% BDS 27/DEC/2013	313371UC8	USD	10,000,000	10,123,330.58	9,941,900.00	1.15%	0.88	27/12/2013	2.05	17.66	2.05	0.46	2.05	0.05	2.08	0.46	Agy	100.88	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 2.375% NTS	3135G0BA0	USD	20,000,000	21,028,772.22	21,192,580.00	2.39%	2.38	11/04/2016	4.14	39.86	4.16	1.15	4.15	0.20	4.36	1.15	Agy	104.81	AA+
FEDERAL HOME LOAN MORTGAGE CORP 2.50% NTS	3137EACT4	USD	20,000,000	21,091,555.56	21,304,760.00	2.40%	2.50	27/05/2016	4.26	39.67	4.28	1.19	4.28	0.21	4.49	1.19	Agy	105.43	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 0.6% BDS	3135G0BR3	USD	20,000,000	20,075,311.11	19,976,290.00	2.28%	0.50	09/08/2013	1.68	9.88	1.68	0.34	1.68	0.04	1.69	0.34	Agy	100.22	AA+
FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	3137EACW7	USD	20,000,000	20,729,666.67	20,817,187.50	2.36%	2.00	25/08/2016	4.50	40.17	4.52	1.27	4.50	0.23	4.74	1.27	Agy	103.12	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 1.25% BDS	3135G0CM3	USD	20,000,000	19,903,750.00	20,046,640.00	2.26%	1.25	28/09/2016	4.66	38.40	4.69	1.29	4.67	0.25	4.83	1.29	Agy	99.30	AA+
FEDERAL NATL MTG ASSN CALL 0.95% 09081 08/SEP/2015	3136FR3F8	USD	20,000,000	19,925,205.56	20,000,000.00	2.27%	0.95	08/09/2015	3.69	36.72	2.77	1.11	2.74	(1.06)	3.77	1.11	Agy	99.41	AA+
FEDERAL HOME LOAN MORTGAGE CORP 0.75% BDS	3137EACY3	USD	10,000,000	10,007,850.00	9,996,800.00	1.14%	0.75	25/11/2014	2.95	23.41	2.96	0.66	2.95	0.10	2.99	0.66	Agy	100.07	AA+
FEDERAL NATL MTG ASSN CALL 1.625% 21/NOV/2016	3136FTQJ1	USD	20,000,000	19,924,027.78	19,998,000.00	2.27%	1.62	21/11/2016	4.76	49.06	2.98	1.71	2.96	(1.60)	4.98	1.71	N/A	99.58	AA+

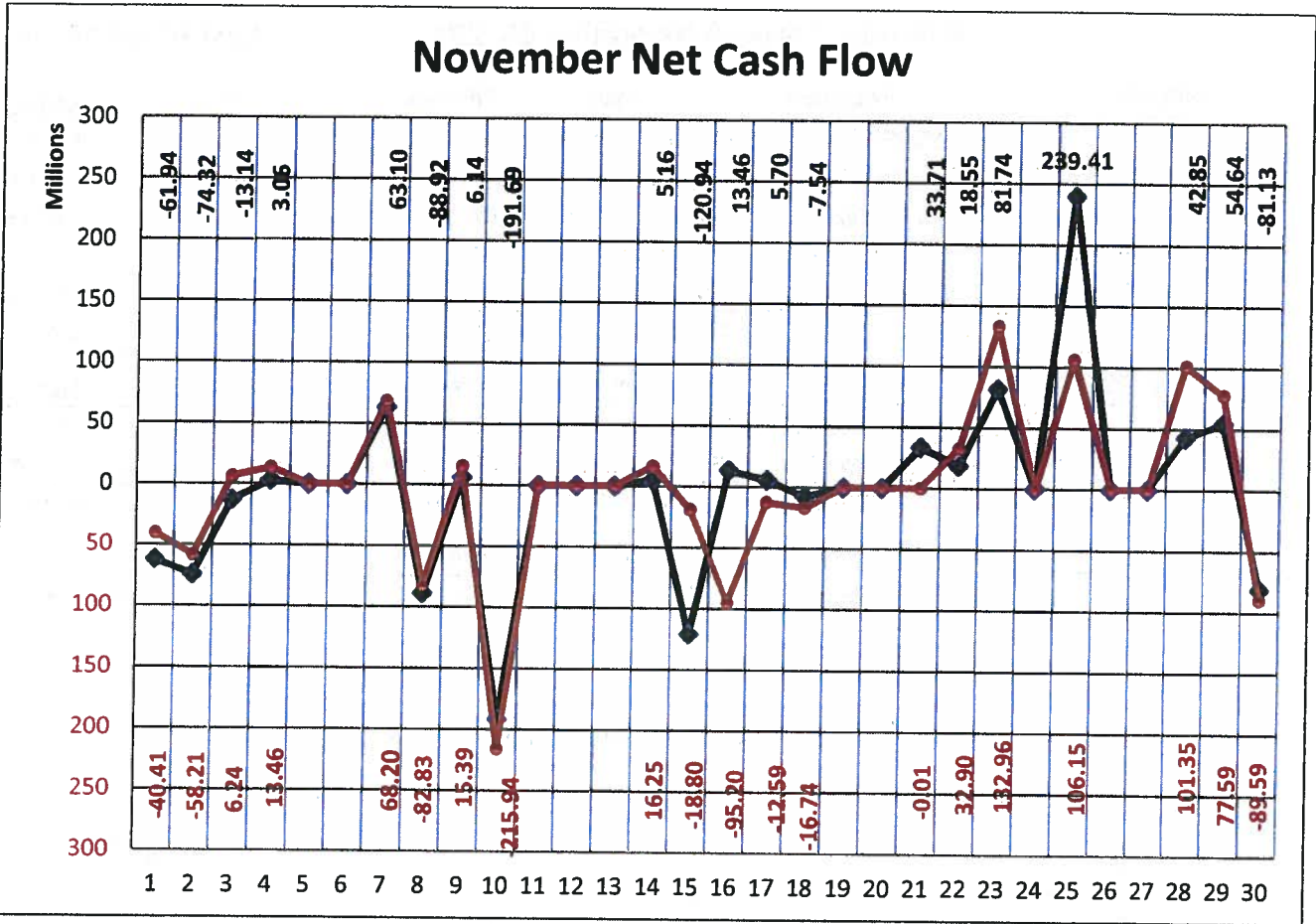
Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
FEDERAL HOME LOAN MORTGAGE CORP 1% NTS 05/DEC/2014	3134G3BL3	USD	20,000,000	19,999,200.00	20,000,000.00	2.28%	1.00	05/12/2014	2.96	38.90	1.95	0.99	1.95	(1.11)	3.01	1.00	Agy	100.00	AA+
FEDERAL FARM CR BKS CONS BD 1.33% 07/DEC/2015	31331KZ29	USD	20,000,000	19,946,800.00	20,000,000.00	2.27%	1.33	07/12/2015	3.90	49.13	2.52	1.39	2.51	(1.36)	4.02	1.39	Agy	99.73	AA+
Local Authorities				68,287,759.40	68,297,128.35	7.77%	2.70		1.69	30.71	1.69	0.68	1.69	0.04	1.74	0.68	Aa1	103.68	A-
SANTA FE N MEX PUB SCH DIST FORMERLY SANTA FE N	802088JT2	USD	5,600,000	5,963,966.00	5,999,172.00	0.68%	3.00	01/08/2012	0.66	6.86	0.66	0.27	0.66	0.01	0.67	0.27	Aa1	101.83	AA
NEW MEXICO FIN AUTH REV AMT-SR LIEN-PUB PROJ	64711NNV3	USD	2,000,000	2,045,093.33	2,040,140.00	0.23%	2.00	01/06/2013	1.46	86.13	1.46	1.20	1.47	0.03	1.50	1.20	Aa1	101.19	AAA
NEW MEXICO FIN AUTH REV AMT-SR LIEN-PUB PROJ	64711NNW1	USD	3,060,000	3,227,351.40	3,198,373.20	0.37%	3.00	01/06/2014	2.38	90.06	2.40	1.42	2.39	0.07	2.50	1.42	Aa1	103.87	AAA
NEW MEXICO FIN AUTH REV AMT-SR LIEN-PUB PROJ	64711NNU5	USD	2,890,000	2,934,236.27	2,934,621.60	0.33%	2.00	01/06/2012	0.49	89.81	0.50	1.07	0.50	0.00	0.50	1.07	Aa1	100.46	AAA
CONNECTICUT ST FOR ISSUES DATED PRIOR TO 10/19/10	20772JBS0	USD	5,000,000	5,089,322.22	5,070,500.00	0.58%	1.72	15/05/2013	1.44	32.02	1.44	0.54	1.44	0.03	1.46	0.54	Aa2	101.71	AA
LOS ALAMOS N MEX PUB SCH DIST RFDG-SCH BLDG	54422NCN4	USD	1,100,000	1,117,487.56	1,116,764.00	0.13%	2.00	01/08/2012	0.66	28.54	0.67	0.48	0.66	0.01	0.67	0.48	Aa1	101.01	NR
LOS ALAMOS N MEX PUB SCH DIST RFDG-SCH BLDG	54422NCQ7	USD	325,000	337,339.53	336,365.25	0.04%	2.00	01/08/2014	2.59	22.55	2.60	0.78	2.59	0.08	2.67	0.78	Aa1	103.22	NR
LOS ALAMOS N MEX PUB SCH DIST RFDG-SCH BLDG	54422NCP9	USD	475,000	489,291.69	486,376.00	0.06%	2.00	01/08/2013	1.64	17.56	1.64	0.54	1.64	0.04	1.67	0.54	Aa1	102.43	NR
RIO RANCHO N MEX PUB SCH DIST NO 94 SCH BLDG-SER B	767171LG4	USD	2,675,000	2,716,634.69	2,716,328.75	0.31%	2.00	01/08/2012	0.66	28.54	0.67	0.48	0.66	0.01	0.67	0.48	Aa1	101.01	NR
RIO RANCHO N MEX PUB SCH DIST NO 94 SCH BLDG-SER B	767171LH2	USD	500,000	514,462.22	513,960.00	0.06%	2.00	01/08/2013	1.64	22.47	1.64	0.58	1.64	0.04	1.67	0.58	Aa1	102.35	NR
NEW MEXICO FIN AUTH REV SR LIEN PUB PROJ-REVOLVING	64711NPB5	USD	3,615,000	3,747,706.65	3,767,950.65	0.43%	2.00	01/06/2014	2.43	20.13	2.44	0.72	2.44	0.07	2.50	0.72	Aa1	103.17	AAA
NEW MEXICO FIN AUTH REV TAXABLE-SR LIEN PUB PROJ	64711NPW9	USD	760,000	777,046.80	777,814.40	0.09%	2.00	01/06/2013	1.47	59.98	1.48	0.83	1.48	0.03	1.50	0.83	Aa1	101.74	AAA
NEW MEXICO FIN AUTH REV SR LIEN PUB PROJ-REVOLVING	64711NPA7	USD	3,605,000	3,703,560.70	3,708,643.75	0.42%	2.00	01/06/2013	1.48	17.21	1.48	0.51	1.48	0.03	1.50	0.51	Aa1	102.23	AAA
NEW MEXICO FIN AUTH REV TAXABLE-SR LIEN PUB PROJ	64711NPV1	USD	790,000	798,990.20	798,855.90	0.09%	2.00	01/06/2012	0.50	63.51	0.50	0.73	0.50	0.01	0.50	0.73	Aa1	100.64	AAA
NEW MEXICO FIN AUTH REV TAXABLE-SR LIEN PUB PROJ	64711NPX7	USD	770,000	789,673.50	790,828.50	0.09%	2.00	01/06/2014	2.43	81.90	2.44	1.16	2.44	0.07	2.50	1.16	Aa1	102.06	AAA
GADSDEN N MEX INDPT SCH DIST NO 016 RFDG-SER B	362550KU6	USD	2,005,000	2,062,211.56	2,068,698.65	0.23%	2.00	15/08/2014	2.63	43.94	2.64	1.00	2.64	0.08	2.71	1.00	Aa1	102.66	NR
GADSDEN N MEX INDPT SCH DIST NO 016 RFDG-SER B	362550KT1	USD	2,245,000	2,303,155.48	2,301,259.70	0.26%	2.00	15/08/2013	1.68	22.22	1.68	0.59	1.68	0.04	1.71	0.59	Aa1	102.40	NR
GADSDEN N MEX INDPT SCH DIST NO 016 RFDG-SER B	362550KS3	USD	2,385,000	2,415,180.85	2,417,459.85	0.27%	2.00	15/08/2012	0.70	27.96	0.70	0.48	0.70	0.01	0.71	0.48	Aa1	101.07	NR
BERNALILLO CNTY N MEX 01/FEB/2014 03.000	085275B61	USD	570,000	601,388.00	600,141.60	0.07%	3.00	01/02/2014	2.10	20.40	2.12	0.66	2.11	0.06	2.17	0.66	Aaa	105.04	AAA
BERNALILLO CNTY N MEX 01/FEB/2013 04.000	085275B53	USD	550,000	576,021.72	575,333.00	0.07%	4.00	01/02/2013	1.14	19.52	1.15	0.47	1.15	0.02	1.17	0.47	Aaa	104.11	AAA
ESPANOLA N MEX PUB SCH DIST NO 55 RIO ARRIBA &	29662RAJ7	USD	570,000	577,209.23	577,489.80	0.07%	2.00	01/09/2012	0.75	26.67	0.76	0.48	0.76	0.01	0.75	0.48	Aa1	101.14	NR
ESPANOLA N MEX PUB SCH DIST NO 55 RIO ARRIBA &	29662RAK4	USD	1,100,000	1,125,462.56	1,125,718.00	0.13%	2.00	01/09/2013	1.72	36.34	1.74	0.74	1.73	0.04	1.75	0.74	Aa1	102.19	NR
ESPANOLA N MEX PUB SCH DIST NO 55 RIO ARRIBA &	29662RAL2	USD	1,120,000	1,151,547.91	1,152,569.60	0.13%	2.00	01/09/2014	2.68	43.13	2.69	1.01	2.69	0.09	2.75	1.01	Aa1	102.89	NR
LOVINGTON N MEX MUN SCH DIST NO 001 RFDG	547473DC9	USD	935,000	967,321.91	961,451.15	0.11%	2.00	01/10/2014	2.76	20.37	2.77	0.80	2.76	0.09	2.84	0.80	Aa1	103.37	NR
LOVINGTON N MEX MUN SCH DIST NO 001 RFDG	547473DB1	USD	900,000	924,578.00	921,780.00	0.11%	2.00	01/10/2013	1.81	16.35	1.81	0.55	1.81	0.04	1.84	0.55	Aa1	102.64	NR
LOVINGTON N MEX MUN SCH DIST NO 001 RFDG	547473DA3	USD	525,000	532,092.17	531,882.75	0.06%	2.00	01/10/2012	0.83	26.35	0.83	0.49	0.83	0.01	0.84	0.49	Aa1	101.26	NR
NEW MEXICO ST SEVERANCE TAX SER A-1 01/JUL/2013	647310N31	USD	3,225,000	3,401,697.75	3,404,858.25	0.39%	4.00	01/07/2013	1.55	14.36	1.55	0.53	1.55	0.03	1.59	0.53	Aa1	105.48	AA
NEW MEXICO ST SEVERANCE TAX RFDG-SER A-2	647310P47	USD	9,810,000	10,633,745.70	10,632,862.80	1.21%	4.00	01/07/2014	2.48	16.16	2.49	0.72	2.48	0.08	2.59	0.72	Aa1	108.40	AA
NEW MEXICO ST SEVERANCE TAX SER A-1 01/JUL/2012	647310N23	USD	1,570,000	1,584,758.00	1,585,982.60	0.18%	2.00	01/07/2012	0.59	15.15	0.59	0.33	0.59	0.01	0.59	0.33	Aa1	100.94	AA

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating	
NEW MEXICO ST SEVERANCE TAX SER A-1 01/JUL/2014	647310N49	USD	4,780,000	5,179,225.60	5,180,946.40	0.59%	4.00	01/07/2014	2.48	17.83	2.49	0.73	2.48	0.08	2.59	0.73	Aa1	108.35	AA	
Treasuries				373,522,730.90	368,950,911.47	42.49%	1.40		1.80	(0.55)	0.00	0.27	1.80	0.05	1.83	0.27	Tsy	102.01	AA+	
Treasuries				373,522,730.90	368,950,911.47	42.49%	1.40		1.80	(0.55)	0.00	0.27	1.80	0.05	1.83	0.27	Tsy	102.01	AA+	
US 1.75000 '14	912828JZ4	USD	20,000,000	20,746,583.70	20,550,000.00	2.36%	1.75	31/01/2014	2.12	0.00	0.00	0.29	2.12	0.08	2.17	0.29	Tsy	103.15	AA+	
US 1.87500 '14	912828KF6	USD	40,000,000	41,598,760.44	41,008,333.33	4.73%	1.88	28/02/2014	2.20	0.13	0.00	0.30	2.20	0.06	2.25	0.30	Tsy	103.52	AA+	
US 1.75000 '14	912828KJ8	USD	15,000,000	15,549,517.21	15,413,085.94	1.77%	1.75	31/03/2014	2.29	(1.64)	0.00	0.30	2.29	0.06	2.33	0.30	Tsy	103.37	AA+	
US 1.87500 '14	912828KN9	USD	20,000,000	20,777,336.81	20,248,437.50	2.36%	1.88	30/04/2014	2.37	(0.54)	0.00	0.32	2.36	0.07	2.42	0.32	Tsy	103.73	AA+	
US 2.25000 '14	912828KV1	USD	20,000,000	20,951,229.51	20,473,437.50	2.38%	2.25	31/05/2014	2.44	(0.33)	0.00	0.34	2.45	0.07	2.50	0.34	Tsy	104.75	AA+	
UNITED STATES TREAS NTS 1.875% 15/JUN/2012	912828KX7	USD	25,000,000	25,456,694.67	25,436,523.44	2.90%	1.88	15/06/2012	0.54	0.12	0.00	0.10	0.54	0.01	0.54	0.10	Tsy	100.96	AA+	
US 2.62500 '14	912828LC2	USD	15,000,000	16,031,606.68	15,558,398.44	1.82%	2.62	31/07/2014	2.57	(0.39)	0.00	0.36	2.57	0.08	2.67	0.36	Tsy	106.00	AA+	
USA TREASURY NTS 1.3750% NT 15/SEP/2012 USD1000	912828LM0	USD	25,000,000	25,317,716.35	25,087,890.63	2.88%	1.38	15/09/2012	0.79	(0.21)	0.00	0.14	0.79	0.01	0.79	0.14	Tsy	100.98	AA+	
US 1.12500 '12	912828MB3	USD	25,000,000	25,378,866.80	24,863,281.25	2.89%	1.12	15/12/2012	1.03	(0.44)	0.00	0.17	1.04	0.02	1.04	0.17	Tsy	101.00	AA+	
UNITED STATES OF AMER TREAS BONDS 0% NTS	912828MQ0	USD	25,000,000	25,107,038.48	24,983,398.45	2.86%	0.88	29/02/2012	0.25	(1.23)	0.00	0.05	0.25	0.00	0.25	0.05	Tsy	100.21	AA+	
US 1.37500 '13	912828NC0	USD	10,000,000	10,173,243.96	10,163,671.87	1.16%	1.38	15/05/2013	1.45	0.03	0.00	0.22	1.44	0.03	1.46	0.22	Tsy	101.67	AA+	
US 0.75000 '13	912828NY2	USD	10,000,000	10,104,965.38	10,045,312.50	1.15%	0.75	15/09/2013	1.78	(0.53)	0.00	0.25	1.78	0.04	1.79	0.25	Tsy	100.89	AA+	
US 0.62500 '13	912828PR5	USD	10,000,000	10,072,489.95	10,029,687.50	1.15%	0.62	31/01/2013	1.16	(0.71)	0.00	0.18	1.16	0.02	1.17	0.18	Tsy	100.52	AA+	
US 1.25000 '14	912828QH6	USD	20,000,000	20,492,169.57	19,904,687.50	2.33%	1.25	15/02/2014	2.18	(0.43)	0.00	0.30	2.19	0.06	2.21	0.30	Tsy	102.09	AA+	
US 0.62500 '13	912828QK9	USD	10,000,000	10,070,896.70	10,026,171.87	1.15%	0.62	28/02/2013	1.24	(1.17)	0.00	0.19	1.24	0.02	1.25	0.19	Tsy	100.55	AA+	
US 0.75000 '13	912828QL7	USD	15,000,000	15,130,357.38	15,067,968.75	1.72%	0.75	31/03/2013	1.33	(2.05)	0.00	0.19	1.33	0.02	1.33	0.19	Tsy	100.74	AA+	
US 0.62500 '13	912828QE3	USD	20,000,000	20,131,045.60	20,034,375.00	2.29%	0.62	30/04/2013	1.41	(1.83)	0.00	0.20	1.41	0.03	1.42	0.20	Tsy	100.60	AA+	
US 0.75000 '14	912828QS2	USD	20,000,000	20,275,462.30	19,987,500.00	2.31%	0.75	15/06/2014	2.51	(1.28)	0.00	0.34	2.51	0.08	2.54	0.34	Tsy	101.03	AA+	
US 1.00000 '16	912828RF9	USD	20,000,000	20,156,749.45	20,068,750.00	2.29%	1.00	31/08/2016	4.62	0.41	0.00	0.89	4.62	0.24	4.75	0.89	Tsy	100.53	AA+	
Cash And Cash Equivalent				74,155,434.74	74,451,676.41	8.44%	0.14			5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA	
RESERVE FUND PRIMARY FUND SER'12	781056373	USD	296,530	0.03	296,530.32	0.00%											N/A	0.00	N/A	
LGIP POOL PARTICIPANT	892898X00	USD	1,296	1,296.56	1,296.31	0.00%	0.22										Aaa	1.00	AAA	
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40068	USD	25,138,234	25,136,331.53	25,136,233.78	2.86%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA	
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40067	USD	49,017,616	49,017,806.62	49,017,616.00	5.58%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA	
Cash And Pending				(60,804,629.80)	0.00	(6.92%)			0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	(0.00)	AAA
Cash And Pending				(60,804,629.80)	0.00	(6.92%)			0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	(0.00)	AAA
US DOLLARS	USD	USD	20	(60,804,629.80)	0.00	(6.92%)			0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	(0.00)	AAA	

November Cash Flow Projections



Projected Activities

Major Disbursements

Date	Description	Amount
2-Nov-11	Higher Ed	\$58.2
4-Nov-11	Payroll	\$24.0
8-Nov-11	Human Services Department	\$224.1
10-Nov-11	Public Education Department	\$183.8
15-Nov-11	CRS to Local Governments	\$114.7
18-Nov-11	Payroll	\$24.0
30-Nov-11	Retiree Payroll	\$100.0

Major Receipts

Date	Description	Amount
7-Nov-11	SIC Perm Funds	\$61.4
8-Nov-11	Fed Reimbursement HSD	\$147.0
22-Nov-11	Tax Revenues	\$60.0
23-Nov-11	Tax Revenues	\$105.0
28-Nov-11	Tax Revenues	\$140.0
28-Nov-11	PERA	\$25.0
29-Nov-11	ERB & Fed Mineral Leasing	\$49.0

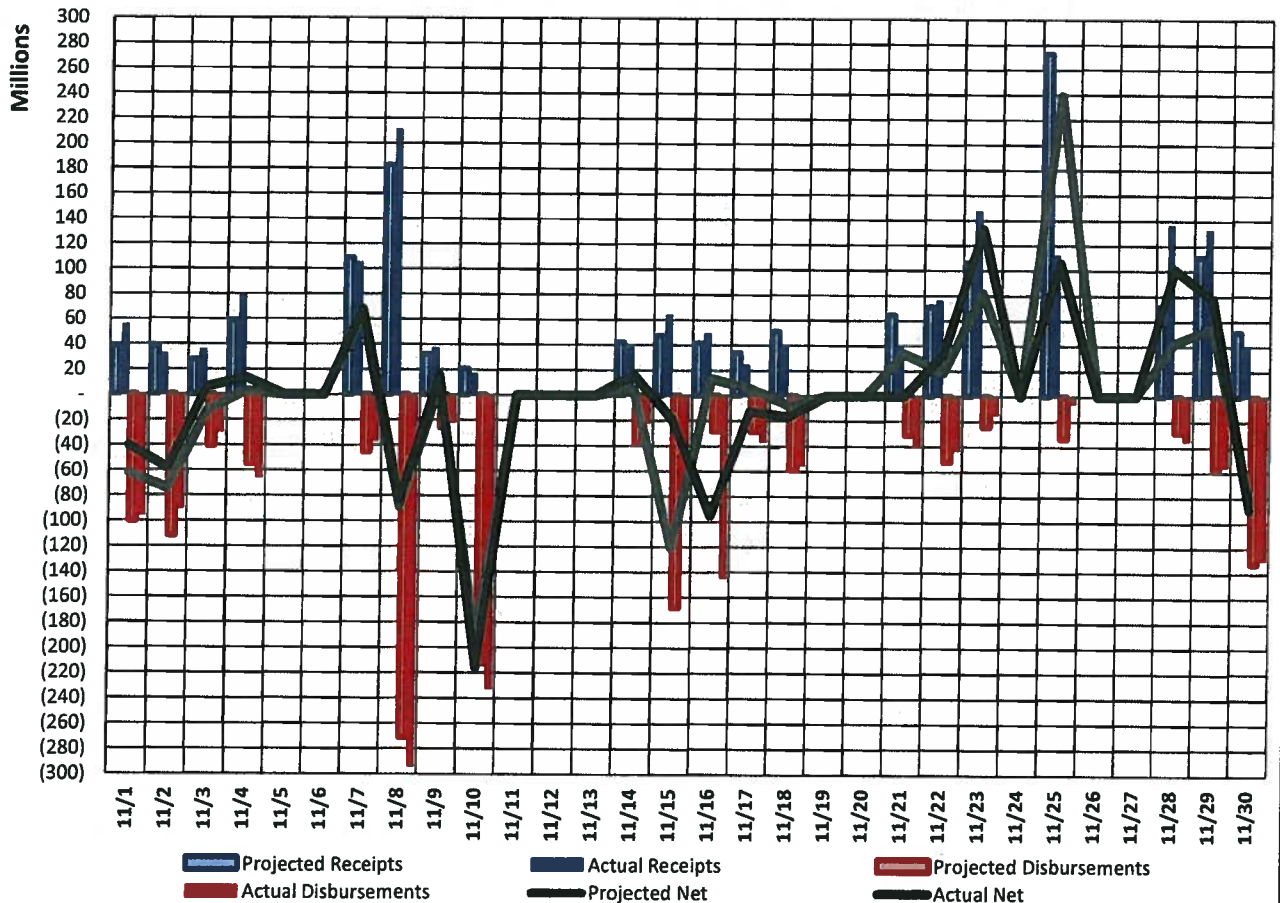
November Cash Flow Projections

Monthly - Through November 30, 2011

Rest of the Month

RECEIPTS	Projected	Actual	Difference	Projected	Ending Balance
TRD	585,964,669.89	565,792,789.88	(20,171,880.01)	-	565,792,789.88
Master Depository	744,244,876.34	773,803,664.35	29,558,788.01	-	773,803,664.35
SLO Royalty	35,915,902.36	37,000,187.52	1,084,285.16	-	37,000,187.52
Warrant Accounts	1,134,143.94	600,742.66	(533,401.28)	-	600,742.66
Other Accounts	103,072,351.45	95,808,067.47	(7,264,283.98)	-	95,808,067.47
	<u>1,470,331,943.99</u>	<u>1,473,005,451.88</u>	<u>2,673,507.89</u>	-	<u>1,473,005,451.88</u>
DISBURSEMENTS	Projected	Actual	Difference	Projected	Ending Balance
Warrant Accounts	(1,478,243,905.68)	(1,487,208,045.24)	(8,964,139.56)	-	(1,487,208,045.24)
Other Accounts	(64,186,446.88)	(45,645,186.03)	18,541,260.85	-	(45,645,186.03)
	<u>(1,542,430,352.56)</u>	<u>(1,532,853,231.27)</u>	<u>9,577,121.29</u>	-	<u>(1,532,853,231.27)</u>
NET	Projected	Actual	Difference	Projected	Ending NET
	<u>(72,098,408.57)</u>	<u>(59,847,779.39)</u>	<u>12,250,629.18</u>	-	<u>(59,847,779.39)</u>

November Projections and Actuals



Summary of activity:**Disbursements:**

Higher Education - Monthly allocation went out on November 2, 2011 as projected. The projected disbursement was for \$58.1mm and actual disbursement was for \$58.9mm.

State Government Payroll - Projected disbursement on November 4th was \$24.0mm, actual disbursement was \$23.5mm. November 18th projected disbursement was for \$24.0mm, actual disbursement was \$23.8mm.

Public Education Department - SEG monthly allocation is projected to be disbursed on November 10th for a total of \$183.8mm. Actual PED's SEG disbursement went out on November 10th for \$183.7mm.

Human Services Department - Disbursement is projected to out on November 8th for a total of \$222.8mm, with a federal reimbursement of \$140mm coming in on the same day. Actual disbursement went out on November 8th as projected for a total of \$272.1mm and a federal reimbursement of \$192.6mm.

CRS Dist - Disbursement projected to go out on November 15th for a total of \$115.3mm. Actual disbursement went out November 16, 2011 for a total of \$119.3mm.

ERB & PERA Retiree Payroll - Projected to be disbursement on November 30th for approximately \$100mm.

Receipts:

State Investment Council – Land Grant and Severance Tax Perm Funds –Transfer is projected to come in on November 7th for \$61.4mm.

Tax Revenues -Between the 21st through the 25th on the month. (25th is a State holiday and the office will be closed for business, Wells Fargo Bank the State's Fiscal Agent Bank will be open on the 25th).

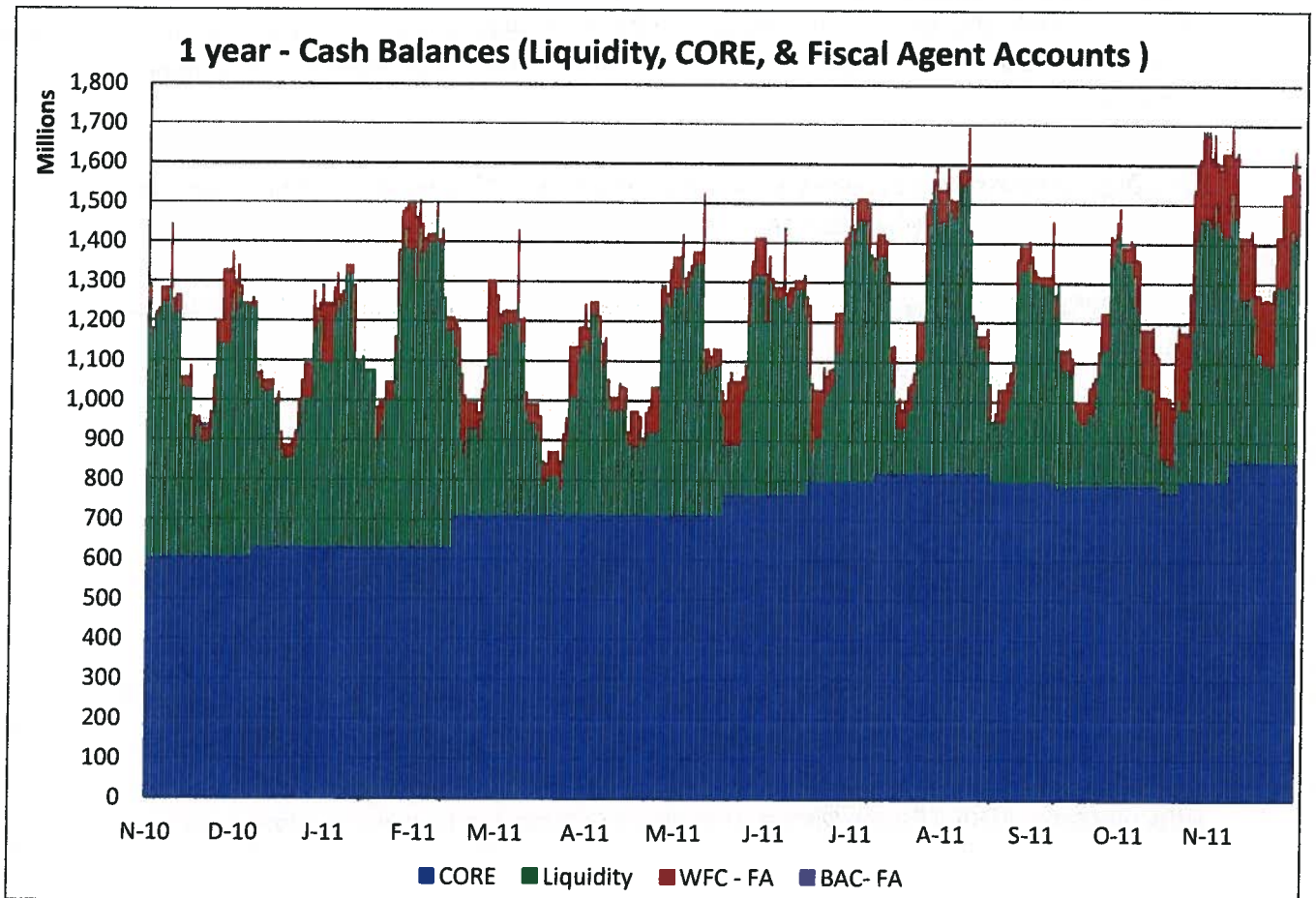
Other Receipts -PERA, ERB and Mineral Leasing is also projected to come in before month end.

November Cash Flow Projections

Current Balance & Available Cash:

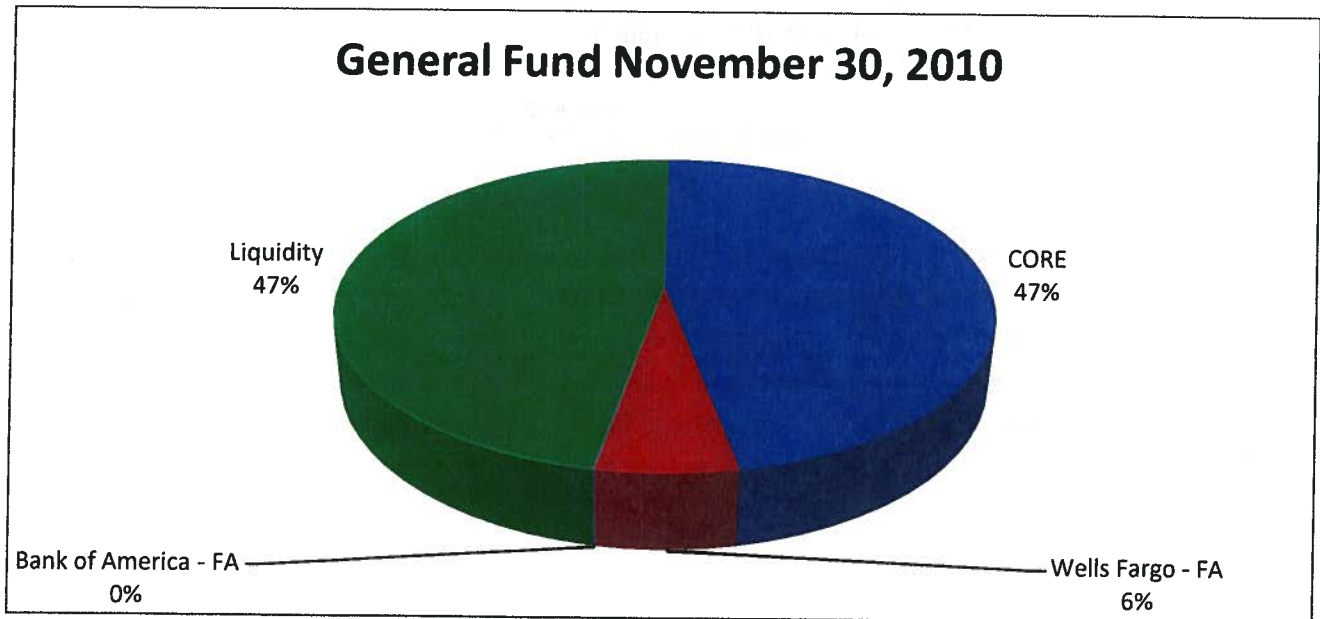
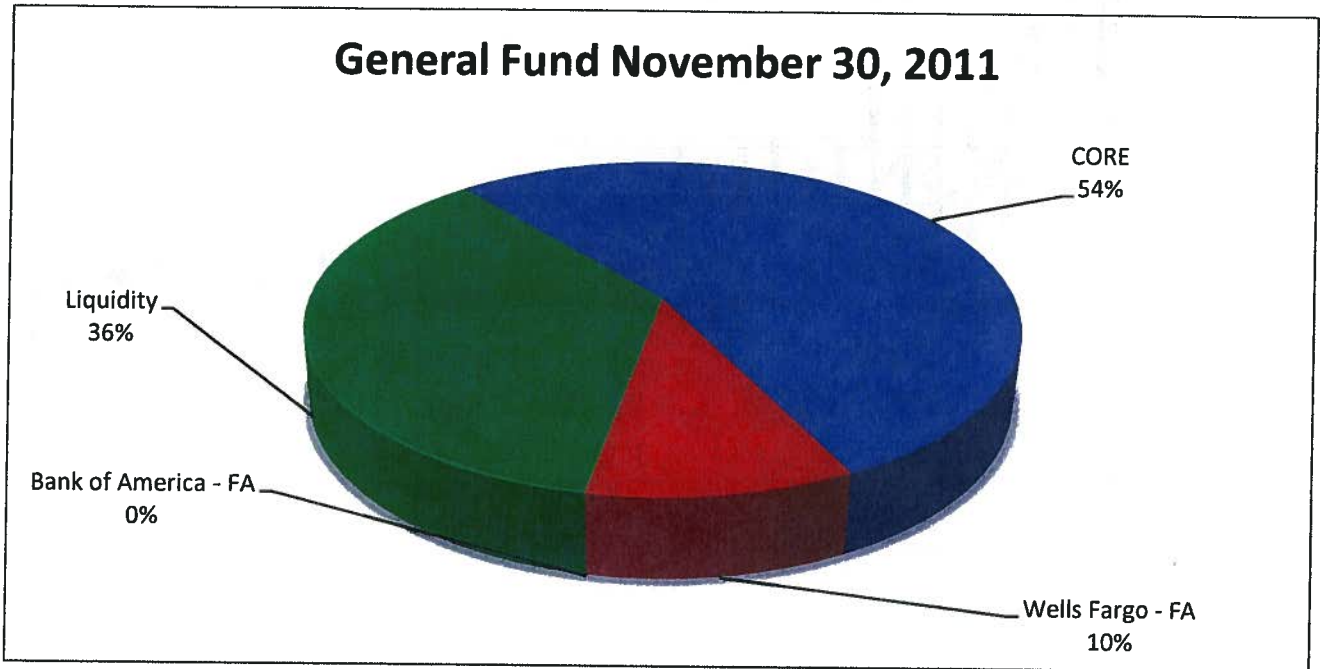
	30-Nov-2010	30-Jun-2011	30-Nov-2011
General Fund Investment Pool	1,297,087,486	1,435,820,953	1,580,608,141
<i>Overnight Repurchase</i>			
GF Liquidity:	459,602,636	551,861,687	519,985,157
GF CORE:	7,494,279	48,175,321	74,153,850
<i>Fiscal Agent Account (Close Collected)</i>			
Wells Fargo:	75,458,341	31,776,396	162,542,638
Bank of America:	1,217,449	378,439	0
<i>Local Government Investment Pool</i>			
GF LGIP:	30,022,671	30,022,001	10,026,495
TOTAL AVAILABLE CASH:	573,795,376	662,213,843	766,708,140

* General Fund Investment Pool consist of General Fund Portfolio + Fiscal Agent Account Close Collected Balance.

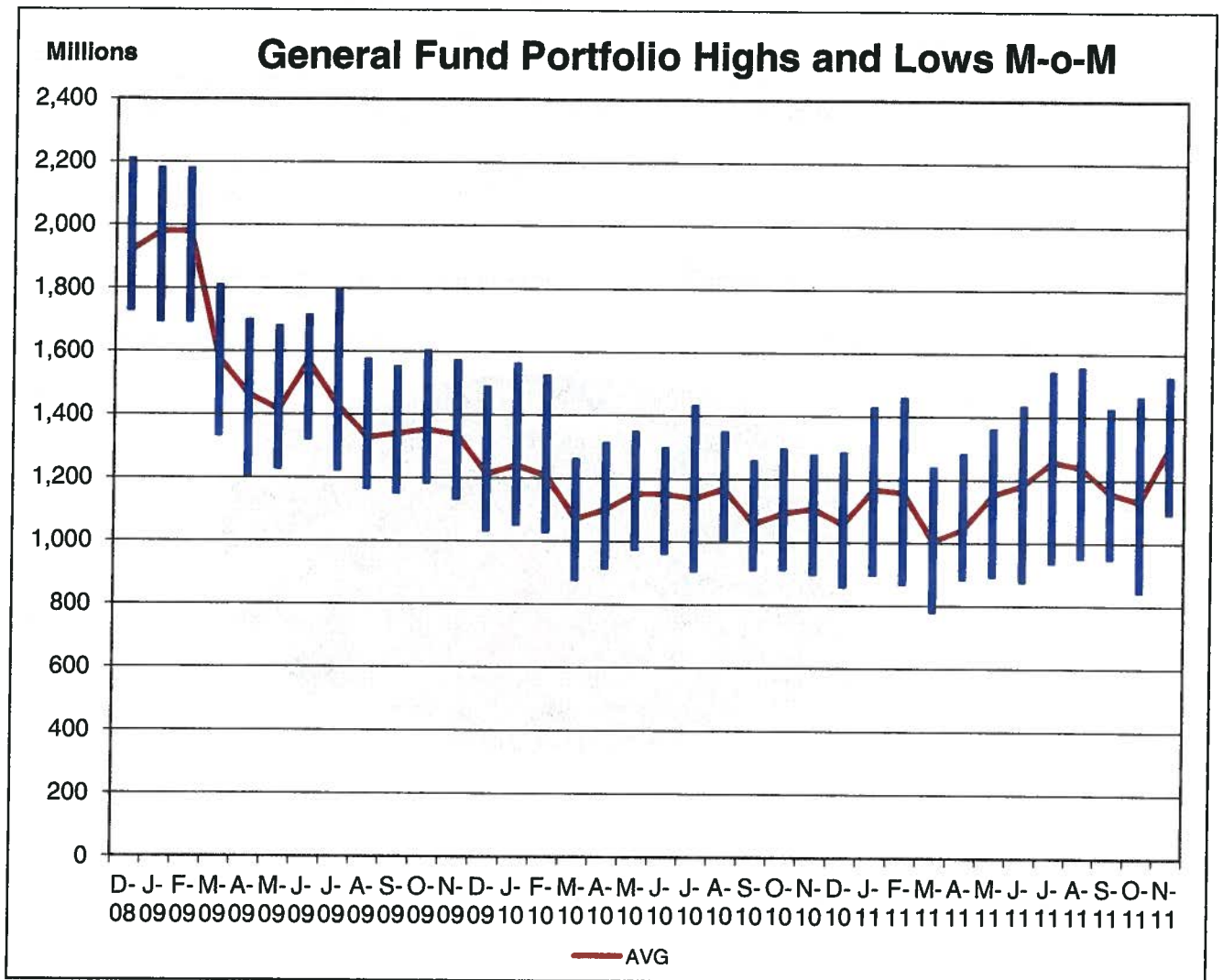


November Cash Flow Projections

GENERAL FUND	Nov-11	Nov-10
Liquidity	571,137,491	614,195,981
CORE	851,261,582	606,215,715
Wells Fargo - FA	162,542,638	75,458,341
Bank of America - FA	0	1,217,449
	<u>1,584,941,712</u>	<u>1,297,087,486</u>



November Cash Flow Projections



The balance of the general fund for the month of November 2011 reach a high of **\$1.528** billion, low of **\$1.089** million, and have an average balance of **\$1.302** billion. These figures do not include the **\$175** million average for the month left in the fiscal agent account for compensational balances. For last twelve months the high of the portfolio was in August 2011 when the balance reached **\$1.558** billion, low point **\$776** million in March 2011, and the average for last twelve months is **\$1.155** billion.

Portfolio Summary – Local Government Investment Pool (LGIP)

Summary

- Ending November Market Value for the LGIP was \$881Mil, mostly unchanged from \$879Mil on October 31st.
- The LGIP maintains an AAAM rating by Standard & Poor's.
- Weighted Average Maturity of the LGIP was 50 days, below the rule 2(a)-7 requirement of 60 days for short-term funds.

Portfolio Mix

- 22% of the portfolio is invested in fixed income securities, 18% in floating rate notes, 56% of the portfolio is invested in demand deposit accounts with qualified banking institutions, and 4% in commercial paper.
- The LGIP held positions in 26 securities.

Investment Earnings

- In November, the fund earned \$192,395 for its participants.
- Earnings in the LGIP are retained by participants after a management fee of 0.05% which is paid to the General Fund

Performance

- Gross Yield on the LGIP was 0.275% at month-end.
- Net yield to participants was 0.225%.

Investment Strategy

- LGIP investment priority has focused on the reduction of the exposure to overnight bank deposits as yields have declined with the general level of short term interest rates.
- Although it has been difficult to replace the overnight bank deposits, we are chipping away at them. At the end of November the percentage of these deposits was 56% of the total fund. They are still offering attractive yields for the level of liquidity and safety of principal, as they are all highly collateralized with US Government and Agency securities.
- LGIP also invested in the recent issue of IBRD, 13 month final maturity, a 2A7 eligible security.
- We have lengthened the weighted average maturity of the LGIP only when we could secure yields that were more attractive than the overnight bank deposit rates without giving up credit quality.
- LGIP has lengthened its WAM as a result of maximizing the 20% investment policy limit in floating rate notes. These investments have been quite successful as the 3 month Libor rate is approaching 0.60%.
- S&P has indicated we need to change the collateral we receive for BBVA/Compass overnight deposits in LGIP. Letters of Credit issued by FHLB have been deemed to be unacceptable. We are setting up receipt of actual US Government Agency securities as a replacement using US Bank as the collateral custodian.

STATE OF NEW MEXICO

LGIP FUND (4101)

Portfolio Classification Summary

Positions Held as of 11/30/11

TXN BASIS: TRADE

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)	5	.2230	.05604	495,628,050	495,628,050	495,628,050		56.204
COMMERCIAL PAPER-DISCOUNT BASED	2	.1834	.07256	38,029,000	38,024,147	38,024,147		4.312
U.S. TREASURY NOTES	8	.2699	.42212	125,000,000	125,364,061	125,458,750	94,689	14.227
CORPORATE BONDS (FRN QUARTERLY)	1	.4639	.30140	20,000,000	20,000,000	20,000,000		2.268
FED FARM CR BANKS - FLOAT	1	.1584	1.53150	50,000,000	50,020,915	49,930,500	-90,415	5.662
FED HOME LOAN BANKS	1	.2064	.72880	25,000,000	25,121,538	25,113,500	-8,038	2.848
FED NATL MORTGAGE ASSN DEBS	1	.3666	.67120	20,000,000	20,650,314	20,637,600	-12,714	2.340
TLGP SECURITIES-FDIC VAR RT NT4X	7	.2385	.80464	106,700,000	106,999,428	107,050,182	50,754	12.139
	<u>26</u>	<u>.2345</u>	<u>.32192</u>	<u>880,357,050</u>	<u>881,808,453</u>	<u>881,842,729</u>	<u>34,276</u>	<u>100.000</u>

Fixed Income - Standard Report (Monthly)

New Mexico State Treasurers Office (06677)

November 2011

Account / Holdings	Market Value	Cost	% of Total	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	S&P Quality Rating
LOCAL GOVERNMENT INVESTMENT POOL(10933300)	862,744,796.14	882,661,183.05	100.00%	0.56	0.31	5.52	0.24	0.10	0.12	(0.01)	0.32	0.10		
Fixed Income + Cash and Cash Equivalent	882,744,796.14	882,661,183.05	102.32%	0.55	0.31	5.39	0.23	0.10	0.12	(0.01)	0.31	0.10	Aaa	AA+
Fixed Income	348,995,093.00	348,927,034.52	40.45%	0.98	0.77	14.09	0.58	0.25	0.29	(0.03)	0.77	0.25	Agy	AA
Corporates	37,073,701.13	37,003,797.00	4.30%	0.40	0.93	23.36	0.93	0.31	0.07	0.00	0.93	0.31	Aaa	AA+
Financial Institutions	37,073,701.13	37,003,797.00	4.30%	0.40	0.93	23.36	0.93	0.31	0.07	0.00	0.93	0.31	Aaa	AA+
Government Related	186,219,025.63	186,006,831.25	21.58%	1.07	0.97	22.37	0.90	0.36	0.25	(0.06)	0.97	0.36	Aaa	A+
Agencies	166,195,515.63	166,006,831.25	19.26%	1.15	0.96	26.15	0.96	0.37	0.23	0.00	0.97	0.37	Aaa	AA
Supranational	20,023,510.00	20,000,000.00	2.32%	0.46	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	NR
Treasuries	125,702,366.24	125,916,406.27	14.57%	1.01	0.42	(0.90)	0.00	0.07	0.42	0.00	0.42	0.07	Tsy	AA+
Treasuries	125,702,366.24	125,916,406.27	14.57%	1.01	0.42	(0.90)	0.00	0.07	0.42	0.00	0.42	0.07	Tsy	AA+
Cash And Cash Equivalent	533,749,703.14	533,734,148.53	61.87%	0.26	0.01	(0.29)	0.01	0.00	0.01	0.00	0.01	0.00	Aaa	AAA
	533,749,703.14	533,734,148.53	61.87%	0.26	0.01	(0.29)	0.01	0.00	0.01	0.00	0.01	0.00	Aaa	AAA
Cash And Pending	(20,000,000.00)	0.00	(2.32%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA
	(20,000,000.00)	0.00	(2.32%)		0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	AAA

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
LOCAL GOVERNMENT INVESTMENT POOL(10933300)				862,744,796.14	882,661,183.05	100.00%	0.56		0.31	5.52	0.24	0.10	0.12	(0.01)	0.32	0.10		45.61	
Fixed Income + Cash and Cash Equivalent				882,744,796.14	882,661,183.05	102.32%	0.55		0.31	5.39	0.23	0.10	0.12	(0.01)	0.31	0.10	Aaa	44.58	AA+
Fixed Income				348,995,093.00	348,927,034.52	40.45%	0.98		0.77	14.09	0.58	0.25	0.29	(0.03)	0.77	0.25	Agy	100.44	AA
Corporates				37,073,701.13	37,003,797.00	4.30%	0.40		0.93	23.36	0.93	0.31	0.07	0.00	0.93	0.31	Aaa	100.26	AA+
Financial Institutions				37,073,701.13	37,003,797.00	4.30%	0.40		0.93	23.36	0.93	0.31	0.07	0.00	0.93	0.31	Aaa	100.26	AA+
GENERAL ELECTRIC CAPITAL CORP FR MTN 21/DEC/2012	36967HAU1	USD	24,250,000	24,332,576.36	24,277,426.80	2.82%	0.35	21/12/2012	1.05	24.67	1.05	0.34	0.06	0.00	1.06	0.34	Aaa	100.27	AA+
GMAC INC GTD SR NT FLT 12 19/DEC/2012	36186CBG7	USD	2,700,000	2,707,533.45	2,705,000.40	0.31%	0.35	19/12/2012	1.05	22.61	1.05	0.32	0.07	0.00	1.05	0.32	Aaa	100.21	AA+
BANK OF NEW YORK MELLON CORP FRN 29/JUN/2012	06405TAA2	USD	10,000,000	10,033,591.32	10,021,370.00	1.16%	0.53	29/06/2012	0.58	20.40	0.58	0.26	0.08	0.00	0.58	0.26	Aaa	100.24	AA+
Government Related				166,219,025.63	166,006,631.25	21.58%	1.07		0.97	22.37	0.90	0.36	0.25	(0.06)	0.97	0.36	Aaa	100.53	A+
Agencies				166,195,515.63	166,006,631.25	19.26%	1.15		0.96	26.15	0.96	0.37	0.23	0.00	0.97	0.37	Aaa	100.58	AA
FANNIE MAE 5.25% 01/AUG/2012	31359MNU3	USD	20,000,000	20,987,600.00	20,823,600.00	2.43%	5.25	01/08/2012	0.66	35.66	0.66	0.47	0.66	0.01	0.67	0.47	Aa2	103.19	A
MORGAN STANLEY VAR 20/JUN/2012	61757UAJ9	USD	30,000,000	30,144,079.82	30,098,700.00	3.49%	0.70	20/06/2012	0.55	19.76	0.55	0.26	0.06	0.00	0.56	0.26	Aaa	100.34	AA+
MORGAN STANLEY FRN 13/MAR/2012 USD1000	61757UAN0	USD	10,000,000	10,027,104.81	10,013,800.00	1.16%	0.54	13/03/2012	0.29	12.64	0.28	0.17	0.04	0.00	0.29	0.17	Aaa	100.15	AA+
JPMORGAN CHASE & CO 0.53938% BDS 26/D	481247AN4	USD	29,750,000	29,920,312.19	29,883,131.25	3.47%	0.61	26/12/2012	1.07	25.71	1.07	0.35	0.08	0.00	1.07	0.35	Aaa	100.46	AA+
FEDERAL HOME LOAN BANKS 0.875% BDS 22/AUG/2012	3133XYWB7	USD	25,000,000	25,173,656.25	25,165,750.00	2.92%	0.88	22/08/2012	0.72	12.47	0.72	0.25	0.72	0.01	0.73	0.25	Agy	100.45	AA+
FEDERAL FARM CR BKS CONS BD FLT 13 12/JUN/2013	31331KF62	USD	50,000,000	49,942,762.56	50,021,850.00	5.79%	0.27	12/06/2013	1.53	35.89	1.53	0.49	0.03	0.00	1.53	0.49	Agy	99.86	AA+
Supranational				20,023,510.00	20,000,000.00	2.32%	0.46		1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
INTERNATIONAL BANK FOR REC & DEV 0.46% BDS	45905UJZ8	USD	20,000,000	20,023,510.00	20,000,000.00	2.32%	0.46	02/01/2013	1.03	(9.00)	0.37	0.35	0.42	(0.62)	1.04	0.35	Aaa	100.12	NR
Treasuries				125,702,366.24	125,916,406.27	14.57%	1.01		0.42	(0.90)	0.00	0.07	0.42	0.00	0.42	0.07	Tsy	100.37	AA+
Treasuries				125,702,366.24	125,916,406.27	14.57%	1.01		0.42	(0.90)	0.00	0.07	0.42	0.00	0.42	0.07	Tsy	100.37	AA+
UNITED STATES TREAS NTS 1.125% 15/JAN/2012	912828KB5	USD	10,000,000	10,055,793.21	10,076,171.88	1.17%	1.12	15/01/2012	0.12	(0.84)	0.00	0.06	0.13	0.00	0.12	0.06	Tsy	100.13	AA+
UNITED STATES OF AMER TREAS NOTES 1.375% TB	912828KC3	USD	10,000,000	10,068,053.26	10,110,546.88	1.17%	1.38	15/02/2012	0.21	(1.07)	0.00	0.05	0.21	0.00	0.21	0.05	Tsy	100.28	AA+
UNITED STATES TREAS NTS 1.375% 15/MAY/2012	912828KP4	USD	25,000,000	25,163,609.89	25,255,859.38	2.92%	1.38	15/05/2012	0.46	(0.25)	0.00	0.08	0.46	0.00	0.46	0.08	Tsy	100.59	AA+
UNITED STATES TREAS NTS 1.000% 31/MAR/2012	912828MU1	USD	25,000,000	25,121,349.73	25,183,984.37	2.91%	1.00	31/03/2012	0.33	(1.27)	0.00	0.05	0.34	0.00	0.33	0.05	Tsy	100.32	AA+
UNITED STATES TREAS NTS 1.00% 30/APR/2012	912828NB2	USD	20,000,000	20,095,232.97	20,148,437.50	2.33%	1.00	30/04/2012	0.42	(1.17)	0.00	0.06	0.42	0.00	0.42	0.06	Tsy	100.39	AA+
UNITED STATES TREAS NTS 0.625% 30/JUN/2012	912828NS5	USD	25,000,000	25,142,637.23	25,099,609.38	2.91%	0.62	30/06/2012	0.58	(0.83)	0.00	0.10	0.58	0.01	0.58	0.10	Tsy	100.31	AA+
UNITED STATES TREAS NTS 0.625% 31/JUL/2012	912828NQ9	USD	10,000,000	10,055,689.95	10,041,796.88	1.17%	0.62	31/07/2012	0.67	(1.18)	0.00	0.10	0.66	0.01	0.67	0.10	Tsy	100.35	AA+
Cash And Cash Equivalent				533,749,703.14	533,734,148.53	61.87%	0.26		0.01	(0.29)	0.01	0.00	0.01	0.00	0.01	0.00	Aaa	8.05	AAA
US BANK				533,749,703.14	533,734,148.53	61.87%	0.26		0.01	(0.29)	0.01	0.00	0.01	0.00	0.01	0.00	Aaa	8.05	AAA
BBVA COMPASS BANK	894992T06	USD	55,077,532	55,077,531.75	55,077,531.75	6.38%	0.20	01/12/2011									Aaa	1.00	AAA
BANK OF THE WEST	89499LC10	USD	213,540,511	213,540,511.18	213,540,511.18	24.75%	0.20	01/12/2011									Aaa	1.00	AAA
WELLS FARGO SAVINGS	89499LC44	USD	213,051,888	213,051,887.85	213,051,887.85	24.69%	0.40	01/12/2011									Aaa	1.00	AAA
			851,626	851,625.98	851,625.98	0.10%	0.40	01/12/2011									Aaa	1.00	AAA

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moodys Quality Rating	Market Price	S&P Quality Rating
WELLS FARGO CHECKING 0.15% 31/DEC/2049	894983C02	USD	13,200,032	13,200,031.85	13,199,873.57	1.53%	0.15	01/12/2011									Aaa	1.00	AAA
STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	86257M3B4	USD	3,029,000	3,028,930.03	3,027,593.20	0.35%	0.00	09/12/2011	0.02	0.94	0.02	0.08	0.02	0.00	0.02	0.08	P-1	100.00	A-1+
STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	86257FBE4	USD	35,000,000	34,999,184.50	34,985,125.00	4.06%	0.00	28/12/2011	0.08	(4.57)	0.08	0.03	0.08	0.00	0.08	0.03	P-1	100.00	A-1+
Cash And Pending				(20,000,000.00)	0.00	(2.32%)			0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	(0.00)	AAA
				(20,000,000.00)	0.00	(2.32%)			0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	Aaa	(0.00)	AAA
US DOLLARS	USD	USD	0	(20,000,000.00)	0.00	(2.32%)			0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA

Portfolio Summary – Tax Exempt Bond Proceeds Investment Pool

Summary

- The Tax Exempt Bond Proceeds Investment Pool closed the month of November at \$428Mil, lower than \$443Mil at the end of October.
- The Pool experienced some withdrawals however the pace is moderating.

Portfolio Mix

- 88% of the Tax-Exempt BPIP portfolio is invested in fixed income securities; 65% in TLGP Securities which are backed by the FDIC, 21% Treasury and Agency Securities, 2% in corporates, and the balance, approximately 12%, held in cash equivalents.
- At the time of purchase, TLGP holdings, backed by the FDIC, were within the parameters of the investment policy. As balances have come down, due to spending on capital projects, maturing investments and not issuing debt during the fiscal year, the percentage of TLGP holdings relative to all holdings in the portfolio has increased. The TLGP program will expire at the end of 2012.
- 51% of the portfolio is invested in securities that mature in one year, 36% in securities that mature from 1-2 years, 4% in securities that mature from 2-4 years and the remainder in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 19 securities.
- Weighted Average Life of the Tax Exempt BPIP is 0.90 years. The Weighted Average duration is 0.83 years.
- The maximum security term for the BPIP portfolio is 5 years.

Market Value and Investment Earnings

- Unrealized gains in the Tax-Exempt BPIP Portfolio were \$1.9 million as of November 30th.
- Monthly Earnings on the portfolio were approximately \$360 thousand.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Performance

- Purchase Yield and Average Term of the fund were mostly unchanged versus the end of October.

Investment Strategy

- The Bond Proceeds Funds have begun to stabilize with regard to withdrawals and will be the beneficiaries of incoming cash as the NM municipal securities settle in December.
- The Tax Exempt Fund received approximately \$50mil in early December.
- We will invest these funds in US Government Agency bullet and callable securities while maintaining enough liquidity to cover any project withdrawals.
- We are targeting \$50 to \$75mil in liquidity for the Bond Proceeds Pools utilizing a combination of LGIP holdings, repurchase agreements and highly rated (A1/P1) commercial paper.

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

Portfolio Classification Summary

Positions Held as of 11/30/11

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

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
COMMERCIAL PAPER-DISCOUNT BASED	1	.1927	.02470	22,000,000	21,999,071	21,999,071		5.134
U.S. TREASURY NOTES	3	.7336	1.64968	40,000,000	40,535,893	40,898,800	362,907	9.544
CORPORATE BONDS (FRN QUARTERLY)	1	1.1788	.00270	10,000,000	10,000,000	10,000,000		2.334
FED HOME LOAN MORTGAGE CORP BDS	1	1.1601	4.73700	20,000,000	20,786,262	20,623,000	-163,262	4.812
FED NATL MORTGAGE ASSN DEBS	1	.5492	1.41640	25,000,000	26,438,596	26,404,750	-33,846	6.162
TLGP SECURITIES - FDIC	7	1.3947	.69763	220,000,000	221,972,950	223,536,750	1,563,800	52.163
TLGP SECURITIES-FDIC VAR RT NT4X	2	.6330	.43288	55,000,000	55,000,000	55,140,250	140,250	12.867
MONEY MARKET	2		.00274	18,832,633	18,832,633	18,832,633		4.395
UNITS - REPURCHASE POOL	1	.1200	.00274	11,103,845	11,103,845	11,103,845		2.591
	<u>19</u>	<u>1.0081</u>	<u>.92508</u>	<u>421,936,478</u>	<u>426,669,250</u>	<u>428,539,099</u>	<u>1,869,849</u>	<u>100.000</u>

Fixed Income - Standard Report (Monthly) New Mexico State Treasurers Office (06677) November 2011

Account / Holdings	Market Value	Cost	% of Total	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	S&P Quality Rating
TAX EXEMPT BOND PROCEEDS(10933500)	429,856,698.75	430,086,398.07	100.00%	1.94	0.88	24.65	0.72	0.40	0.83	0.02	0.90	0.40		
Fixed Income + Cash and Cash Equivalent	429,856,695.34	430,086,398.07	100.00%	1.94	0.88	24.65	0.72	0.40	0.83	0.02	0.90	0.40	Aaa	AA+
Fixed Income	379,134,413.02	379,181,129.70	88.20%	2.19	0.99	27.75	0.82	0.45	0.94	0.02	1.02	0.45	Aaa	AA+
Government Related	338,109,928.89	338,287,575.00	78.66%	2.27	0.91	31.18	0.92	0.47	0.85	0.02	0.94	0.47	Aaa	AA+
Agencies	338,109,928.89	338,287,575.00	78.66%	2.27	0.91	31.18	0.92	0.47	0.85	0.02	0.94	0.47	Aaa	AA+
Treasuries	41,024,484.13	40,893,554.70	9.54%	1.52	1.63	(0.53)	0.00	0.23	1.63	0.04	1.66	0.23	Tsy	AA+
Treasuries	41,024,484.13	40,893,554.70	9.54%	1.52	1.63	(0.53)	0.00	0.23	1.63	0.04	1.66	0.23	Tsy	AA+
Cash And Cash Equivalent	50,722,282.32	50,905,268.37	11.80%	0.11	0.01	1.50	0.01	0.07	0.01	0.00	0.01	0.07	Aaa	AAA
	50,722,282.32	50,905,268.37	11.80%	0.11	0.01	1.50	0.01	0.07	0.01	0.00	0.01	0.07	Aaa	AAA
Cash And Pending	3.41	0.00	0.00%		0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA
	3.41	0.00	0.00%		0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA

Fixed Income - Standard Report (Monthly)
 New Mexico State Treasurers Office (06677)
 November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating	
TAX EXEMPT BOND PROCEEDS(10933500)				429,856,698.75	430,088,398.07	100.00%	1.94			0.88	24.65	0.72	0.40	0.83	0.02	0.90	0.40		94.95	
Fixed Income + Cash and Cash Equivalent				429,856,695.34	430,086,398.07	100.00%	1.94			0.88	24.65	0.72	0.40	0.83	0.02	0.90	0.40	Aaa	94.95	AA+
Fixed Income				379,134,413.02	379,181,129.70	88.20%	2.19			0.99	27.75	0.82	0.45	0.94	0.02	1.02	0.45	Aaa	101.81	AA+
Government Related				338,109,928.89	338,287,575.00	78.66%	2.27			0.91	31.18	0.92	0.47	0.85	0.02	0.94	0.47	Aaa	101.75	AA+
Agencies				338,109,928.89	338,287,575.00	78.66%	2.27			0.91	31.18	0.92	0.47	0.85	0.02	0.94	0.47	Aaa	101.75	AA+
FED NATL MORT ASSC 4.625% NOTES 01/MAY/2013	31359MRK1	USD	25,000,000	26,501,104.17	26,730,750.00	6.17%	4.62	01/05/2013	1.38	27.86	1.38	0.49	1.38	0.03	1.42	0.49	Aaa	101.75	AA+	
MORGAN STANLEY & CO INTERNATIONAL FRN 01/DEC/2011	61757UAC4	USD	10,000,000	10,029,715.50	10,000,000.00	2.33%	1.18	01/12/2011	0.00	111.66	0.00	1.17	0.00	0.00	1.17	0.00	Aaa	100.00	AA+	
JPMORGAN CHASE & CO 3.125% SNR NTS 01/DEC/2011	481247AA2	USD	20,000,000	20,312,500.00	20,709,800.00	4.73%	3.12	01/12/2011	0.00	304.81	0.00	3.08	0.00	0.00	3.08	0.00	Aaa	100.00	AA+	
BANK OF AMERICA CORP 3.125% BDS 15/JUN/2012	06050BAA9	USD	25,000,000	25,773,743.06	25,821,250.00	6.00%	3.12	15/06/2012	0.53	(2.60)	0.53	0.07	0.53	0.01	0.54	0.07	Aaa	101.65	AA+	
MORGAN STANLEY VAR 20/JUN/2012	61757UAJ9	USD	30,000,000	30,144,079.82	30,000,000.00	7.01%	0.70	20/06/2012	0.55	19.76	0.55	0.26	0.06	0.00	0.56	0.26	Aaa	100.34	AA+	
CITIGROUP INC 2.125% SRN 30/APR/2012 USD1000	17313UAE9	USD	25,000,000	25,257,246.53	25,120,175.00	5.88%	2.12	30/04/2012	0.42	1.86	0.42	0.09	0.42	0.00	0.42	0.09	Aaa	100.85	AA+	
BANK OF AMERICA CORP 2.1% SRN 30/APR/2012 USD1000	06050BAG6	USD	25,000,000	25,260,458.33	25,099,750.00	5.88%	2.10	30/04/2012	0.42	(4.20)	0.42	0.03	0.42	0.00	0.42	0.03	Aaa	100.86	AA+	
MORGAN STANLEY FRN 13/MAR/2012 USD1000	61757UAN0	USD	25,000,000	25,067,762.03	25,000,000.00	5.83%	0.54	13/03/2012	0.29	12.64	0.28	0.17	0.04	0.00	0.29	0.17	Aaa	100.15	AA+	
WELLS FARGO & CO 2.125% BDS 15/JUN/2012 USD1000	949744AC0	USD	25,000,000	25,520,465.28	25,111,950.00	5.94%	2.12	15/06/2012	0.54	(0.68)	0.54	0.09	0.54	0.01	0.54	0.09	Aaa	101.10	AA+	
GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	36967HAY3	USD	50,000,000	51,900,812.50	52,170,500.00	12.07%	2.62	28/12/2012	1.06	7.95	1.06	0.25	1.06	0.02	1.08	0.25	Aaa	102.69	AA+	
CITIGROUP FUNDING INC 2.25% BDS 10/DEC/2012	17313YAJ0	USD	50,000,000	51,612,375.00	51,700,000.00	12.01%	2.25	10/12/2012	1.01	9.25	1.01	0.26	1.01	0.02	1.03	0.26	Aaa	102.16	AA+	
FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	3137EACW7	USD	20,000,000	20,729,666.67	20,823,400.00	4.82%	2.00	25/08/2016	4.50	40.17	4.52	1.27	4.50	0.23	4.74	1.27	Agy	103.12	AA+	
Treasuries				41,024,484.13	40,893,554.70	9.54%	1.52			1.63	(0.53)	0.00	0.23	1.63	0.04	1.66	0.23	Tsy	102.26	AA+
Treasuries				41,024,484.13	40,893,554.70	9.54%	1.52			1.63	(0.53)	0.00	0.23	1.63	0.04	1.66	0.23	Tsy	102.26	AA+
US 1.87500 '14	912828KF6	USD	15,000,000	15,599,535.16	15,455,273.44	3.63%	1.88	28/02/2014	2.20	0.13	0.00	0.30	2.20	0.06	2.25	0.30	Tsy	103.52	AA+	
US 1.75000 '13	912828MX5	USD	15,000,000	15,352,459.02	15,399,609.38	3.57%	1.75	15/04/2013	1.36	(1.08)	0.00	0.20	1.36	0.03	1.37	0.20	Tsy	102.12	AA+	
US 0.62500 '13	912828PR5	USD	10,000,000	10,072,489.95	10,038,671.88	2.34%	0.62	31/01/2013	1.16	(0.71)	0.00	0.18	1.16	0.02	1.17	0.18	Tsy	100.52	AA+	
Cash And Cash Equivalent				50,722,282.32	50,905,268.37	11.80%	0.11			0.01	1.50	0.01	0.07	0.01	0.00	0.01	0.07	Aaa	43.72	AAA
Cash And Cash Equivalent				50,722,282.32	50,905,268.37	11.80%	0.11			0.01	1.50	0.01	0.07	0.01	0.00	0.01	0.07	Aaa	43.72	AAA
RESERVE FUND PRIMARY FUND SER 12	761056373	USD	247,800	0.02	196,101.50	0.00%								0.00	0.01	0.07	Aaa	43.72	AAA	
LGIP POOL PARTICIPANT	892998X00	USD	17,615,540	17,618,902.57	17,615,539.90	4.10%	0.22										N/A	0.00	N/A	
STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	86257M3B4	USD	22,000,000	21,999,491.80	21,989,782.22	5.12%	0.00	09/12/2011	0.02	0.94	0.02	0.08	0.02	0.00	0.02	0.08	Aaa	1.00	AAA	
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40072	USD	11,103,845	11,103,887.93	11,103,844.75	2.58%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA	
Cash And Pending				3.41	0.00	0.00%				0.01	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA	
Cash And Pending				3.41	0.00	0.00%				0.01	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA	
US DOLLARS	USD	USD	3	3.41	0.00	0.00%				0.01	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA	
US DOLLARS	USD	USD	3	3.41	0.00	0.00%				0.01	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA	

Portfolio Summary – Taxable Bond Proceeds Investment Pool

Summary

- The Taxable Bond Proceeds Investment Pool closed the month of November at \$522Mil, lower than \$545Mil on October 31st.
- The Pool experienced some withdrawals however the pace is moderating.

Portfolio Mix

- 93% of the Taxable BPIP portfolio is invested in fixed income securities; 60% in US Treasury and Agency securities, 29% in securities that are backed by the FDIC, 4% in corporates, and the balance, approximately 7%, is held in cash equivalents such as the LGIP.
- 32% of the portfolio is invested in securities that mature in one year, 39% in securities that mature from 1-2 years, 24% in securities that mature from 2-4 years and 5% out to 5 years.
- The Taxable BPIP held positions in 44 securities.
- Weighted Average Life of the Taxable BPIP is 1.72 years. The Weighted Average duration is 1.51 years.
- The maximum security term for the BPIP portfolio is 5 years.

Market Value and Investment Earnings

- The unrealized gains in the Taxable BPIP Portfolio were \$3.0 million as of November 30th.
- Monthly Earnings on the portfolio were approximately \$530 thousand.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Performance

- Purchase Yield was stable and Average Term of the fund lengthened by 0.18 years.

Investment Strategy

- The Bond Proceeds Funds have begun to stabilize with regard to withdrawals and will be the beneficiaries of incoming cash.
- The Taxable Fund should receive \$115mil at the end of December.
- We will invest these funds in US Government Agency bullet and callable securities while maintaining enough liquidity to cover any project withdrawals.
- We are targeting \$50 to \$75mil in liquidity for these portfolios utilizing a combination of LGIP holdings, repurchase agreements and highly rated (A1/P1) commercial paper.

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

Portfolio Classification Summary

Positions Held as of 11/30/11

TXN BASIS: TRADE

MKT-SOURCE: IDC-PREFERRED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
CERTIFICATES OF DEPOSIT	6	.7361	.55269	7,200,000	7,200,000	7,200,000		1.378
LINKED-CERTIFICATE OF DEPOSIT	2	.5500	.65750	4,000,000	4,000,000	4,000,000		.766
U.S. TREASURY NOTES	11	.8432	1.89067	150,000,000	151,063,869	152,820,200	1,756,331	29.252
CORPORATE BONDS	2	5.3744	.75527	15,000,000	15,044,555	15,294,550	249,995	2.928
CORPORATE BONDS (FRN QUARTERLY)	1	1.1788	.00270	5,000,000	5,000,000	5,000,000		.957
TEMP CORP CU STABILIZATION FND	2	1.9051	.90047	30,000,000	29,974,700	30,469,100	494,400	5.832
FED HOME LOAN BANKS	1	4.0961	.27400	16,555,000	16,518,450	16,695,883	177,433	3.196
FED HOME LOAN MORTGAGE CORP BDS	2	1.4534	3.06882	45,000,000	45,817,165	45,697,950	-119,215	8.747
FED NATL MORTGAGE ASSN DEBS	8	.9514	1.63472	95,110,000	97,678,857	97,646,989	-31,868	18.691
TLGP SECURITIES - FDIC	5	1.2839	.66700	105,155,000	106,045,611	106,489,936	444,325	20.384
TLGP SECURITIES-FDIC VAR RT NT4X	1	.5424	.28490	15,000,000	15,000,000	15,022,950	22,950	2.876
MONEY MARKET	2		.00274	21,057,703	21,057,703	21,057,703		4.031
UNITS - REPURCHASE POOL	1	.1200	.00274	5,025,458	5,025,458	5,025,458		.962
	<u>44</u>	<u>1.2529</u>	<u>1.41686</u>	<u>514,103,161</u>	<u>519,426,368</u>	<u>522,420,719</u>	<u>2,994,351</u>	<u>100.000</u>

Fixed Income - Standard Report (Monthly) New Mexico State Treasurers Office (06677) November 2011

Account / Holdings	Market Value	Cost	% of Total	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	S&P Quality Rating
TAXABLE BOND PROCEEDS(10933900)	523,551,728.00	520,418,738.27	100.00%	1.89	1.67	33.09	0.98	0.64	1.51	(0.12)	1.72	0.64		
Fixed Income + Cash and Cash Equivalent	523,551,726.03	520,418,738.27	100.00%	1.89	1.67	33.09	0.98	0.64	1.51	(0.12)	1.72	0.64	Aaa	AA
Fixed Income	488,023,414.85	484,578,527.73	93.21%	2.01	1.78	34.19	1.04	0.67	1.61	(0.13)	1.83	0.67	Agy	AA+
Corperates	15,509,723.61	15,265,150.00	2.96%	5.72	0.73	286.97	0.74	3.05	0.74	0.01	0.75	3.05	A1	A-
Financial Institutions	15,509,723.61	15,265,150.00	2.96%	5.72	0.73	286.97	0.74	3.05	0.74	0.01	0.75	3.05	A1	A-
Government Related	319,340,775.47	317,825,291.80	61.00%	2.23	1.79	38.47	1.55	0.74	1.53	(0.22)	1.85	0.74	Aaa	AA+
Agencies	319,340,775.47	317,825,291.80	61.00%	2.23	1.79	38.47	1.55	0.74	1.53	(0.22)	1.85	0.74	Aaa	AA+
Treasuries	153,172,915.77	151,488,085.93	29.26%	1.16	1.87	(0.33)	0.00	0.26	1.87	0.05	1.90	0.26	Tsy	AA+
Treasuries	153,172,915.77	151,488,085.93	29.26%	1.16	1.87	(0.33)	0.00	0.26	1.87	0.05	1.90	0.26	Tsy	AA+
Cash And Cash Equivalent	35,528,311.18	35,840,210.54	6.79%	0.37	0.19	18.04	0.19	0.22	0.19	0.00	0.20	0.22	A3	BBB+
	35,528,311.18	35,840,210.54	6.79%	0.37	0.19	18.04	0.19	0.22	0.19	0.00	0.20	0.22	A3	BBB+
Cash And Pending	1.97	0.00	0.00%		0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA
	1.97	0.00	0.00%		0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA

Fixed Income - Standard Report (Monthly)
 New Mexico State Treasurers Office (06677)
 November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
TAXABLE BOND PROCEEDS(10933900)				523,551,728.00	520,418,738.27	100.00%	1.89		1.87	33.09	0.98	0.64	1.51	(0.12)	1.72	0.64		97.07	
Fixed Income + Cash and Cash Equivalent				523,551,728.03	520,418,738.27	100.00%	1.89		1.67	33.09	0.98	0.64	1.51	(0.12)	1.72	0.64	Aaa	97.07	AA
Fixed Income				488,023,414.85	484,578,527.73	93.21%	2.01		1.78	34.19	1.04	0.67	1.61	(0.13)	1.83	0.67	Agy	101.80	AA+
Corporates				15,509,723.61	15,265,150.00	2.96%	5.72		0.73	286.97	0.74	3.05	0.74	0.01	0.75	3.05	A1	101.96	A-
Financial Institutions				15,509,723.61	15,265,150.00	2.96%	5.72		0.73	286.97	0.74	3.05	0.74	0.01	0.75	3.05	A1	101.96	A-
GOLDMAN SACHS GROUPD INC 5.7%	38141GCG7	USD	10,000,000	10,362,300.00	10,167,000.00	1.98%	5.70	01/09/2012	0.73	254.09	0.75	2.72	0.75	0.01	0.75	2.72	A1	102.20	A-
MORGAN STANLEY 5.75% 31/AUG/2012	617446V89	USD	5,000,000	5,147,423.61	5,098,150.00	0.98%	5.75	31/08/2012	0.72	353.15	0.74	3.72	0.74	0.01	0.75	3.72	A2	101.50	A-
Government Related				319,340,775.47	317,525,291.80	61.00%	2.23		1.79	38.47	1.55	0.74	1.53	(0.22)	1.85	0.74	Aaa	101.74	AA+
Agencies				319,340,775.47	317,525,291.80	61.00%	2.23		1.79	38.47	1.55	0.74	1.53	(0.22)	1.85	0.74	Aaa	101.74	AA+
FANNIE MAE 5.25% 01/AUG/2012	31359MNU3	USD	5,000,000	5,246,900.00	5,205,900.00	1.00%	5.25	01/08/2012	0.66	35.66	0.66	0.47	0.66	0.01	0.67	0.47	Aa2	103.19	A
FED NATL MTG ASSN 5.12% 02/JAN/2014	31359MTP8	USD	22,710,000	25,103,902.10	24,998,925.20	4.79%	5.12	02/01/2014	1.97	60.23	1.98	0.88	1.97	0.05	2.09	0.88	Aa2	108.42	A
FEDERAL NATL MTG ASSN CALL 4%15/APR/2013	3136F8DU4	USD	2,400,000	2,533,610.67	2,392,046.40	0.48%	4.00	15/04/2013	1.34	10.06	1.34	0.31	1.34	0.02	1.38	0.31	Agy	105.06	AA+
FEDERAL HOME LOAN BANKS 3.25% BDS 09/MAR/2012	3133XPCS1	USD	16,555,000	16,818,436.04	16,048,227.20	3.21%	3.25	09/03/2012	0.27	9.36	0.27	0.15	0.27	0.00	0.28	0.15	Agy	100.85	AA+
MORGAN STANLEY & CO INTERNATIONAL FRN 01/DEC/2011	61757UAC4	USD	5,000,000	5,014,857.75	5,000,000.00	0.96%	1.18	01/12/2011	0.00	111.66	0.00	1.17	0.00	0.00	0.00	1.17	Aaa	100.00	AA+
CITIGROUP INC 2.875% GTD BDS 09/DEC/2011 USD1000	17313UAA7	USD	25,000,000	25,351,402.78	25,792,000.00	4.84%	2.86	09/12/2011	0.02	152.28	0.02	1.57	0.02	0.00	0.02	1.57	Aaa	100.03	AA+
HSBC USA INC 3.125% BDS 16/DEC/2011 USD1000	4042EPAAS	USD	15,000,000	15,228,493.75	14,991,450.00	2.91%	3.12	16/12/2011	0.04	100.42	0.04	1.06	0.04	0.00	0.04	1.06	Aaa	100.09	AA+
MORGAN STANLEY FRN 13/MAR/2012 USD1000	61757UAN0	USD	15,000,000	15,040,657.22	15,000,000.00	2.87%	0.54	13/03/2012	0.29	12.64	0.28	0.17	0.04	0.00	0.29	0.17	Aaa	100.15	AA+
GENERAL ELECTRIC CAPITAL CORP SER'G2.125% NTS	36967HAV9	USD	25,155,000	25,925,861.00	25,949,898.00	4.95%	2.12	21/12/2012	1.04	8.63	1.04	0.26	1.04	0.02	1.06	0.26	Aaa	102.12	AA+
CITIGROUP FUNDING INC 2.25% BDS 10/DEC/2012	17313YAJ0	USD	20,000,000	20,644,950.00	20,680,800.00	3.94%	2.25	10/12/2012	1.01	9.25	1.01	0.26	1.01	0.02	1.03	0.26	Aaa	102.16	AA+
US CENTRAL FEDERAL CRED 1.90% 19/OCT/2012	90345AAC6	USD	20,000,000	20,360,533.33	19,987,200.00	3.89%	1.90	19/10/2012	0.88	(3.41)	0.88	0.11	0.88	0.01	0.89	0.11	Aaa	101.58	AA+
CITIBANK NA 1.75% 28/DEC/2012	17314JAT0	USD	20,000,000	20,497,550.00	20,463,200.00	3.92%	1.75	28/12/2012	1.06	7.91	1.06	0.25	1.06	0.02	1.08	0.25	Aaa	101.74	AA+
WESTERN CORP FEDERAL CREDIT UNION SUBORD 1.75%	95806AAB9	USD	10,000,000	10,166,997.22	9,987,500.00	1.94%	1.75	02/11/2012	0.92	9.23	0.92	0.25	0.92	0.01	0.92	0.25	Aaa	101.53	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS 23/SEP/2013	31398A2S0	USD	20,000,000	20,249,377.78	20,190,200.00	3.87%	1.00	23/09/2013	1.80	11.38	1.80	0.37	1.80	0.04	1.81	0.37	Agy	101.06	AA+
FED NATL MORT ASSC 1.25% NTS 27/FEB/2014 USD	3135G0AP8	USD	20,000,000	20,356,677.78	20,277,520.00	3.89%	1.25	27/02/2014	2.20	25.24	2.21	0.56	2.21	0.06	2.24	0.56	Agy	101.46	AA+
FED HOME LOAN MTG 2% BDS 25/AUG/2016 USD1000	3137EACW7	USD	25,000,000	25,912,083.33	25,870,425.00	4.95%	2.00	25/08/2016	4.50	40.17	4.52	1.27	4.50	0.23	4.74	1.27	Agy	103.12	AA+
FEDERAL NATIONAL MORTGAGE ASSOC 1.35% NTS	3136FR3N1	USD	25,000,000	24,962,062.50	25,000,000.00	4.77%	1.35	20/09/2016	4.62	36.65	2.88	1.47	2.85	(1.92)	4.81	1.47	Agy	99.58	AA+
FEDERAL HOME LN MTG CORP CALL1.625%23/NOV/2016	3134G3BT6	USD	20,000,000	19,926,422.22	19,980,000.00	3.81%	1.62	23/11/2016	4.76	48.24	2.98	1.71	2.96	(1.60)	4.96	1.71	Agy	99.60	AA+
Treasuries				153,172,915.77	151,488,085.93	29.26%	1.16		1.87	(0.33)	0.00	0.26	1.87	0.05	1.90	0.26	Tsy	101.91	AA+
Treasuries				153,172,915.77	151,488,085.93	29.26%	1.16		1.87	(0.33)	0.00	0.26	1.87	0.05	1.90	0.26	Tsy	101.91	AA+
US 1.87500 '14	912828KF6	USD	40,000,000	41,598,760.44	41,123,437.50	7.95%	1.88	28/02/2014	2.20	0.13	0.00	0.30	2.20	0.06	2.25	0.30	Tsy	103.52	AA+
US 1.87500 '14	912828KN9	USD	10,000,000	10,388,668.41	10,174,216.75	1.98%	1.88	30/04/2014	2.37	(0.54)	0.00	0.32	2.36	0.07	2.42	0.32	Tsy	103.73	AA+
US 2.25000 '14	912828KV1	USD	10,000,000	10,475,614.75	10,279,687.50	2.00%	2.25	31/05/2014	2.44	(0.33)	0.00	0.34	2.45	0.07	2.50	0.34	Tsy	104.75	AA+
US 1.00000 '13	912828NN6	USD	10,000,000	10,161,571.74	10,019,531.25	1.94%	1.00	15/07/2013	1.61	(0.40)	0.00	0.23	1.61	0.03	1.62	0.23	Tsy	101.24	AA+
US 0.75000 '13	912828NU0	USD	30,000,000	30,323,732.61	29,931,250.00	5.79%	0.75	15/08/2013	1.70	(0.11)	0.00	0.24	1.69	0.04	1.71	0.24	Tsy	100.86	AA+

Fixed Income - Standard Report (Monthly)
New Mexico State Treasurers Office (06677)
November 2011

Account / Holdings	Security ID	Currency ID	Units	Market Value	Cost	% of Total	Coupon Rate	Maturity Date	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield To Maturity	Moody Quality Rating	Market Price	S&P Quality Rating
US 0.50000 '13	912828PB0	USD	5,000,000	5,025,460.38	4,991,601.56	0.96%	0.50	15/10/2013	1.86	0.22	0.00	0.26	1.86	0.04	1.87	0.26	Tsy	100.44	AA+
US 0.62500 '13	912828QK9	USD	5,000,000	5,035,448.35	4,990,234.37	0.96%	0.62	28/02/2013	1.24	(1.17)	0.00	0.19	1.24	0.02	1.25	0.19	Tsy	100.55	AA+
US 0.50000 '13	912828QZ6	USD	20,000,000	20,085,473.22	20,017,187.50	3.84%	0.50	31/05/2013	1.49	(0.84)	0.00	0.22	1.49	0.03	1.50	0.22	Tsy	100.43	AA+
US 0.37500 '13	912828RA0	USD	20,000,000	20,078,185.87	19,960,937.50	3.83%	0.38	30/06/2013	1.58	(0.89)	0.00	0.23	1.58	0.03	1.58	0.23	Tsy	100.23	AA+
Cash And Cash Equivalent				35,528,311.18	35,840,210.54	6.79%	0.37		0.19	18.04	0.19	0.22	0.19	0.00	0.20	0.22	A3	32.15	BBB+
				35,528,311.18	35,840,210.54	6.79%	0.37		0.19	18.04	0.19	0.22	0.19	0.00	0.20	0.22	A3	32.15	BBB+
RESERVE FUND PRIMARY FUND SER'12	761056373	USD	364,084	0.04	345,281.95	0.00%											N/A	0.00	N/A
WESTERN BANK ALAMOGORDO	9PV991AE1	USD	600,000	602,151.31	600,000.00	0.12%	2.00	01/07/2012	0.59	15.15	0.59	0.33	0.59	0.01	0.59	0.33	Aa1	100.04	AA
LGIP POOL PARTICIPANT	892998X00	USD	19,269,470	19,274,039.60	19,269,470.39	3.68%	0.22										Aaa	1.00	AAA
WESTERN COMMERCE BANK	9PV996AD2	USD	2,000,000	2,005,868.48	2,000,000.00	0.38%	0.70	15/06/2012	0.54	62.00	0.54	0.70	0.54	0.01	0.54	0.70	NR	100.00	NR
WESTERN BANK CLOVIS	9PV99WAE3	USD	2,000,000	2,006,041.10	2,000,000.00	0.38%	0.75	05/07/2012	0.59	66.00	0.59	0.75	0.59	0.01	0.60	0.75	NR	100.00	NR
WESTERN BANK ALAMOGORDO	9PV991AF8	USD	1,000,000	1,002,876.72	1,000,000.00	0.19%	0.75	13/07/2012	0.62	65.00	0.62	0.75	0.62	0.01	0.62	0.75	NR	100.00	NR
WESTERN BANK CLOVIS 0.75% 19/JUL/2012	9PV99WAF0	USD	600,000	601,652.05	600,000.00	0.11%	0.75	19/07/2012	0.63	65.00	0.63	0.75	0.63	0.01	0.64	0.75	NR	100.00	NR
WESTERN BANK ALAMOGORDO	9PV991AG6	USD	1,000,000	1,002,609.60	1,000,000.00	0.19%	0.75	26/07/2012	0.65	65.00	0.65	0.75	0.65	0.01	0.66	0.75	NR	100.00	NR
WESTERN COMMERCE BANK	9PV996AE0	USD	4,000,000	4,007,594.54	4,000,000.00	0.77%	0.55	27/07/2012	0.66	45.00	0.66	0.55	0.66	0.01	0.66	0.55	NR	100.00	NR
REPO BANK OF NEW YORK/SOUTH STREET SECS	99BX40071	USD	5,025,458	5,025,477.74	5,025,458.20	0.96%	0.14	01/12/2011		5.00	0.00	0.14	0.00	0.00	0.00	0.14	Aaa	0.00	AAA
Cash And Pending				1.97	0.00	0.00%			0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA
				1.97	0.00	0.00%			0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA
US DOLLARS	USD	USD	2	1.97	0.00	0.00%			0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	0.00	AAA

Portfolio Summary – Severance Tax Bonding Fund

Summary

- The Severance Tax Bonding Fund closed the month of November at \$226Mil.

Portfolio Mix

- Severance Tax Bonding Fund Proceeds are invested in the LGIP and overnight repo.
- Severance Taxes are remitted to the Treasury on a monthly basis and are approximately \$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.

Investment Strategy

- We have utilized overnight repurchase agreements for the deposits we received in November and will continue to do so in December.
- High quality A1/P1 commercial paper may also be a viable investment for this Fund.
- The Severance Tax Bonding Fund will need to pay debt service on January 1, 2012 of about \$14.6mil.
- There will also be a withdrawal of \$115mil at the end of December.

STATE OF NEW MEXICO

STB FUND (4001)

Portfolio Classification Summary

Positions Held as of 11/30/11

TXN BASIS: TRADE

MKT-SOURCE: IDC-PREFERED+

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
MONEY MARKET	1			180,068,822	180,068,822	180,068,822		79.652
UNITS - REPURCHASE POOL	1	.1200	.00274	46,001,218	46,001,218	46,001,218		20.348
	2	.0244	.00274	226,070,040	226,070,040	226,070,040		100.000

Investment Accounting Reports

Attached are detailed Investment Accounting Reports for each of the portfolios managed by the State Treasurer's Office:

Portfolio Inventory Report

Summary of Fixed Income Purchases and Sales

The following reports will also be provided if applicable and identified in the Compliance Section of the STIC Report:

Sales transactions resulting in Book Loss

Transaction Errors

Trades between Portfolios

Changed Allocations Report

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: HANGES
 RUN: 12/21/11 @ 11:57:58
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 11/30/11
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
1,217,093	THE RESERVE	BPIPXX02	5.340			1.000000	1,217,093.13	1,217,093.00
17,615,540	BPIP#1 TA AS LGIP POOL PARTICIP	BP1LGIP	.225			1.000000	17,615,539.91	17,615,540.00
11,103,845	REPO UNITS FBO BOND PROCEEDS INV	UNITREPO				1.000000	11,103,844.75	11,103,845.00
29,936,478							29,936,477.79	29,936,478.00

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

10,000,000	MORGAN STANLEY	61757UAC	3.067	12/01/11	1.179	100.000000	10,000,000.00	10,000,000.00
20,000,000	JP MORGAN	481247AA	3.125	12/01/11	1.646	103.549000	20,000,000.00	20,000,000.00
22,000,000	STRAIGHT-A FUNDING	86257M3B	.190	12/09/11	.193	99.953556	21,999,071.11	21,999,071.11
52,000,000					.941		51,999,071.11	51,999,071.11

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2011 <====

25,000,000	MORGAN STANLEY	61757UAN	1.526	3/13/12	.542	100.000000	25,000,000.00	25,038,250.00
25,000,000	BANK OF AMERICA	06050BAG	2.100	4/30/12	1.982	100.399000	25,014,520.18	25,215,250.00
25,000,000	CITIGROUP INC	17313UAE	2.125	4/30/12	1.976	100.480700	25,017,699.31	25,211,500.00
25,000,000	BANK OF AMERICA	06050BAA	3.125	6/15/12	2.004	103.285000	25,152,950.78	25,413,500.00
25,000,000	WELLS FARGO & COMPANY	949744AC	2.125	6/15/12	1.995	100.447800	25,020,843.92	25,275,500.00
30,000,000	MORGAN STANLEY	61757UAJ	1.573	6/20/12	.709	100.000000	30,000,000.00	30,102,000.00
50,000,000	CITIGROUP INC	17313YAJ	2.250	12/10/12	.759	103.400000	50,764,841.29	51,078,000.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM MARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

STATE OF NEW MEXICO
TREASURER'S OFFICE

PAGE: 2

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
50,000,000	GENERAL ELECTRIC CAP CORP.	36967HAY	2.625	12/28/12	.759	104.341000	51,002,276.59	51,343,000.00
255,000,000					1.212		256,973,132.07	258,677,000.00

====> 0008 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	US TREASURY NOTES	912828PR	.625	1/31/13	.377	100.386719	10,028,813.82	10,051,600.00
15,000,000	US TREASURY NOTES	912828MX	1.750	4/15/13	.715	102.664063	15,211,477.10	15,318,750.00
25,000,000	FEDERAL NATL MTG ASSN DEBS	31359MRK	4.625	5/01/13	.550	106.923000	26,438,475.46	26,404,750.00
50,000,000					.565		51,678,766.38	51,775,100.00

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

15,000,000	US TREASURY NOTES	912828KF	1.875	2/28/14	.986	103.035156	15,295,568.90	15,528,450.00
15,000,000					.986		15,295,568.90	15,528,450.00

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

20,000,000	FEDERAL HOME LOAN MTG CORP	3137EACW	2.000	8/25/16	1.160	104.117000	20,786,468.27	20,623,000.00
20,000,000					1.160		20,786,468.27	20,623,000.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
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====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

-----	421,936,478				-----	1.005	-----	426,669,484.52 428,539,099.11
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====> 0019 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> BOND PROCEEDS INV POOL1 TAX EX <

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: HANGES
 RUN: 12/21/11 @ 11:57:58

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

BASIS: TRADE (SIC FROM MARKET-LIBRARY)
 AS-OF: 11/30/11
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
1,788,233	THE RESERVE	BPIP2RES	5.430			1.000000	1,788,233.27	1,788,233.00
19,269,470	BPIP#2 TE AS LGIP POOL PARTICIP	BP2LGIP	.225			1.000000	19,269,470.39	19,269,470.00
5,025,458	REPO UNITS BPIP #2	UNITREPO				1.000000	5,025,458.20	5,025,458.00

26,083,161							26,083,161.86	26,083,161.00

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

5,000,000	MORGAN STANLEY	61757UAC	3.067	12/01/11	1.179	100.000000	5,000,000.00	5,000,000.00
25,000,000	CITIGROUP INC	17313UAA	2.875	12/09/11	1.528	103.168000	25,007,482.49	25,008,000.00
15,000,000	HSBC USA INC	4042EPAA	3.125	12/16/11	3.189	99.943000	14,999,594.00	15,013,650.00
600,000	WESTERN BANK ALAMOGORDO	81185441	.750	12/27/11	.750	100.000000	600,000.00	600,000.00

45,600,000					2.026		45,607,076.49	45,621,650.00

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2011 <====

16,555,000	FEDERAL HOME LOAN BANK	3133XPCS	3.250	3/09/12	4.096	97.381000	16,518,451.69	16,695,883.05
15,000,000	MORGAN STANLEY	61757UAN	1.526	3/13/12	.542	100.000000	15,000,000.00	15,022,950.00
2,000,000	WESTERN COMMERCE BANK	2012462	.700	6/15/12	.700	100.000000	2,000,000.00	2,000,000.00
2,000,000	WESTERN BANK CLOVIS	15866000	.750	7/05/12	.750	100.000000	2,000,000.00	2,000,000.00
1,000,000	WESTERN BANK ALAMOGORDO	81186340	.750	7/13/12	.750	100.000000	1,000,000.00	1,000,000.00
600,000	WESTERN BANK CLOVIS	15894000	.750	7/19/12	.750	100.000000	600,000.00	600,000.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: HANGES
 RUN: 12/21/11 @ 11:57:58
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 11/30/11
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
1,000,000	WESTERN BANK ALAMOGORDO	10000000	.750	7/26/12	.750	100.000000	1,000,000.00	1,000,000.00
2,000,000	WESTERN COMMERCE BANK	20124770	.550	7/27/12	.550	100.000000	2,000,000.00	2,000,000.00
2,000,000	WESTERN COMMERCE BANK	20124780	.550	7/27/12	.550	100.000000	2,000,000.00	2,000,000.00
5,000,000	FEDERAL NATL MTG ASSN DEBS	31359MNU	5.250	8/01/12	.367	104.118000	5,162,563.59	5,159,400.00
5,000,000	MORGAN STANLEY	617446V8	5.750	8/31/12	5.364	101.963000	5,016,868.96	5,074,750.00
10,000,000	GOLDMAN SACHS GROUP INC	38141GCG	5.700	9/01/12	5.380	101.670000	10,027,666.70	10,219,800.00
20,000,000	US CENTRL FEDCU TEMP CU STBL FND	90345AAC	1.900	10/19/12	1.949	99.936000	19,987,200.00	20,316,200.00
10,000,000	WESTERN CORP FED CREDIT UNION	95806AAB	1.750	11/02/12	1.818	99.875000	9,987,500.00	10,152,900.00
20,000,000	CITIGROUP INC	17313YAJ	2.250	12/10/12	.757	103.404000	20,306,348.89	20,431,200.00
25,155,000	GENERAL ELECTRIC CAP CORP	36967HAV	2.125	12/21/12	.758	103.160000	25,518,462.34	25,688,286.00
20,000,000	CITIGROUP INC	17314JAT	1.750	12/28/12	.759	102.316000	20,213,910.41	20,348,800.00
-----	-----	-----	-----	-----	-----	-----	-----	-----
157,310,000					1.723		158,338,972.58	159,710,169.05

====> 0017 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

5,000,000	US TREASURY NOTES	912828QK	.625	2/28/13	.724	99.804688	4,993,857.88	5,027,550.00
2,400,000	FEDERAL NATL MTG ASSN DEBS	3136F9DU	4.000	4/15/13	4.136	99.668600	2,397,402.47	2,521,344.00
20,000,000	US TREASURY NOTES	912828QZ	.500	5/31/13	.454	100.085938	20,013,712.34	20,085,200.00
20,000,000	US TREASURY NOTES	912828RA	.375	6/30/13	.474	99.804688	19,968,833.66	20,046,800.00
10,000,000	US TREASURY NOTES	912828NN	1.000	7/15/13	.914	100.195313	10,013,796.32	10,123,800.00
20,000,000	US TREASURY NOTES	912828NU	.750	8/15/13	.789	99.886719	19,986,768.38	20,171,800.00
10,000,000	US TREASURY NOTES	912828NU	.750	8/15/13	.946	99.539063	9,966,876.85	10,085,900.00
20,000,000	FEDERAL NATL MTG ASSN DEBS	31398A2S	1.000	9/23/13	.572	100.951000	20,156,871.93	20,211,600.00
5,000,000	US TREASURY NOTES	912828PB	.500	10/15/13	.575	99.832031	4,993,025.73	5,022,250.00
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112,400,000					.719		112,491,145.56	113,296,244.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: HANGES
 RUN: 12/21/11 @ 11:57:58
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 11/30/11
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
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====> 0009 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <====

14,260,000	FEDERAL NATL MTG ASSN DEBS	31359MTP	5.125	1/02/14	.828	110.102000	15,528,009.63	15,460,692.00
8,450,000	FEDERAL NATL MTG ASSN DEBS	31359MTP	5.125	1/02/14	.854	110.040000	9,196,777.57	9,161,490.00
6,000,000	FEDERAL NATL MTG ASSN DEBS	3135GOAP	1.250	2/27/14	.725	101.387600	6,071,153.33	6,071,153.33
14,000,000	FEDERAL NATL MTG ASSN DEBS	3135GOAP	1.250	2/27/14	.725	101.387600	14,166,024.44	14,166,024.44
20,000,000	US TREASURY NOTES	912828KF	1.875	2/28/14	.985	103.039063	20,394,540.80	20,704,600.00
20,000,000	US TREASURY NOTES	912828KF	1.875	2/28/14	1.030	102.578125	20,374,351.33	20,704,600.00
10,000,000	US TREASURY NOTES	912828KN	1.875	4/30/14	1.298	101.742188	10,136,695.76	10,372,700.00
10,000,000	US TREASURY NOTES	912828KV	2.250	5/31/14	1.346	102.796875	10,221,267.66	10,475,000.00
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102,710,000					.974		106,088,820.52	107,116,259.77

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

25,000,000	FEDERAL HOME LOAN MTG CORP	3137EACW	2.000	8/25/16	1.295	103.481700	25,827,447.95	25,778,750.00
25,000,000	FEDERAL NATL MTG ASSN DEBS	3136FR3N	1.350	9/20/16	1.369	100.000000	25,000,000.00	24,895,500.00
20,000,000	FEDERAL HOME LOAN MTG CORP	3134G3BT	1.625	11/23/16	1.658	99.950000	19,990,448.05	19,919,200.00
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70,000,000					1.424		70,817,896.00	70,593,450.00

====> 0003 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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

PAGE: 7

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
514,103,161					1.252		519,427,073.01	522,420,933.82

==> 0044 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL2 TAXABL <

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: HANGES
 RUN: 12/21/11 @ 11:57:58
 BASIS: TRADE (SIC FROM QMARKET-LIBRARY)
 AS-OF: 11/30/11
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
2,870,674	THE RESERVE GF MMKT	GFRESERV	5.090			1.000000	2,870,674.23	2,870,674.00
10,026,495	GF LIQ AS LGIP POOL PARTICIPANT	GFINLGIP	.234			1.000000	10,026,494.94	10,026,495.00
519,985,157	REPO UNITS FBO GENERAL FUND	UNITREPO				1.000000	519,985,157.14	519,985,157.00
532,882,326							532,882,326.31	532,882,326.00

====> 0003 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

8,000,000	CENTURY BANK SANTA FE	17099241	.500	12/28/11	.500	100.000000	8,000,000.00	8,000,000.00
8,000,000					.500		8,000,000.00	8,000,000.00

====> 0001 ITEMS IN SUBTOTAL FOR ==== FINAL-MATURITY.. ====> 2011 <====

1,000,000	FARMERS & STOCKMENS BANK	85212490	.800	1/20/12	.800	100.000000	1,000,000.00	1,000,000.00
250,000	GUADALUPE CREDIT UNION	73560500	.750	3/26/12	.750	100.000000	250,000.00	250,000.00
8,000,000	CENTURY BANK SANTA FE	17099245	.550	3/28/12	.550	100.000000	8,000,000.00	8,000,000.00
2,000,000	MY BANK BELEN	63000013	.350	4/17/12	.350	100.000000	2,000,000.00	2,000,000.00
2,000,000	BANK OF LAS VEGAS	1622495	.550	5/07/12	.550	100.000000	2,000,000.00	2,000,000.00
8,000,000	CENTURY BAN SANTA FE	17099247	.590	6/28/12	.590	100.000000	8,000,000.00	8,000,000.00
3,000,000	BANK OF LAS VEGAS	16225130	1.000	6/29/12	1.000	100.000000	3,000,000.00	3,000,000.00
1,000,000	FARMERS & STOCKMENS	85212970	1.000	7/20/12	1.000	100.000000	1,000,000.00	1,000,000.00
5,000,000	BANK OF LAS VEGAS	16225630	.755	9/21/12	.755	100.000000	5,000,000.00	5,000,000.00
30,250,000					.651		30,250,000.00	30,250,000.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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

PAGE: 9

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
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====> 0009 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2012 <====

20,000,000	INTL BK RECON & DEVELOP CB QRTLY 45905UJZ		.460	1/02/13	.464	100.000000	20,000,000.00	20,000,000.00
20,000,000					.464		20,000,000.00	20,000,000.00

====> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <====

591,132,326					.056		591,132,326.31	591,132,326.00
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====> 0014 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> GENERAL FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

STATE OF NEW MEXICO
TREASURER'S OFFICE

PAGE: 10

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
1,456,436	GF CORE MONEY MKT	RESCORE	5.030			1.000000	1,456,435.81	1,456,436.00
1,296	GF CORE AS LGIP POOL PARTICIPANT	GFCORE	.237			1.000239	1,296.31	1,296.00
74,153,850	GENERAL FUND CORE	UNITREPO				1.000000	74,153,849.78	74,153,850.00
75,611,582							75,611,581.90	75,611,582.00

====> 0003 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> NO-MEANINGFUL-DATE <====

25,000,000	US TREASURY NOTE	912828MQ	.875	2/29/12	.909	99.933594	24,997,779.08	25,051,750.00
10,000,000	MORGAN STANLEY	617446HC	6.600	4/01/12	5.627	104.142000	10,032,366.22	10,064,800.00
2,890,000	NMFA SENIOR LIEN	64711NNU	2.000	6/01/12	.507	101.544000	2,911,620.95	2,903,409.60
790,000	NMFA REVENUE	64711NPV	2.000	6/01/12	.507	101.121000	795,910.22	795,040.20
10,000,000	FEDERAL HOME LOAN BANK	3133XKSK	4.875	6/08/12	3.545	105.578000	10,070,297.99	10,222,200.00
25,000,000	US TREASURY NOTE	912828KX	1.875	6/15/12	1.084	101.746094	25,105,798.76	25,240,250.00
1,570,000	NEW MEXICO STB REF A-1	647310N2	2.000	7/01/12	.213	101.018000	1,585,982.60	1,584,758.00
5,800,000	SANTA FE NM PSD G02011	802088JT	3.000	8/01/12	.527	103.434000	5,895,578.19	5,905,966.00
1,100,000	LOS ALAMOS NM PSD	54422NCN	2.000	8/01/12	.406	101.524000	1,111,703.57	1,111,132.00
2,675,000	RIO RANCHO NM PSD	767171LG	2.000	8/01/12	.355	101.545000	2,704,359.84	2,702,071.00
1,000,000	FANNIE MAE	3136F7GV	5.000	8/02/12	3.659	105.777000	1,009,069.20	1,031,540.00
2,385,000	GADSDEN NM ISD	362550KS	2.000	8/15/12	.305	101.361000	2,413,533.80	2,410,543.35
570,000	ESPANOLA NM PSD	29662RAJ	2.000	9/01/12	.386	101.314000	576,903.42	576,480.90
13,380,000	FEDERAL HOME LOAN BANK	3133XLX7	5.000	9/14/12	3.578	106.282000	13,530,567.58	13,867,968.60
7,000,000	FEDERAL HOME LOAN BANK	3133XLX7	5.000	9/14/12	3.757	105.203000	7,069,152.58	7,255,290.00
25,000,000	US TREASURY NOTE	912828LM	1.375	9/15/12	1.231	100.351562	25,028,032.46	25,245,000.00
525,000	LOVINGTON NM PSD	547473DA	2.000	10/01/12	.508	101.311000	531,534.83	531,625.50

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
5,000,000	FEDERAL FARM CREDIT BANK	31331X3S	4.500	10/17/12	3.543	104.377000	5,042,932.60	5,185,950.00
25,000,000	CITIGROUP FUNDING INC	17313YAL	1.875	10/22/12	.789	102.358000	25,243,145.02	25,394,750.00
10,000,000	ABBOTT LABORATORIES	002819AA	5.150	11/30/12	5.230	99.961000	9,997,799.36	10,457,000.00
15,000,000	FEDERAL HOME LOAN BANK	3133XDTB	4.875	12/14/12	3.661	105.654000	15,190,909.10	15,701,850.00
25,000,000	US TREASURY NOTE	912828MB	1.125	12/15/12	1.327	99.453125	24,948,065.77	25,249,000.00

214,685,000					2.031		215,793,043.14	218,488,375.15

====> 0022 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

10,000,000	US TREASURY NOTES	912828PR	.625	1/31/13	.450	100.296875	10,020,316.82	10,051,600.00
550,000	BERNALILLO COUNTY	085275B5	4.000	2/01/13	.507	104.606000	572,362.04	572,599.50
10,000,000	US TREASURY NOTES	912828QK	.625	2/28/13	.478	100.261719	10,018,249.00	10,055,100.00
5,000,000	FEDERAL HOME LOAN BANK	3133XPNZ	3.500	3/08/13	3.882	98.546700	4,979,598.98	5,201,350.00
15,000,000	US TREASURY NOTE	912828QL	.750	3/31/13	.506	100.453125	15,048,459.42	15,111,300.00
20,000,000	US TREASURY NOTE	912828QE	.625	4/30/13	.536	100.171875	20,025,043.57	20,120,400.00
10,000,000	US TREASURY NOTE	912828NC	1.375	5/15/13	.549	101.636719	10,119,618.80	10,167,200.00
5,000,000	STATE OF CONNECTICUT-GO BONDS	20772JBS	1.720	5/15/13	1.003	101.410000	5,052,681.65	5,085,500.00
2,000,000	NMFA SENIOR LIEN	64711NNV	2.000	6/01/13	1.014	102.007000	2,029,702.48	2,023,760.00
3,605,000	NMFA REVENUE	64711NPA	2.000	6/01/13	.356	102.875000	3,693,857.60	3,685,535.70
760,000	NMFA REVENUE	64711NPW	2.000	6/01/13	.660	102.344000	775,279.03	773,246.80
10,000,000	FEDERAL HOME LOAN BANK	3133XXYX	1.875	6/21/13	.851	102.225000	10,159,756.38	10,234,700.00
3,225,000	NEW MEXICO STB REF A-1	64731ON3	4.000	7/01/13	.437	105.577000	3,404,858.25	3,401,697.75
475,000	LOS ALAMOS NM PSD	54422NCP	2.000	8/01/13	.558	102.816000	486,409.65	486,547.25
500,000	RIO RANCHO NM PSD	767171LH	2.000	8/01/13	.558	102.792000	512,010.16	511,740.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

STATE OF NEW MEXICO
TREASURER'S OFFICE

PAGE: 12

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
20,000,000	FANNIE MAE	3135GOBR	.500	8/09/13	.588	99.830000	19,973,131.40	20,044,200.00
2,245,000	GADSDEN NM ISD	362550KT	2.000	8/15/13	.608	102.506000	2,298,244.69	2,298,790.20
1,100,000	ESPANOLA NM PSD	29662RAK	2.000	9/01/13	.710	102.338000	1,124,824.38	1,124,057.00
10,000,000	US TREASURY NOTE	912828NY	.750	9/15/13	.541	100.453125	10,037,136.26	10,089,100.00
900,000	LOVINGTON NM PSD	547473DB	2.000	10/01/13	.710	102.420000	921,272.48	923,778.00
10,000,000	FEDERAL HOME LOAN BANK	313371UC	.875	12/27/13	1.110	99.419000	9,955,031.24	10,085,900.00
140,360,000					.733		141,207,844.28	142,048,102.20

==> 0021 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <==

13,000,000	FEDERAL NATL MTG ASSN DEBS	31359MTP	5.125	1/02/14	.828	110.102000	14,155,969.51	14,094,600.00
20,000,000	US TREASURY NOTE	912828JZ	1.750	1/31/14	.666	102.750000	20,465,333.52	20,629,600.00
570,000	BERNALILLO COUNTY	085275B6	3.000	2/01/14	.710	105.288000	598,138.51	598,728.00
20,000,000	US TREASURY NOTE	912828QH	1.250	2/15/14	1.413	99.523438	19,929,315.65	20,418,800.00
20,000,000	US TREASURY NOTES	912828KF	1.875	2/28/14	1.398	101.414063	20,210,169.21	20,704,600.00
20,000,000	US TREASURY NOTES	912828KF	1.875	2/28/14	.703	103.066406	20,521,625.60	20,704,600.00
15,000,000	US TREASURY NOTE	912828KJ	1.750	3/31/14	.729	102.753906	15,353,225.02	15,505,050.00
20,000,000	US TREASURY NOTES	912828KN	1.875	4/30/14	1.476	101.242188	20,188,529.82	20,745,400.00
20,000,000	US TREASURY NOTES	912828KV	2.250	5/31/14	1.509	102.367188	20,361,866.06	20,950,000.00
3,060,000	NMFA SENIOR LIEN	64711NNW	3.000	6/01/14	1.490	104.522000	3,174,507.78	3,178,391.40
3,615,000	NMFA REVENUE	64711NPB	2.000	6/01/14	.456	104.231000	3,754,140.64	3,729,631.65
770,000	NMFA REVENUE	64711NPX	2.000	6/01/14	1.014	102.705000	788,964.59	785,823.50
20,000,000	US TREASURY NOTE	912828QS	.750	6/15/14	.771	99.937500	19,989,452.88	20,206,200.00
4,780,000	NEW MEXICO STB REF A-1	647310N4	4.000	7/01/14	.710	108.388000	5,180,946.40	5,179,225.60

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

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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-COST	CURRENT BK	LOC-MKT-VALUE
9,810,000	NEW MEXICO STB REF A-1	647310P4	4.000	7/01/14	.710	108.388000	10,632,862.80	10,633,745.70
15,000,000	US TREASURY NOTE	912828LC	2.625	7/31/14	1.513	103.722656	15,434,029.36	15,900,000.00
325,000	LOS ALAMOS NM PSD	54422NCQ	2.000	8/01/14	.811	103.497000	335,268.10	335,461.75
2,005,000	GADSDEN NM ISD	362550KU	2.000	8/15/14	.862	103.177000	2,066,532.01	2,058,312.95
1,120,000	ESPANOLA NM PSD	29662RAL	2.000	9/01/14	.963	102.908000	1,151,839.99	1,150,116.80
935,000	LOVINGTON NM PSD	547473DC	2.000	10/01/14	1.014	102.829000	961,050.54	966,490.80
10,000,000	FREDDIE MAC	3137EACY	.750	11/25/14	.772	99.966000	9,996,759.10	10,006,600.00
20,000,000	FED HOME LN MTG CALL 4X	3134G3BL	1.000	12/05/14	1.000	100.000000	20,000,000.00	20,000,000.00
239,990,000					1.050		245,250,527.09	248,481,378.15

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

20,000,000	FREDDIE MAC	3134A4VC	4.375	7/17/15	.965	112.629400	22,435,289.07	22,491,400.00
20,000,000	FANNIE MAE	3136FR3F	.950	9/08/15	.963	100.000000	20,000,000.00	19,881,400.00
20,000,000	FREDDIE MAC	3137EACM	1.750	9/10/15	1.015	102.865900	20,553,477.61	20,580,000.00
20,000,000	FEDERAL FARM CR BANKS CALLABLE	31331KZ2	1.330	12/07/15	1.348	100.000000	20,000,000.00	20,000,000.00
80,000,000					1.069		82,988,766.68	82,952,800.00

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

20,000,000	FANNIE MAE	31359MH8	5.000	3/15/16	1.026	117.575100	23,339,075.02	23,184,200.00
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SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
20,000,000	FANNIE MAE	3135GOBA	2.375	4/11/16	1.057	105.962900	21,132,764.37	21,132,764.37
20,000,000	FREDDIE MAC	3137EACT	2.500	5/27/16	1.095	106.523800	21,241,153.34	21,086,000.00
20,000,000	FANNIE MAE	31359MS6	5.375	7/15/16	1.142	120.015700	23,816,760.32	23,744,800.00
20,000,000	FEDERAL HOME LOAN MTG CORP	3137EACW	2.000	8/25/16	1.168	104.085938	20,778,954.92	20,623,000.00
20,000,000	US TREASURY NOTE	912828RF	1.000	8/31/16	.929	100.343750	20,065,738.85	20,106,200.00
20,000,000	FANNIE MAE	3135GOCM	1.250	9/28/16	1.218	100.233200	20,045,722.48	19,860,000.00
20,000,000	FED NATIONAL MTG ASSN DEBS	3136FTQJ	1.625	11/21/16	1.650	99.990000	19,998,062.36	19,915,000.00
160,000,000					1.156		170,418,231.66	169,651,964.37

====> 0008 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

910,646,582					1.165		931,269,994.75	937,234,201.87
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====> 0080 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND CORE <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

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-COST	CURRENT BK	LOC-MKT-VALUE
13,196,209	WF CHECKING NOVEMBER 2011	ONNOV11	.150	12/01/11	.152	99.999996	13,196,208.52	13,196,208.52
3,029,000	STRAIGHT-A FUNDING	86257M3B	.190	12/09/11	.193	99.953556	3,028,872.11	3,028,872.11
213,504,647	BBVA COMPASS BANK ACCOUNT	COMPASBA	.250	12/21/11	.203	100.000000	213,504,647.41	213,504,647.41
851,493	WELLS FARGO SAVINGS ACCT	WFSAVING	.400	12/21/11	.101	100.000000	851,493.00	851,493.00
213,007,161	BANK OF THE WEST	BKOFWEST	.150	12/21/11	.253	100.000000	213,007,160.74	213,007,160.74
55,068,540	US BANK	USBANK	.200	12/21/11	.203	99.999999	55,068,539.63	55,068,539.63
35,000,000	STRAIGHT-A FUNDING LLC	MC7R8GU8	.180	12/28/11	.183	99.957500	34,995,275.00	34,995,275.00

533,657,050					.220		533,652,196.41	533,652,196.41

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2011 <====

10,000,000	US TREASURY NOTE	912828KB	1.125	1/15/12	.397	100.761719	10,008,877.24	10,013,300.00
10,000,000	US TREASURY NOTE	912828KC	1.375	2/15/12	.326	101.105468	10,021,622.40	10,027,700.00
10,000,000	MORGAN STANLEY	61757UAN	.538	3/13/12	.206	100.138000	10,013,800.00	10,015,300.00
15,000,000	US TREASURY NOTE	912828MU	1.000	3/31/12	.320	100.734375	15,033,658.82	15,047,400.00
10,000,000	US TREASURY NOTE	912828MU	1.000	3/31/12	.300	100.738281	10,023,102.36	10,031,600.00
20,000,000	US TREASURY NOTE 2ND	912828NB	1.000	4/30/12	.286	100.742188	20,059,148.08	20,078,200.00
25,000,000	US TREASURY NOTE 2ND	912828KP	1.375	5/15/12	.200	101.023438	25,133,827.07	25,148,500.00
30,000,000	MORGAN STANLEY	61757UAJ	.701	6/20/12	.221	100.329000	30,098,700.00	30,102,000.00
10,000,000	BANK OF NY MELLO BK FLOAT	06405TAA	.406	6/29/12	.242	100.213700	10,021,370.00	10,024,400.00
25,000,000	US TREASURY NOTE 2nd	912828NS	.625	6/30/12	.225	100.398438	25,058,075.51	25,077,250.00
10,000,000	US TREASURY NOTE 2ND	912828NQ	.625	7/31/12	.238	100.417969	10,025,725.13	10,034,800.00
20,000,000	FEDERAL NATL MTG ASSN DEBS	31359MNU	5.250	8/01/12	.367	104.118000	20,650,254.35	20,637,600.00
25,000,000	FHLB	3133XYWB	.875	8/22/12	.207	100.663000	25,121,453.17	25,113,500.00

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

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AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

STATE OF NEW MEXICO
TREASURER'S OFFICE

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
2,700,000	ALLY FINANCIAL INC FLOAT	36186CBG	.350	12/19/12	.181	100.185200	2,705,000.40	2,705,616.00
17,250,000	GEN ELEC CAP CRP GE FLOAT	36967HAU	.247	12/21/12	.254	100.122027	17,271,049.60	17,296,747.50
7,000,000	GEN ELEC CAP CRP GE FLOAT	36967HAU	.247	12/21/12	.283	100.091100	7,006,377.00	7,018,970.00
29,750,000	JPMORGAN CHASE FLOAT	481247AN	.497	12/26/12	.250	100.447500	29,883,131.25	29,887,147.50
276,700,000					.259		278,135,172.38	278,260,031.00

====> 0017 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2012 <====

20,000,000	INTL BK RECON & DEVELOP CB QRTLY	45905UJZ	.460	1/02/13	.464	100.000000	20,000,000.00	20,000,000.00
50,000,000	FEDERAL FARM CR BK FLOATER	31331KF6	.184	6/12/13	.158	100.043700	50,021,142.01	49,930,500.00
70,000,000					.245		70,021,142.01	69,930,500.00

====> 0002 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

880,357,050					.234		881,808,510.80	881,842,727.41
-------------	--	--	--	--	------	--	----------------	----------------

====> 0026 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> LGIP FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

AMRTZD: BOOK VALUES AMORTIZED THROUGH 11/30/11

STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
180,068,822	STBF AS LGIP POOL PARTICIPANT	STBFLGIP	.003			1.000000	180,068,822.49	180,068,822.00
46,001,218	REPO UNITS FBO STB FUND	UNITREPO				1.000000	46,001,218.13	46,001,218.00
226,070,040							226,070,040.62	226,070,040.00

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

226,070,040							226,070,040.62	226,070,040.00
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====> 0002 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> STB FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: HANGES

RUN: 12/21/11 @ 11:57:58

BASIS: TRADE (SIC FROM QMARKET-LIBRARY)

AS-OF: 11/30/11

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STATE OF NEW MEXICO
TREASURER'S OFFICE

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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-COST	CURRENT BK	LOC-MKT-VALUE
=====								
3544245637					.672		3576377430.01	3587239328.21

==> 0185 ITEMS IN SUBTOTAL FOR ==> REPORT..... ==> GRAND-TOTAL <==

STATE OF NEW MEXICO
Summary of Fixed-Income Purchases and Sales
 TRADES During The Period 11/01/11 Through 11/30/11

TXN-DATE	CUSIP#	ASSET-TYPE	INVT#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
<u>PURCHASE TRANSACTIONS</u>													
11/29/11	45905UJZ	CORPORATE BONDS	15714	INTL BK RECON & DEVELOP	.460	1/02/13	.4575	FIRST TENNESSEE	1000	20,000,000.00	20,000,000.00		3/19/12
11/29/11	45905UJZ	CORPORATE BONDS	15711	INTL BK RECON & DEVELOP	.460	1/02/13	.4575	CITI GROUP	4101	20,000,000.00	20,000,000.00		3/19/12
11/29/11	31331KZ2	FED FARM CR BKS	15718	FEDERAL FARM CR BANKS C	1.330	12/07/15	1.3300	VINING	1001	20,000,000.00	20,000,000.00		12/07/12
11/01/11	31331KF6	FED FARM CR BAN	15667	FEDERAL FARM CR BK FLOA	.184	6/12/13	.1815	MORGAN STANLEY	4101	25,000,000.00	25,001,000.00		
11/21/11	31331KF6	FED FARM CR BAN	15667	FEDERAL FARM CR BK FLOA	.184	6/12/13	.1310	MORGAN STANLEY	4101	25,000,000.00	25,020,850.00		
11/18/11	3134G3BT	FED HOME LOAN M	15693	FEDERAL HOME LOAN MTG C	1.625	11/23/16	1.6354	JEFFRIES & CO	4002	20,000,000.00	19,990,000.00		11/23/12
11/29/11	3134G3BL	FED HOME LOAN M	15716	FED HOME LN MTG CALL 4X	1.000	12/05/14	1.0000	BNP PARIBAS	1001	20,000,000.00	20,000,000.00		12/05/12
11/04/11	3135G0CM	FED NATL MORTGA	15673	FANNIE MAE	1.250	9/28/16	1.2008	BANK OF AMERICA	1001	20,000,000.00	20,046,640.00		
11/14/11	3136FTQJ	FED NATL MORTGA	15691	FED NATIONAL MTG ASSN D	1.625	11/21/16	1.6271	JEFFRIES & CO	1001	20,000,000.00	19,998,000.00		11/21/12
11/15/11	36186CBG	TLGP SECURITIES	15688	ALLY FINANCIAL INC FLOA	.350	12/19/12	.1795	BARCLAYS	4101	2,700,000.00	2,705,000.40		
11/15/11	36967HAU	TLGP SECURITIES	15514	GEN ELEC CAP CRP GE FLO	.247	12/21/12	.1618	BANK OF AMERICA	4101	2,300,000.00	2,304,784.00		
11/15/11	647310N2	MUNICIPAL BOND	15702	NEW MEXICO STB REF A-1	2.000	7/01/12	.2102	CHASE	1001	1,570,000.00	1,585,982.60		
11/15/11	647310N3	MUNICIPAL BOND	15703	NEW MEXICO STB REF A-1	4.000	7/01/13	.4305	CHASE	1001	3,225,000.00	3,404,858.25		
11/15/11	647310N4	MUNICIPAL BOND	15704	NEW MEXICO STB REF A-1	4.000	7/01/14	.7002	CHASE	1001	4,780,000.00	5,180,946.40		
11/15/11	647310P4	MUNICIPAL BOND	15705	NEW MEXICO STB REF A-1	4.000	7/01/14	.7002	CHASE	1001	9,810,000.00	10,632,862.80		
15 PURCHASES DURING PERIOD TOTAL.....										214,385,000.00	215,870,924.45		
== GRAND-TOTAL ==>										214,385,000.00	215,870,924.45		

*** END-OF-REPORT ***

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

Fiscal Year 2011-2012

Volume at Par

(\$ in thousands)

<u>Broker/Dealer:</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>YTD Total</u>	<u>YTD Percent</u>
Bank of America/MLPFS	35,000	58,450	50,029	20,000	22,300	-	-	-	-	-	-	-	185,779	12.9%
Bank of Oklahoma (Bk ABQ)	-	-	2,790	-	-	-	-	-	-	-	-	-	2,790	0.2%
Barclays	20,000	-	56,750	50,000	2,700	-	-	-	-	-	-	-	128,450	9.0%
BB&T	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
BMO Capital Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
BNP Paribas	70,000	-	20,000	-	20,000	-	-	-	-	-	-	-	-	0.0%
Cantor Fitzgerald	-	-	-	-	-	-	-	-	-	-	-	-	110,000	7.6%
Citigroup	20,000	27,260	51,635	50,000	20,000	-	-	-	-	-	-	-	-	0.0%
Credit Suisse Securities	110,000	-	-	20,000	-	-	-	-	-	-	-	-	168,895	11.7%
Deutsche Bank	10,000	24,950	10,000	-	-	-	-	-	-	-	-	-	130,000	9.0%
FTN Financial	25,000	-	11,120	-	20,000	-	-	-	-	-	-	-	44,950	3.1%
Gleacher Securities	-	-	-	-	-	-	-	-	-	-	-	-	56,120	3.9%
Goldman Sachs	5,000	-	80,000	-	-	-	-	-	-	-	-	-	-	0.0%
Great Pacific Securities	-	-	-	-	-	-	-	-	-	-	-	-	85,000	5.9%
HSBC	-	-	-	55,000	-	-	-	-	-	-	-	-	-	0.0%
JP Morgan	55,000	20,000	-	-	19,385	-	-	-	-	-	-	-	55,000	3.8%
Jefferies	-	-	40,000	-	40,000	-	-	-	-	-	-	-	94,385	6.5%
MFR	-	-	-	-	-	-	-	-	-	-	-	-	80,000	5.5%
Miller, Tabak Roberts	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Mitsubishi UFJ (Repo)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Morgan Keegan	1,900	9,540	-	2,360	-	-	-	-	-	-	-	-	-	0.0%
Morgan Stanley	-	25,000	-	-	50,000	-	-	-	-	-	-	-	13,800	1.0%
Muriel Siebert & Co.	-	-	-	10,000	-	-	-	-	-	-	-	-	75,000	5.2%
Nomura Securities	20,000	-	-	7,000	-	-	-	-	-	-	-	-	10,000	0.7%
Northern Trust	-	-	-	-	-	-	-	-	-	-	-	-	27,000	1.9%
Oppenheimer	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Piper Jaffrey	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
RBS Greenwich Capital	20,000	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
South Street (Repo Only)	-	-	-	-	-	-	-	-	-	-	-	-	20,000	1.4%
Stifel Financial	3,175	-	20,000	-	-	-	-	-	-	-	-	-	-	0.0%
Stone & Youngberg	-	-	-	-	-	-	-	-	-	-	-	-	23,175	1.6%
UBS Financial	20,000	-	-	3,000	-	-	-	-	-	-	-	-	-	0.0%
Vining Sparks	-	-	-	-	20,000	-	-	-	-	-	-	-	23,000	1.6%
Williams Capital Group	-	-	-	-	-	-	-	-	-	-	-	-	20,000	1.4%
Direct Purchase	-	250	8,000	-	-	-	-	-	-	-	-	-	-	0.0%
Interfund	-	-	-	80,000	-	-	-	-	-	-	-	-	8,250	0.6%
Total	415,075	165,450	350,324	297,360	214,385	-	-	-	-	-	-	-	1,442,594	100.0%
Market type:														
Primary Market	5,075	9,790	63,574	47,360	79,385	-	-	-	-	-	-	-	-	14.2%
Secondary Market	410,000	155,660	286,750	170,000	135,000	-	-	-	-	-	-	-	205,184	14.2%
Interfund	-	-	-	80,000	-	-	-	-	-	-	-	-	1,157,410	80.2%
Total	415,075	165,450	350,324	297,360	214,385	-	-	-	-	-	-	-	1,442,594	100.0%
Security type:														
CD's	-	250	8,000	-	-	-	-	-	-	-	-	-	8,250	0.6%
Corporate Bonds	-	-	-	-	40,000	-	-	-	-	-	-	-	40,000	2.8%
TLGP	-	-	36,750	200,000	5,000	-	-	-	-	-	-	-	241,750	16.8%
Agencies	60,000	135,660	185,000	60,000	150,000	-	-	-	-	-	-	-	590,660	40.9%
Commercial Paper	-	-	25,029	35,000	-	-	-	-	-	-	-	-	60,029	4.2%
MBS	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Treasuries	350,000	20,000	85,000	-	-	-	-	-	-	-	-	-	455,000	31.5%
Municipal/Sponge	5,075	9,540	10,545	2,360	19,385	-	-	-	-	-	-	-	46,905	3.3%
ABS	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Money Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total	415,075	165,450	350,324	297,360	214,385	-	-	-	-	-	-	-	1,442,594	100.0%

Investment Policy Compliance Review

Primary and Secondary Bond Purchases and Sales

During the month of November, the following were the ratio of primary and secondary bond purchases in the portfolios:

Primary Bond Volume	\$ 79,385,000	37%
Secondary Bond Volume	<u>135,000,000</u>	<u>63%</u>
Total	\$214,385,000	100%

The primary market purchases were in IBRD, Callable Agency and Municipal Securities.

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

As of month end, total holdings of Variable Rate Notes were \$261,700,000.

BPIP Taxable	\$ 20,000,000
BPIP Tax-Exempt	65,000,000
LGIP	<u>176,700,000</u>
Total Holdings	\$261,700,000

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

We did not hold any structured notes.

Transaction Variances and Inter-Portfolio Transactions

During November, 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.

There were no interfund transactions during the month of November.

Economic Summary

November 2011

November turned out to be a rather tame month paving the way for what appears will be a quiet close to a rather tumultuous year. The month began with the fear of the Greeks backing out of a solid and seemingly finalized bailout package. This was followed by the resignations of both the Greek and Italian Prime Ministers. Another shocker was the failure of a German government debt auction. Viewed as the strongest nation financially in the EU, Germany was unable to attract investors for the full amount of the offering they were seeking to place.

The best result the European Union could ultimately muster this month was agreement that a concerted effort was needed to more stringently police the member countries. Paying closer attention to deficit reduction and managing debt to GDP ratios would stave off occurrences of potential defaults before they became as grave as the situation with Greece. Although there was quite a bit of volatility during the month, the S&P 500 Index was down only 0.50% for November. Quite an accomplishment considering that there hadn't been a tangible resolution to the European crisis. However, markets are so quick to forget and central banks so quick to forgive.

The European Central Bank has stepped up lending to banks to get them through the crisis, the lender of last resort. As European banks are large holders of government bonds issued by heavily indebted nations, such as Italy, they are finding it extremely difficult to raise cash. The fear that sovereign debt may not be paid off has reduced confidence amongst banks to lend to each other in the libor market. Hence, the libor rates have been climbing even as short term interest rates have remained near zero in the US.

During the month of December the ECB orchestrated a large credit operation allowing banks to borrow as much as they needed for up to three years. The result was 523 banks taking in 489 billion euros. Despite this massive expansion of credit, pressure is still showing up within the

system. Banks from the 17 EU countries were stashing euros with the ECB instead of lending to each other. These deposits at the ECB rose to \$453 billion, the highest for 2011. So it seems that there are still flies in the ointment.

As all this was going on, the US Treasury market managed to end the month virtually unchanged across all maturities. This trend has continued into December leaving little doubt that US Treasuries are still viewed globally as the safe haven investment. So as S&P took it upon themselves to downgrade the rating of the United States from AAA to AA+ a few months ago, their statement has not been echoed across the global financial realm.

Interestingly enough the S&P index is up 1.3% so far for the month of December and is now slightly positive for the year. Although the equity markets have pretty much been pulled around by the events in Europe, as a bull is led by a ring in his nose, this past month has shown a bit of decoupling. There have actually been some signs of improvement in US economic data recently released. Housing statistics have been coming in above market expectations and the unemployment rate for November dropped to 8.6% from 9%.

US Treasuries have been stellar performers so far this year as the thirty year Treasury bond has declined to less than 3% from 4.4%, returning close to 31% for the year to date period ending November 30, 2011. The Federal Reserve's commitment to keep interest rates low and the success of "operation twist" in pushing longer term yields down has still not produced the desired economic results; however we have seen some signs of hope.

As there continues to be uncertainty in Europe and the Federal Reserve has reiterated their monetary policy we are investing the portfolios with the idea that we may be in a stable interest rate environment for quite some time. Therefore, we are maintaining durations as close to the benchmarks as possible, while maintaining liquidity to meet withdrawals. The callable agency

issues we have been purchasing should do well as we obtain additional yield in exchanges for selling an option to have the issue called away from us before maturity. When interest rates remain in a narrow range as we have been experiencing, the additional yield will outperform bullet structures of comparable duration.

Credit spreads have also narrowed versus Treasuries. US Government Agency securities have outperformed Treasuries as supply has been diminishing as a result of balance sheet reduction. This trend should continue. We have started to invest in commercial paper and will utilize it to enhance returns versus other short term alternatives.

It has been quite an exciting year and it certainly has been my pleasure to be involved with the NM State Treasurer's office. I am anxious to continue on our quest of producing optimal portfolios with our three main objectives in mind: safety, liquidity and yield. With that in mind we wish you a safe and liquid Happy New Year!

*Vikki Hanges, Portfolio Manager –
General Funds, Bond Proceeds Accounts and LGIP*




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: December 30, 2011
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 November 30, 2011

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 the month ending November 30, 2011.

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. The agencies are advised not to make any new deposits to those accounts 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 November 30, 2011.

(Attachments)

State Agency Depository Account Summary

November-11

STATE FUNDS

NON-STATE FUNDS

AGENCY	# OF ACCTS.	BALANCE
AOC (fines, fees etc.)	50	\$3,323,749
BERN. CO. METRO COURT	2	\$340,282
1-13 DISTRICT ATTORNEY	6	\$37,939
TAXATION & REVENUE DEPT.	30	\$246,077
PUBLIC SCHOOL INS. AUTHORITY	6	\$28,410,220
RETIREE HEALTH CARE AUTHORITY	1	\$0
PUBLIC DEFENDER	9	\$8,609
SECRETARY OF STATE	1	\$0
STATE TREASURER (JDC)	29	\$283,460
NM RACING COMMISSION	7	\$550,251
SPACEPORT AUTHORITY	1	\$1,824,150
DEPT. OF GAME & FISH	2	\$76,241
SOUTHWEST REGION ED.	1	\$1,830,414
ENERGY & MINERALS	4	\$639,522
COMMISSION PUBLIC LAND	2	\$8,900
STATE ENGINEER'S OFFICE	3	\$76,147
IRRG WKS CONST	1	\$0
COMMISSION FOR THE BLIND	3	\$88,287
HUMAN SERVICES DEPT.	5	\$382
WORKFORCE SOLUTIONS	8	\$1,694,879
DIVISION OF VOCATIONAL REHAB	1	\$0
MINER'S HOSPITAL	1	\$816,311
DEPARTMENT OF HEALTH	71	\$172,606
ENVIRONMENT DEPARTMENT	1	\$0
CORRECTIONS DEPARTMENT	6	\$2,175
DEPT. OF PUBLIC SAFETY	2	\$35,563
HIGHWAY & TRANSPORTATION	5	\$1,675
CENTRAL REGIONAL CO-OP	1	\$481,108

AGENCY	# OF ACCTS.	BALANCE
AOC (Bonds)	50	\$0
1ST JUDICIAL DIST. COURT	3	\$4,768,267
2ND JUDICIAL DIST. COURT	2	\$965,789
3RD JUDICIAL DIST. COURT	2	\$1,079,303
4TH JUDICIAL DIST. COURT	4	\$154,762
5TH JUDICIAL DIST. COURT	3	\$2,309,916
6TH JUDICIAL DIST. COURT	3	\$531,506
7TH JUDICIAL DIST. COURT	4	\$207,273
8TH JUDICIAL DIST. COURT	4	\$654,709
9TH JUDICIAL DIST. COURT	4	\$608,516
10TH JUDICIAL DIST. COURT	3	\$114,001
11TH JUDICIAL DIST. COURT	10	\$1,437,105
12TH JUDICIAL DIST. COURT	7	\$1,814,346
13TH JUDICIAL DIST. COURT	61	\$2,731,211
BERNALILLO CO. METRO COURT	2	\$773,658
6TH DISTRICT ATTORNEY	3	\$27,999
7TH DISTRICT ATTORNEY	1	\$1,616
10TH DISTRICT ATTORNEY	1	\$828
11TH DISTRICT ATTORNEY	1	\$13,889
EDUCATION RETIREMENT BOARD	1	\$12,776
LGIP	5	\$495,721,589
PUBLIC REG. COMMISSION	4	\$850,722
NM STATE FAIR	5	\$1,520,273
SOUTHWEST REGION ED.	1	\$15
COMM FOR THE BLIND	1	\$8,165
WORKFORCE SOLUTIONS	1	\$0
MINER'S HOSPITAL	1	\$1,920
DEPARTMENT OF HEALTH	11	\$869,859
CHILDREN, YOUTH & FAMILIES	4	\$91,402
CORRECTIONS DEPARTMENT	11	\$2,006,429
DEPT. OF PUBLIC SAFETY	3	\$30,608
CENTRAL REGION CO-OP	1	\$449,266

Total: 259 \$40,948,947

Total: 161 \$519,757,718

Total Depository Balances: **\$560,706,665**

Total Depository Accounts: **420**

Accounts Closed: 2 RHCA (1)
STO (1)

Accounts Opened: 2 13th JDC

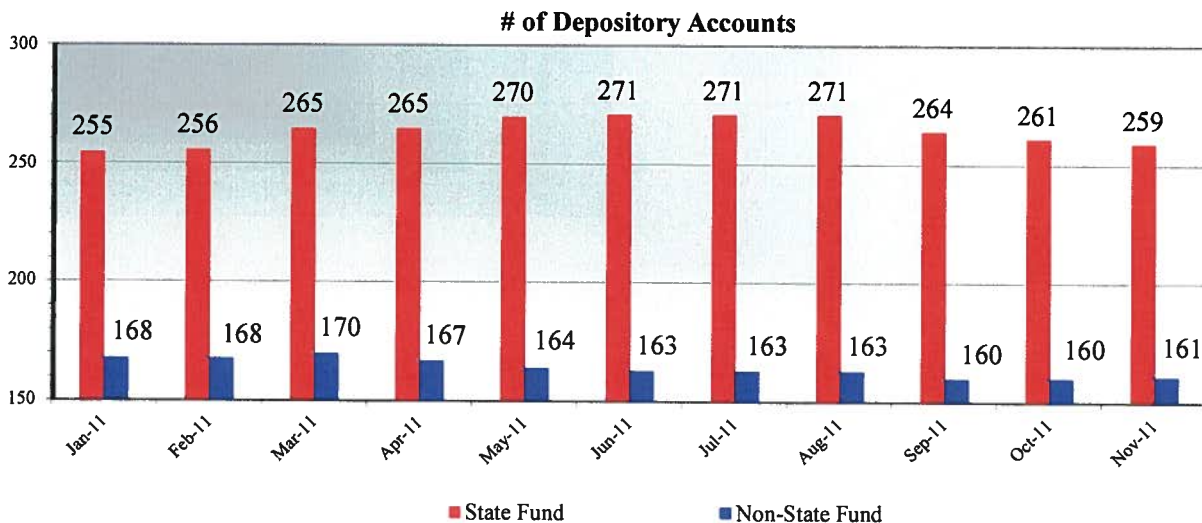
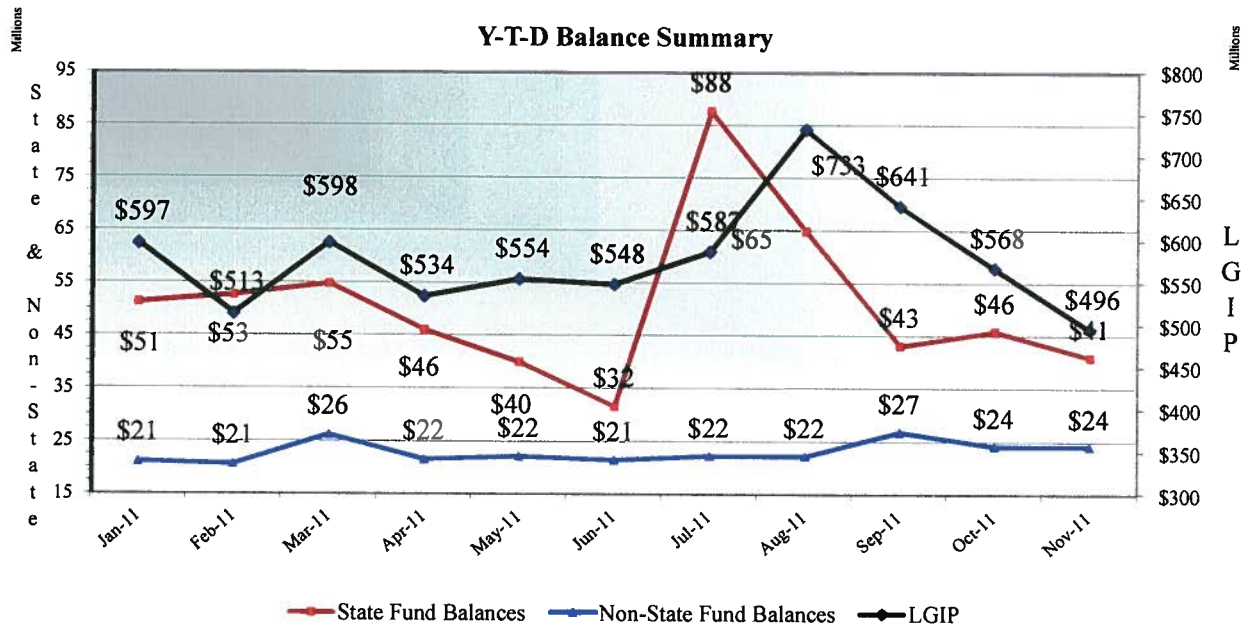
Financial Institutions - State Fund Balances

November-11

Bank 34/Alamogordo	0
Century Bank/Santa Fe	0
First National Bank/Alamogordo	140,665
Bank of America/Albuquerque	3,116,202
Wells Fargo Bank/Albuquerque	33,127,737
Compass Bank/Albuquerque	2,256,316
Bank of the West/Albuquerque	619
First American Bank/Artesia	66,023
My Bank/Belen	5,695
Carlsbad National Bank/Carlsbad	3,069
Western Commerce Bank/Carlsbad	78,420
Farmers/Stockmens Bank/Clayton	35,517
First National Bank/Clayton	829,657
Bank of Clovis/Clovis	0
Citizens Bank/Clovis	28,763
NM Bank & Trust/Albuquerque	220,034
Community Bank/Santa Fe	5,295
Valley National Bank/Espanola	408
Pinnacle Bank/Gallup	2,806
Grants State Bank/Grants	147
Lea County State Bank/Hobbs	107,640
Citizens Bank/Las Cruces	0
Bank of Las Vegas/Las Vegas	156,010
Community 1st Bank/Las Vegas	80,925
Western Bank/Lordsburg	130,314
Los Alamos National Bank/Los Alamos	43,902
James Polk Stone National Bank/Portales	60,784
International Bank/Raton	67,578
Valley Bank of Commerce/Roswell	79,823
First National Bank of Santa Fe/Santa Fe	0
First State Bank/Socorro	22,112
Centinel Bank/Taos	74,721
US Bank/Albuquerque	69,502
Bank of the Southwest/Roswell	107,906
People's Bank	8,543
AmBank	21,815
	<hr/>
	\$40,948,948

Depository Account Summary

Month	State Fund	Non-State Fund	State Fund Balances	Non-State Fund Balances	LGIP
Jan-11	255	168	\$ 51,406,363	\$ 21,176,346	\$ 596,825,080
Feb-11	256	168	\$ 52,796,028	\$ 20,673,281	\$ 513,365,560
Mar-11	265	170	\$ 54,889,486	\$ 26,270,580	\$ 597,839,633
Apr-11	265	167	\$ 46,120,030	\$ 21,551,792	\$ 533,900,227
May-11	270	164	\$ 39,980,717	\$ 22,124,899	\$ 554,409,531
Jun-11	271	163	\$ 31,593,841	\$ 21,458,284	\$ 548,165,074
Jul-11	271	163	\$ 87,722,811	\$ 22,216,670	\$ 587,054,705
Aug-11	271	163	\$ 64,904,777	\$ 22,210,123	\$ 732,637,676
Sep-11	264	160	\$ 43,143,399	\$ 26,794,894	\$ 641,328,822
Oct-11	261	160	\$ 45,866,719	\$ 24,145,373	\$ 567,715,366
Nov-11	259	161	\$ 40,948,947	\$ 24,036,129	\$ 495,721,589

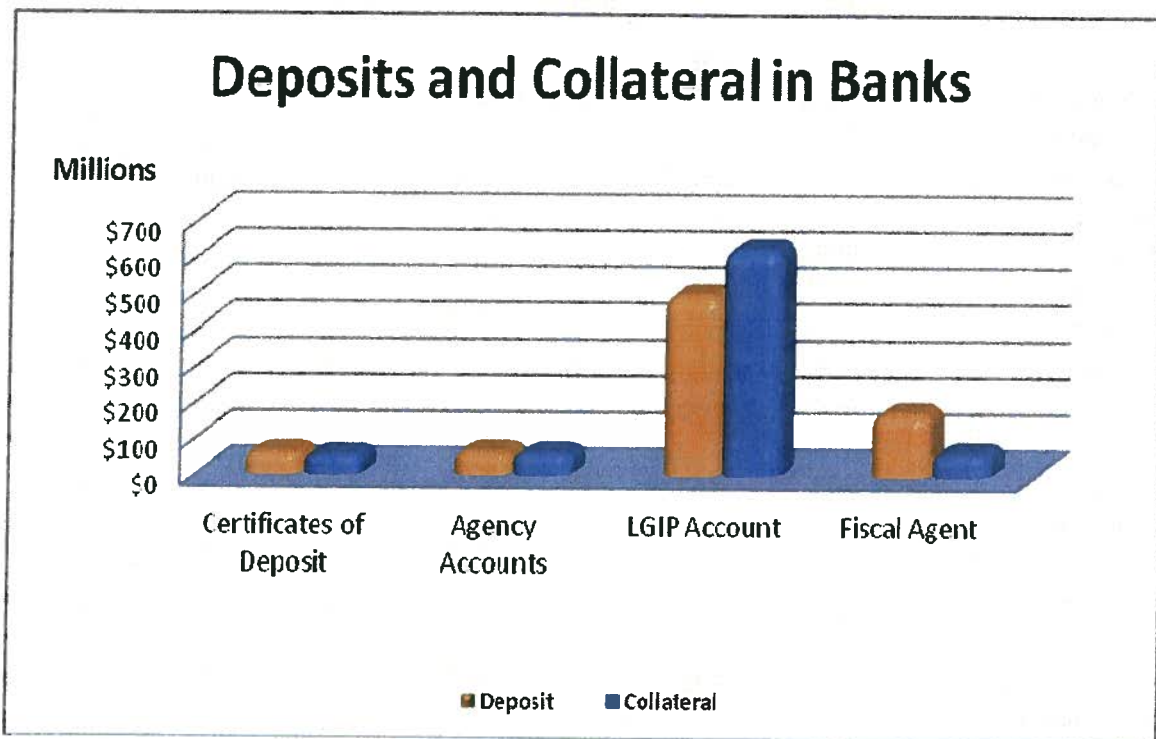


Office of the Treasurer

Collateral Summary Review

November 30, 2011

All depository institutions holding public funds for the month ending November 2011 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	\$ 60.5 Million	\$ 52.9 Million	87.4%
Agency Deposit	64.1 Million	59.3 Million	92.5%
LGIP Deposits	495.7 Million	622.8 Million	125.6%
Fiscal Agent	175.0 Million	63.7 Million	36.4%
Totals →	795.3 Million	798.7 Million	100.4%



Office of the Treasurer

Collateral Review

Accumulated Total by Institution

November 30, 2011

FINANCIAL INSTITUTION	%	TOTAL DEPOSITS	FDIC / NCUA INSURANCE	LESS INSURANCE COVERAGE	SUBJECT TO BE COLLATERALIZED	COLLATERAL PLEDGED	EXCESS (UNDER)
First National - Alamogordo	50%	836,250	250,000	586,250	293,125	583,172	290,047
Western - Alamogordo	75%	2,600,000	250,000	2,350,000	1,762,500	2,762,147	999,647
Bank of America	50%	3,938,924	1,257,856	2,681,068	1,340,534	7,780,364	6,439,831
Bank of the West	75%	214,128,226	250,618	213,877,607	160,408,205	230,350,223	69,942,017
BBVA Compass	102%	215,796,843	2,156,274	213,640,569	217,913,380	242,200,000	24,286,620
US Bank	50%	56,766,911	468,138	56,298,773	28,149,386	30,000,000	1,850,614
Wells Fargo	50%	60,788,152	11,527,288	49,260,864	24,630,432	164,987,649	140,357,217
First American	50%	66,023	66,023	0	0	0	0
My Bank	50%	2,241,782	255,440	1,986,342	993,171	1,410,000	416,829
Carlsbad National	50%	3,069	3,069	0	0	0	0
Western Commerce	50%	6,078,421	284,883	5,793,538	2,896,769	3,648,503	751,735
Farmers & Stockmen	102%	2,387,898	270,134	2,117,764	2,160,119	2,935,416	775,297
First National - Clayton	50%	829,657	250,000	579,657	289,828	730,000	440,172
Bank of Clovis	50%	412,455	250,000	162,455	81,227	412,455	331,227
Citizens - Clovis	50%	28,763	28,763	0	0	0	0
NM Bank & Trust	50%	222,035	222,035	0	0	250,000	250,000
Western - Clovis	50%	2,600,000	250,000	2,350,000	1,175,000	1,334,029	159,029
Valley National	102%	7,000,408	250,359	6,750,049	6,885,050	7,589,584	704,534
Pinnacle	50%	2,805	2,805	0	0	0	0
Grants State	50%	162,845	162,845	0	0	0	0
Lea County State	50%	107,640	107,640	0	0	100,000	100,000
Citizens - Las Cruces	50%	3,585	3,585	0	0	0	0
Bank of Las Vegas	50%	10,755,540	277,254	10,478,286	5,239,143	5,505,493	266,350
Community 1st - Las Vegas	50%	4,080,925	970,367	3,110,558	1,555,279	4,395,295	2,840,017
Western - Lordsburg	50%	143,895	143,895	0	0	0	0
Los Alamos National	50%	43,902	43,902	0	0	0	0
James Polk Stone Communi	50%	510,049	510,049	0	0	0	0
International	50%	103,017	103,017	0	0	450,000	450,000
Bank of the Southwest	50%	362,258	263,619	98,640	49,320	284,956	235,636
Valley Commerce	50%	79,823	79,823	0	0	0	0
Century	102%	24,627,379	250,000	24,377,379	24,864,927	25,500,000	635,073
Community	50%	1,856,345	332,309	1,524,036	762,018	956,976	194,958
First National - Santa Fe	50%	213,343	213,343	0	0	0	0
First State	50%	132,598	132,598	0	0	0	0
AM	50%	21,815	21,815	0	0	0	0
Centinel	50%	74,721	74,721	0	0	0	0
Peoples	102%	8,543	8,543	0	0	0	0
BANK'34	102%	891,823	250,000	641,823	654,659	883,594	228,935
Union Savings	102%	0	0	0	0	0	0
Guadalupe Credit	50%	250,000	250,000	0	0	0	0
		621,158,666	22,493,011	598,665,654	482,104,072	735,049,856	252,945,784



STATE OF NEW MEXICO
OFFICE OF THE TREASURER

MEMORANDUM

DATE: December 30, 2011
TO: Members of the State Treasurer's Investment Committee
FROM: Spencer Wright, Portfolio Manager *MSC*
RE: FY11 Audit and Implications for Investments

During the FY11 audit, several items that affect the Investment area were identified as audit findings with implications regarding control and procedures. In connection with our response to the audit findings, we felt that it was important to share with the STIC committee our plan for dealing and resolving the issues identified.

*Finding 2011-01 Reconciliation of Investment Income from QED to JP Morgan
(Control Deficiency)*

The Auditors found that investment income earned on investments held in fiduciary funds as calculated by the State Treasurer's Office investment accounting software, QED, is not being reconciled to investment income as calculated by the custody bank, JP Morgan.

We agree with this finding and have identified several areas in which we can address this finding so that it does not occur in next year's audit. Specifically:

- STO has begun a project with QED to enable cash elements for each of the STO portfolios. This enablement should allow for additional tracking and reconciling of accounts on that basis.
- Currently, STO reconciles the aggregate par balances held at JP Morgan with the QED system. We will begin reconciling cash-flows with JP Morgan as well as with our Fiscal Agent bank to ensure that portfolio flows are accurately calculated and tracked.
- STO will also reconcile the amortization and accretion of investment holdings between the Custody Bank and QED system.
- In addition, the State Treasurer will explore reconciliation, on a monthly basis, the differences between the QED system and the statewide SHARE system as part of the State's reconciliation of Book to Bank between the DFA and STO's records.

STO anticipates having the cash elements of QED enabled during the third quarter of FY12 and will begin the reconciliation process once that ability is added to the system.

This finding, while specifically referring to the reconciliation of amortization and accretion between the Fiscal Agent Bank's records and STO records has also identified further weaknesses between our QED system reconciliation and cash transfers.

Currently there is no monthly reconciliation of cash flows from the investment portfolios and QED, an area of significant concern. During the past six months, we have identified internally several lapses in procedures which, while they have been subsequently corrected, have caused concern regarding accurate reporting internally as well as to external parties.

- Interest income postings in variance with QED calculations are routinely accepted and the QED system is adjusted to conform with external parties. This procedure is being addressed by research into why any interest differentials are being calculated by QED and whether securities are set up incorrectly in the QD system.
- Weekly Investment Return Calculations on the LGIP are being recalculated to conform to the reporting requirements of S&P.
- Cash balances and flows are now being reconciled between QED and the Fiscal Agent Bank.

In addition to the cash issues identified in the audit, we have become aware of significant differences between STO balances and income and the State's SHARE system. The Financial Control area at DFA typically updates SHARE records annually to reflect STO investment activities. Diligence in ensuring that QED records are in complete agreement with external data sources should ensure that the STO/SHARE differences are minimized and provide for more frequent reconciliation between the SHARE system and internal records.

A significant increase in reconciliation activity will address these lapses.

*Finding 2011-02 Reporting of Impairment of Investments Held by Fiduciary Funds
(Material Weakness)*

The Auditors found that on September 3, 2010, The Reserve Primary Fund had announced a change in classification of the Fund to a pass-through entity enabling investors to book losses on their Fund positions as of August 30, 2011. Further, STO did not notify entities with investments in the Investment Trust Fund that this investment had become impaired.

During the Fiscal Agent bank conversion in 2010, several accounts were left at the State's prior Fiscal Agent Bank, Northern Trust. This was due to the fact that balances in these accounts were "frozen" and the securities held were in liquidation. Due to the fact that these accounts did not transfer into the JP Morgan system, we were not notified in a timely basis that these activities had occurred. Without knowing, we did not reflect this information in either the STO accounts or the Reserve Contingency Fund, a fiduciary account that is maintained for the benefit of certain LGIP shareholders.

Regardless of these issues, STO has proposed the following changes to the reporting and procedures for the Reserve Contingency Fund (and a related fiduciary fund, the Local Government Investment Pool) in response to the specific finding:

- Immediately retain external auditors for the Local Government Investment Pool and the Reserve Contingency Fund, ensuring transparency and full disclosure of fund assets, liabilities and earnings;
- Perform an audit of the Reserve Contingency Fund and the Local Government Investment Pool for FY 2011 and include separate audits for the funds on an annual basis moving forward.
- Effect the transfer all positions in the Primary Fund-In Liquidation to the current custody bank for the STO so that custody bank positions are attributed correctly. This transfer has been initiated in November 2011;
- Retroactively adjust the asset balances in the Reserve Contingency Fund in the investment accounting system to reflect the identified change in value on the reclassification of the Reserve Primary Fund investments to a "pass-through" entity, enabling participants in the Reserve Contingency Fund to recognize a loss on their previously booked positions in the Reserve Primary Fund;

- Change the designation of the Reserve Primary Fund investments to the “Primary Fund - In Liquidation” investments to reflect the actual holdings in the Reserve Contingency Fund;
- Communicate these changes in a letter to all participants, including the proposed actions of the Treasurer’s Office in its own holdings of the “Primary Fund – In Liquidation” assets in the General Fund and Bond Proceeds portfolios;
- Circulate a copy of the FY11 audit as soon as it is available to all participants and make a copy available in electronic form on the STO website in the LGIP section; and
- Implement more stringent monthly reconciliation and matching of all external statements to the Reserve Contingency Fund and the Local Government Investment Pool to statements provided by external reporting entities.

STO has begun the process of identifying external auditors to provide the FY11 LGIP and Reserve Contingency Fund audits. We anticipate that the audit will begin in the third quarter of FY11.

Further, we strongly believe that a separate audit of the fiduciary funds managed for others should be audited on an annual basis and further that the audit costs be covered by the annual fee that is charged to fund participants.

*Finding 2011-03 Inadequate Collateralization of Repurchase Agreement Accounts
(Control Deficiency)*

The auditors found that the market value of the collateral placed in repurchase agreements was not greater than or equal to one hundred two percent (102%) of the amount of cash transferred by STO under repurchase agreements arranged by the Fiscal Agent Bank in violation of the STO’s Investment Policy.

STO agrees with this finding. Currently, the Treasurer’s Office processes repurchase agreement transactions through the contract with the Fiscal Agent Bank. That contract is further subcontracted to a third party entity that physically processes the repurchase agreements on behalf of the State Treasurer. That contract specifies that the repurchase agreement contracts shall be created using the investment policy requirements as adopted by the state. STO failed to monitor this chain of responsibility.

In response, STO plans the following:

- The Treasurer’s office will work with its financial advisor to place an appropriate third-part pricing methodology into place which will ensure that the collateralization levels are sufficient and in conformance with the investment policy.
- STO will work with the Fiscal Agent Bank to ensure that they are aware of the Investment Policy as well as their obligations under the Fiscal Agent Bank contract and further that their subcontractor will maintain compliance with STO Investment Policy.

We will bring the financial advisor’s recommendations to the STIC as part of a future briefing.

Attachment: FY11 Audit Findings

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

Section I – Financial Statement Findings

Finding 2009-06 Reporting of Additions and Deductions to Fiduciary Funds (Control Deficiency)

Condition: The State Treasurer's Office did not segregate gross total additions to and deductions from fiduciary funds for the financial statement presentation. The information regarding additions to and deductions from individual accounts is available, but the information is not readily available in total.

Criteria: GASB Statement 34.109 requires that additions and deductions from fiduciary funds be reported as gross rather than net numbers.

Cause: The current accounting system does not provide the information required to report gross total additions and deductions from fiduciary funds for financial statement presentation, although the information is available on an account by account basis. Segregating the information is time and cost prohibitive to the State Treasurer's Office.

Effect: The State Treasurer's Office is not reporting the additions to and deductions from fiduciary funds as gross amounts for financial statement presentation.

Recommendation: We recommend that the State Treasurer's Office perform a reconciliation of the gross total additions to and deductions from fiduciary funds in preparation for presenting their June 30, 2009 financial statements. In addition, we recommend that the Office uses two separate general ledger account numbers for additions to and deletions from fiduciary accounts, so the information is readily available for future financial statement presentations.

State Treasurer's Office Response: The State Treasurer's Office agrees with this finding. The Accounting information presented in the Statement of Fiduciary Net Assets should be reported as gross total additions and deductions and not as net information. The Treasurer's Investment Accounting system, QED, is able to provide the Gross information for the various Fiduciary Funds covered by the audit finding.

Unfortunately, due to limitations of the SHARE system as well as consolidation of Fiscal Bank Agency balances in the master depository account, the State Treasurer's office is unable to give gross numbers for the State Funds Investment Pool. While unable to provide the gross detail, the State Treasurer is able to provide the net proceeds as shown in Schedule 9 to the Financial Statements. The State Treasurer will continue to work with the Fiscal Agent Bank to see if there is a method of separating agency deposits and payments in order to be able to report on the desired data elements.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section I – Financial Statement Findings (continued)

Finding 2007-04 Daily Auto Reconciliation Process Requires Manual Intervention (Control Deficiency)

Condition: There is a discrepancy between the State of New Mexico's Manual of Model Accounting Practices (MAPS), issued by the New Mexico Department of Finance and Administration – Financial Control Division (DFA) and statutory requirements related to the State's book-to-bank reconciliation and how responsibility for the preparation is to be divided between the State Treasurer's Office and DFA.

The State Treasurer's Office is not able to access the necessary agency specific information within SHARE to prepare a book-to-bank reconciliation, nor do they have the financial resources or personnel that would be required to accomplish this function.

On July 1, 2006, the State of New Mexico implemented the SHARE accounting system requiring changes to business processes at the State Treasurer's Office, DFA and other State Agencies. Due to the change in business processes and system configuration, the State Treasurer's Office was no longer able to perform the State's book-to-bank reconciliation and DFA assumed this function, with assistance from the State Treasurer's Office.

At the inception of SHARE, the following were some of the issues identified that required significant manual intervention by the Office, affected the daily auto reconciliation process and ultimately inhibited a timely book-to-bank reconciliation:

1. ACH transactions are not automatically reconciled by the SHARE accounting system. The State Treasurer's Office must manually research and reconcile each one of these transactions.
2. ACH returns (errors in routing numbers, bank account number or payee, or account closure) are not automatically reconciled in SHARE. Each state agency must research and identify all ACH return activity and restore cash. Agencies do not always provide supporting documentation to the State Treasurer's Office. The State Treasurer's Office must manually research and reconcile each one of these transactions.
3. SHARE does not provide a sufficient audit trail to identify multiple bank transactions against one deposit recorded in SHARE. The State Treasurer's Office must manually research and reconcile each one of these transactions.

These processes have improved significantly with minimal daily exceptions in the current fiscal year and are operating effectively.

However, the State's overall book-to-bank reconciliation process has not improved and is not being performed on a timely basis. We noted the following issues related to the reconciliation:

1. The reconciliation contains significant items dating back to fiscal years 2008, 2009 and 2010 that remain unchanged or uncleared.
2. The reconciliation contains various "buckets" of unidentified reconciling items that required manual research and intervention to clear.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section I – Financial Statement Findings (continued)

Finding 2007-04 Daily Auto Reconciliation Process Requires Manual Intervention (Control Deficiency) (continued)

3. Some items noted as “reconciling” items were noted within the reconciliation that appeared to have been previously reconciled.
4. Various unmatched general ledger entries and transactions to/from register transactions.
5. The book to bank reconciliation is being performed on a quarterly basis, rather than a monthly basis.

Criteria: Section 8-6-3 NMSA 1978 provides that the State Treasurer shall keep a just, true and comprehensive account of all monies received and disbursed. Section 6-5-2.1 NMSA 1978 provides that DFA shall perform monthly reconciliations with the balances and accounts kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

According to MAPS, this process is to be taken over by the State Treasurer’s Office at a later date.

Cause: Current business processes and the SHARE system functionality precludes the State Treasurer’s Office from performing a book-to-bank reconciliation and, therefore, the reconciliation process has been assumed by DFA. The reconciliation appears to be an accumulation of unidentified items, rather than a true reconciliation.

Effect: Unreconciled cash transactions may or may not have a general ledger impact on the book balances of State Agencies with investment(s) in the State General Fund Investment Pool. The reconciling items noted in the book to bank reconciliation could not be validated. The State’s overall book balance for cash cannot be determined. Also, the State book-to-bank reconciliation cannot currently be performed exclusively by either the State Treasurer’s Office or DFA.

Recommendation: Although the State Treasurer’s Office is not statutorily responsible to prepare the book-to-bank reconciliation and legal responsibility lies with DFA, we recommend the State Treasurer’s Office collaborate with DFA to review the unidentified items included in the book-to-bank reconciliation to:

1. Ensure only items affecting cash are included in the reconciliation.
2. Resolve unmatched register to/from general ledger transactions and register to journal transactions.

A monthly book-to-bank reconciliation is necessary to provide an accurate book balance for the State. We recommend that the State Treasurer’s Office work closely with DFA to develop a monthly reconciliation process that will effectively provide a book balance, as well as review and change business processes as needed and/or reconfigure the SHARE accounting system functionality to improve the reconciliation process.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section I – Financial Statement Findings (continued)

Finding 2007-04 Daily Auto Reconciliation Process Requires Manual Intervention (Control Deficiency) (continued)

State Treasurer's Office Response:

The State Treasurer's Office agrees with this finding. STO will work with DFA to develop a more meaningful reconciliation. STO will also work with agencies to improve business processes to minimize recurring issues that may affect the overall book-to-bank reconciliation.

Finding 2007-08 Cash Overdrafts (Control Deficiency)

Condition: The State's bank account was overdrawn with the State's fiscal agent Wells Fargo and at the bank account at the former fiscal agent (Bank of America) on the following dates:

WF	July 13, 2010	\$ 5,539,553
BofA	July 14, 2010	\$ 215,369
BofA	January 28, 2011	\$ 1,339
BofA	June 30, 2011	\$ 1,097

Criteria: Chapter 8-6-3.1 NMSA 1978 states that one of the duties of the state's cash manager (under the direction of the State Treasurer) includes the "projection of the state's short-term and long-term cash needs to determine the amount available for short-term and long-term investment."

Cause: The Investment Division of the State Treasurer's Office was not notified of certain ACH transactions by a state agency that were scheduled for payment by the State's fiscal agent and as a result, insufficient cash balances were on hand after the overnight investment purchase had been made.

Effect: The State's fiscal agent does not cover overdrafts.

Recommendation: We recommend that State Treasurer work with the DFA and other state agencies to develop and implement a business process to inform the State Treasurer's Office when the settlement of ACH payments are to occur. This would provide the State Treasurer with the information needed to formulate a reasonable cash projection for daily activity.

State Treasurer's Office Response: The cash flow team has implemented a system that calendars major disbursements throughout the month and requires agencies to communicate the amounts of these disbursements to STO. This data is used to project future cash needs. Agencies however occasionally still deviate from the reported dates and cause cash flow difficulties. This situation caused the overdraft at Wells Fargo. STO will monitor consistent problems and will require the CFO of repeat offender agencies to meet with STO and explain what actions have been taken to avoid future occurrences.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

Section I – Financial Statement Findings (continued)

Finding 2007-08 Cash Overdrafts (Control Deficiency) (continued)

State Treasurer's Office Response: (continued)

The overdrafts at Bank of America were not the result of any systemic problems. Bank of America was previously the State's primary fiscal agent bank and while attempting to close these accounts, balances were transferred to Wells Fargo and attempts were made to stop all ACH and wire activity. The bank however continued to receive and post ACH transactions. The transactions were valid but had not been accounted for in cash positioning which caused these overdrafts. The Bank of America accounts are now closed and the bank is returning any transactions it receives.

The State Treasurer's office agrees with this finding. The Treasurer agrees that all account information, including cash and accrual calculations performed by the Custody Bank should be reconciled to the QED system.

The Treasurer's Office has begun a project with QED to enable cash elements for each of the STO portfolios. This enablement will allow for additional tracking and reconciling of accounts on that basis. In addition, the State Treasurer will identify and reconcile, on a monthly basis, the differences between the QED system and the statewide SHARE system.

Finding 2011-01 Reconciliation of Investment Income from QED to JP Morgan (Control Deficiency)

Condition: Investment income earned on investments held in fiduciary funds as calculated by the State Treasurer's Office investment accounting software, QED, is not being reconciled to investment income as calculated by the custody bank, JP Morgan.

Criteria: Earnings as calculated by QED and recorded by the State Treasurer's Office should be verified by an independent source, in this case monthly statements from the custody bank (JP Morgan), which show an independent calculation of the same investment earnings figures.

Cause: Although a reconciliation of cash receipts and cash basis income in connection with portfolio sales, calls, and maturities is being performed, the State Treasurer's Office does not have controls in place to reconcile earnings on the accrual basis.

Effect: Investment earnings on Investment Trust Fund investments could be potentially misstated. As a result of this, there are several possible effects. Entities with investments in these fiduciary fund investment pools could have their earnings misstated. Also, bond arbitrage rebate and yield restriction calculations could be misstated resulting in either an overpayment or an underpayment of rebate liabilities to the Internal Revenue Service and possible loss of tax-exempt status of bonds.

Recommendation: We recommend the State Treasurer's Office begin to perform a monthly reconciliation of investment earnings between QED and JP Morgan.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section I – Financial Statement Findings (continued)

Finding 2011-01 Reconciliation of Investment Income from QED to JP Morgan (Control Deficiency) (continued)

State Treasurer's Office Response: The State Treasurer's office agrees with this finding. The Treasurer agrees that all account information, including cash and accrual calculations performed by the Custody Bank should be reconciled to the QED system.

The Treasurer's Office has begun a project with QED to enable cash elements for each of the STO portfolios. This enablement should allow for additional tracking and reconciling of accounts on that basis.

Finding 2011-02 Reporting of Impairment of Investments Held by Fiduciary Funds (Material Weakness)

Condition: On September 3, 2010, The Reserve Primary Fund (Fund) (an Investment Trust Fund investment) announced a change in classification of the Fund to a pass-through entity enabling investors to book losses on their Fund positions as of August 31, 2011. The State Treasurer's Office did not notify entities with investments in the Investment Trust Fund that this investment had become impaired.

Criteria: The State Treasurer's Office should have made entities with investments in the Investment Trust Fund aware of the impairment of a portion of their investment on a timely basis.

Cause: Inadequate controls over assessing and reporting the impairment of investments to entities with balances in the Investment Trust Fund.

Effect: Misstatement of Investment Trust Fund investment balances over the course of the fiscal year and misstatement of participating entities' investment balances.

Recommendation: We recommend that the State Treasurer's Office notify participating entities as soon as possible that a portion of their investment has become impaired and then allocate that loss to those entities.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

Section I – Financial Statement Findings (continued)

**Finding 2011-02 Reporting of Impairment of Investments Held by Fiduciary Funds
(Material Weakness) (continued)**

State Treasurer's Office Response: The State Treasurer's Office agrees with this recommendation.

In response, the Treasurer's Office would note three material issues:

- The Reserve Primary Fund Investments for the Reserve Contingency Fund, for the General Fund and for the Bond Proceeds Investment Pool were not transferred as part of the change in Custody Agent Bank from Northern Trust to JP Morgan;
- The Reserve Primary Fund on November 24, 2010 announced that Credarian Fund Services LLC would become Liquidating Services Agent for the Reserve Primary Fund; and
- Specific communication, including participant statements, regarding the change in investment values were not communicated to Reserve Primary Fund holders until Credarian released statements on January 26, 2011.

Regardless of these issues, we would propose the following changes to the reporting and procedures for the Reserve Contingency Fund (and a related fiduciary fund, the Local Government Investment Pool) in response to the specific finding:

- Immediately retain external auditors for the Local Government Investment Pool and the Reserve Contingency Fund, ensuring transparency and full disclosure of fund assets, liabilities and earnings;
- Perform an audit of the Reserve Contingency Fund and the Local Government Investment Pool for FY 2011 and include separate audits for the funds on an annual basis moving forward.
- Effect the transfer all positions in the Primary Fund-In Liquidation to the current custody bank for the STO so that custody bank positions are attributed correctly. This transfer has been initiated in November 2011;
- Retroactively adjust the asset balances in the Reserve Contingency Fund in the investment accounting system to reflect the identified change in value on the reclassification of the Reserve Primary Fund investments to a "pass-through" entity, enabling participants in the Reserve Contingency Fund to recognize a loss on their previously booked positions in the Reserve Primary Fund;
- Change the designation of the Reserve Primary Fund investments to the "Primary Fund - In Liquidation" investments to reflect the actual holdings in the Reserve Contingency Fund;
- Communicate these changes in a letter to all participants, including the proposed actions of the Treasurer's Office in its own holdings of the "Primary Fund – In Liquidation" assets in the General Fund and Bond Proceeds portfolios;
- Circulate a copy of the FY11 audit as soon as it is available to all participants and make a copy available in electronic form on the STO website in the LGIP section; and
- Implement more stringent monthly reconciliation and matching of all external statements to the Reserve Contingency Fund and the Local Government Investment Pool to statements provided by external reporting entities.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section I – Financial Statement Findings (continued)

Finding 2011-03 Inadequate Collateralization of Repurchase Agreement Accounts (Control Deficiency)

Condition: The market value of the collateral was not greater than or equal to one hundred two percent (102%) of the amount of cash transferred by the State Treasurer to the dealer bank or security firm under the repurchase agreements.

Criteria: The State's Investment Policy states that no repurchase agreements shall be entered into unless the contract is fully secured by deliverable obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent (102%) of the amount of the contract.

Cause: Lack of monitoring over value of collateral that dealer banks use to secure repurchase agreements.

Effect: In the event that the counterparties become unable to repurchase investments, the State Treasurer's Office would then take possession of those investments and, in order to recover their original investment, would have to sell them on the open market. If the value of that collateral was below the 102% required by the State Investment Policy, it is more likely that an amount less than the original investment would be recovered.

Recommendation: We understand that there are several different sources that prices for these collateral securities can be obtained. We therefore recommend that the State Investment Policy be amended to specify a specific pricing source to be used. We also recommend that the State Treasurer's Office establish a procedure to monitor the value of collateral securing repurchase agreement balances on a daily basis. We also recommend that the State Treasurer monitor the duration of securities pledged to ensure that any securities with durations of greater than 10 years are collateralized at 103% in accordance with the State Investment Policy.

State Treasurer's Office Response: The State Treasurer's office agrees with this finding. Currently, the Treasurer's Office processes repurchase agreement transactions through the contract with the Fiscal Agent Bank. That contract is further subcontracted to a third party entity which physically processes the repurchase agreements on behalf of the State Treasurer. That contract specifies that the repurchase agreement contracts shall be created using the investment policy requirements as adopted by the state.

The audit has raised some concern as to the sufficiency of those calculations and we agree that the collateralization levels should be monitored. The Treasurer's office will work with its financial advisor to place an appropriate third-part pricing methodology into place which will ensure that the collateralization levels are sufficient and in conformance with the investment policy.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2011**

Section I – Financial Statement Findings

Finding 2007-04 Daily Auto Reconciliation Process Requires Manual Intervention (Significant Deficiency) – Repeated and Modified

Finding 2007-05 Warrants Not Stale-Dated – Resolved

Finding 2007-06 Warrant Cancellations Process Inconsistence for Third Party Warrant Issuing State Agencies – Resolved

Finding 2007-08 Cash Overdrafts – Repeated

Finding 2009-06 Reporting of Additions and Deductions to Fiduciary Funds – Repeated

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
EXIT CONFERENCE
June 30, 2011**

An exit conference was held with the State Treasurer's Office on December 12, 2011. The conference was held at the State Treasurer's offices in Santa Fe, New Mexico. In attendance were:

**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER**

James B. Lewis, State Treasurer
Mark F. Valdes, Deputy State Treasurer
Clarence L. Smith, Chief Operations Officer, Operations Division
Ronald Crespín, Chief Financial Officer & Budget and Finance Division Director
Samuel K. Collins, Jr., State Cash Manager
Kathy Abeyta, Investment Accounting Bureau Chief
Spencer Wright, Portfolio Manager
Patricia J. Ortiz, Finance & Budget Financial Analyst
Victor Vigil, Cash Management Division Bureau Chief
Yasmin Dennig, Legal Counsel & Public Information Officer

CLIFTON GUNDERSON LLP

Georgie Ortiz, CPA, CGFM, Partner
Joel Blackman, CPA, Manager

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor and were reviewed and approved by the State Treasurer's Office. However, the financial statements remain the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.



STATE OF NEW MEXICO
OFFICE OF THE TREASURER

MEMORANDUM

DATE: December 30, 2011
To: Members of the State Treasurer’s Investment Committee
FROM: Spencer Wright, Portfolio Manager *MSW*
RE: Reserve Primary Fund Investments

As you know, the State was an investor in the Reserve Primary Fund when the fund was frozen due to its exposure to Lehman Brothers during Lehman’s bankruptcy in 2008 and the subsequent market dislocations.

Investments in the Reserve Primary Fund (“RPF”) are carried in the General Fund Liquidity Account, the General Fund CORE Account, the Taxable and Tax-Exempt Bond Proceeds Investment Pools and the Reserve Contingency Fund.

At the time of the Lehman filing, STO had investments in the Reserve Primary Fund of approximately \$760MM¹. Since the Reserve Primary Fund was “frozen”, distributions have periodically been made from the account. To date, we have received a return of \$0.9904 per dollar invested in 2008.

At the beginning of FY11, we had a carrying value of \$7.3 MM in the STO- Related Accounts (See Table 1).

<i>Table 1 – STO Holdings</i>	<u>7/1/2010</u>	<u>8/30/2010</u>	<u>2/17/2011</u>	<u>6/30/2011</u>
	<u>Carrying Value</u>	<u>Writeoff Amount</u>	<u>Carrying Value</u>	<u>Write-Down</u>
<i>General Fund Liquidity</i>	\$2,870,674.23	\$(2,286,204.96)	\$584,469.27	\$(584,469.27)
<i>General Fund Core</i>	<u>1,456,435.81</u>	<u>(1,159,905.49)</u>	<u>296,530.32</u>	<u>(296,530.32)</u>
Total General Fund	\$4,327,110.04	\$(3,446,110.45)	\$880,999.59	\$(880,999.59)
<i>Bond Proceeds Account - Tax Exempt</i>	\$1,217,093.13	\$(969,292.97)	\$247,800.16	\$(247,800.16)
<i>Bond Proceeds Account - Taxable</i>	<u>1,788,233.27</u>	<u>(1,424,148.98)</u>	<u>364,084.29</u>	<u>(364,084.29)</u>
Total Bond Proceeds	\$3,005,326.40	\$(2,393,441.95)	\$611,884.45	\$(611,884.45)
State of New Mexico	\$7,332,436.44	\$(5,839,552.40)	\$1,492,884.04	\$(1,492,884.04)

As a reminder, the Reserve Primary Fund Investments were “written down” in the FY10 Audit against their carrying value. The write-down in FY10 was approximately 25%. We did not assess any claims against any accounts for the amount of that write-down in 2010.

¹ In addition to the STO investments in the Reserve Primary Fund, the STO-Managed NewMexiGrow Local Government Investment Pool was also an investor in the fund, with an invested balance of \$381.7MM. The LGIP is managed by the STO on an agency basis for the benefit of fund participants which are restricted to municipal entities within the State of New Mexico. Balances in the LGIP are *not* aggregated with the General Fund of the State of New Mexico for any purposes and are *not guaranteed* by the State of New Mexico or any other entities. The LGIP maintains a AAA⁺ rating from Standard & Poor’s.

On August 30, 2010, the Reserve Primary Fund converted its structure to a pass-through entity for tax purposes (see attached timeline). With that conversion, investors in the Primary Fund were allowed to take taxable losses against their remaining Primary Fund Holdings.

With the taxable conversion, the Reserve Primary Fund simultaneously converted all holdings from the Reserve Primary Fund into an entity called the Primary Fund – In Liquidation. Shares were converted into the new fund at a ratio of 20% of the original share value. The effect of that conversion was a write-off of approximately \$5.8MM over all the STO Accounts, leaving an investment of approximately \$1.5 million in the STO Accounts.

In connection with the 2011 audit, Clifton Gunderson asked us to review the remaining positions in the Reserve Primary Fund. Specifically, they wondered to what extent the remaining balances were indeed collectable and recommended that we “write down” the remaining assets in each of the STO Accounts.

In a meeting at STO attended by DFA, SBoF, the LFC and the Comptroller of the State, we discussed the treatment of the remaining assets and ultimately decided to write down their balances, taking a charge against investment income in each of the STO accounts for FY11.

If additional funds are to be recovered from the PF-IL, they will be treated as extraordinary income and applied to the affected account as a credit to investment income for the year received.

The treatment for each of the STO accounts is as follows:

General Fund Liquidity

- Book a transaction as of August 30, 2010 “selling” \$2,286,204.96 of the Reserve Primary Fund investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the change in tax status of the fund as of that date.
- Convert the remaining shares (\$584,469.27) to “Primary Fund in Liquidation” (“PFIL”) shares consistent with the conversion announced by the Reserve Primary Fund as of August 30, 2010.
- Book a transaction as of June 30, 2011 “selling” \$584,469.27 shares of the PFIL investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the accounting write-down as recommended by STO Auditors.
- Total effect will be a reduction of \$2,870,674.23 in Investment Income of the General Fund for FY11.

General Fund CORE

- Book a transaction as of August 30, 2010 “selling” \$1,159,905.49 of the RPF investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the change in tax status of the RPF as of that date.
- Convert the remaining shares (\$296,530.32) to PFIL shares consistent with the conversion announced by the Reserve Primary Fund as of August 30, 2010.
- Book a transaction as of June 30, 2011 “selling” \$296,530.32 shares of the PFIL investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the accounting write-down as recommended by STO Auditors.
- Total effect will be a reduction of \$1,456,435.81 in Investment Income of the General Fund for FY11.

Bond Proceeds Investment Pool – Tax-Exempt

- Book a transaction as of August 30, 2010 “selling” \$969,292.97 of the RPF investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the change in tax status of the RPF as of that date.
- Convert the remaining shares (\$247,800.16) to PFIL shares consistent with the conversion announced by the Reserve Primary Fund as of August 30, 2010.
- Book a transaction as of June 30, 2011 “selling” \$247,800.16 shares of the PFIL investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the accounting write-down as recommended by STO Auditors.
- Total effect will be a reduction of \$1,217,093.13 in Investment Income of the Bond Proceeds Investment Pool – Tax-Exempt for FY11.
- Once the adjusting transactions have been booked, analyze the effect on all participant balances as of June 30, 2011.
- For the Project Funds that are associated with any particular series of debt, adjust the project fund balances to address the pro-rata share of any loss by diminishing the associated debt service account by the pro-rata loss calculated for the project funds. This action will ensure that project fund balances are maintained in a level sufficient to meet planned project costs.
- Debt Service accounts will be adjusted coincident with the next deposit for debt service payments for each of the series of Tax-Exempt Debt.

Bond Proceeds Investment Pool – Taxable

- Book a transaction as of August 30, 2010 “selling” \$1,424,148.98 of the RPF investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the change in tax status of the RPF as of that date.
- Convert the remaining shares to PFIL shares consistent with the conversion announced by the Reserve Primary Fund as of August 30, 2010.
- Book a transaction as of June 30, 2011 “selling” \$364,084.29 shares of the PFIL investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the accounting write-down as recommended by STO Auditors.
- Total effect will be a reduction of \$1,788,233.27 in Investment Income of the Bond Proceeds Investment Pool – Taxable for FY11.
- Once the adjusting transactions have been booked, analyze the effect on all participant balances as of June 30, 2011.
- For the Project funds associated with debt issuance after 2009, adjust the project fund balances to address the pro-rata share of the loss. At the next receipt of Severance Taxes by the STBF, transfer an amount to equal to the loss amount to the STBF. This action will ensure that project fund balances are maintained in a level sufficient to meet planned project costs.
- For the Project Funds associated with debt issuance prior to 2009, that are associated with any particular series of debt, adjust the project fund balances to address the pro-rata share of any loss.
- For each series of debt, draft and circulate a revision to the bond resolution for bondholder approval. Since STO was the purchaser of each series of this debt, the revised resolution should be approved. On the next interest payment date following the approval, replenish these fund balances by a transfer from the STBF to bring the balances up to the balances prior to any adjusting transactions.

Reserve Contingency Fund

- Book a transaction as of August 30, 2010 “selling” \$2,932,025.87 of the RPF investment for total proceeds of \$0.00. This will address the loss deemed to be attributed to the change in tax status of the RPF as of that date.
- Convert the remaining shares of \$749,573.66 to PFIL shares consistent with the conversion announced by the Reserve Primary Fund as of August 30, 2010.
- Recreate and circulate statements for the RCF to participants.

Attachments: Reserve Primary Fund Timeline
Reserve Primary Fund Communications

Reserve Primary Fund Timeline
State of New Mexico
General Fund and Bond Proceeds Accounts

<u>Date</u>	<u>Item</u>	<u>NAV¹</u>
September 15, 2008	STO Investor ² in the Reserve Primary Fund, a AAA-rated money market fund.	\$1.00
	STO Balances:	
	General Fund	\$448.7MM
	Bond Proceeds Investment Pool	<u>311.6MM</u>
	Total STO Exposure	\$760.3MM
	Lehman Brothers Files for Bankruptcy, State Street (Paying Agent for RPF) Freezes Distributions	
	STO Attempts to withdraw \$170MM and simultaneously invest in the RPF.	
	State Street allows distribution of \$100MM ³ of STO funds before funds are frozen	
September 16	Reserve Primary Fund recognizes the value of debt securities issued by Lehman Brothers Holdings (Face Value of \$785MM) at zero due to the bankruptcy filing of Lehman Brothers. NAV set at \$0.97/share. All redemption requests ⁴ processed before 3:00 PM are redeemed at NAV of \$1.00/share.	\$0.97
	Balances of RPF on September 14 th were approximately \$62B. \$11B withdrawals were processed on September 15 th at \$1.00 NAV.	
September 17	Reserve Primary Fund denies additional purchases of the funds by STO.	
September 19	Reserve Primary Fund files request with SEC to suspend all rights of redemption from the RPF. SEC advises RPF that it intends to grant order.	
September 22	SEC grants order to suspend redemptions.	
September 29	Reserve Primary Fund votes to liquidate fund and transfer assets to investors as of October 13, 2008.	

¹ NAV = Net Asset Value.

² On September 15, 2008, the NewMexiGrow Local Government Investment Pool was also an investor in the fund, with an invested amount of \$381.7MM. The Local Government Investment Pool is managed by the State Treasurer's office on an agency basis, for the benefit of fund participants, which are restricted to municipal entities within the State of New Mexico. Balances in the LGIP are *not* aggregated with the General Fund of the State of New Mexico for any purposes and LGIP investments are *not guaranteed* by the State of New Mexico or any other entities. The LGIP Maintains a AAAM rating from Standard & Poor's.

³ Unknown whether this \$100MM is included in the invested balances as of 9/15/2008.

⁴ It is unknown at this time whether either the State of New Mexico or the Local Government Investment Pool had redemption requests at the Reserve Primary Fund at this time. In addition, the status of the \$70MM redemption and the purchase requests made on the 15th is unknown.

Summary Timeline
Reserve Primary Fund Investments
November 2011

<u>Date</u>	<u>Item</u>	<u>NAV</u>
September 30	Reserve Primary Fund approves distribution of \$20B (32% of Assets) as of October 13, 2008.	
October 13	Reserve Primary Fund delays distribution.	
October 15	Reserve Primary Fund increases planned distribution to \$25 Billion	
October 16-24	Reserve Primary Fund advises that it has system issues which will further delay initial distribution. Daily updates from the fund.	\$0.97
October 24	SEC allows Reserve Primary Fund to temporarily suspend their order regarding redemptions.	
October 27	Reserve Primary Fund announces that they are working with the Federal Reserve to use the Money Market Investor Funding Facility to repurchase certain RPF Assets.	
October 30	Reserve Primary Fund announces first distribution to investors of \$26B, representing approximately 50% of RPF balances.	
November 3	Reserve Primary Fund announces plans to distribute approximately \$5B by November 11.	
November 21	Reserve Primary Fund announces plan to distribute approximately \$14B on December 5.	
November 26	Reserve Primary Fund announces that September 16 th NAV was \$0.99 versus \$1.00, modifying and superseding all previously communicated redemption values ⁵	
December 3	Reserve Primary Fund announces second distribution to investors of \$14.4 billion. This represents a return of 80% of assets to fund participants.	
December 3	Reserve Primary Fund releases liquidation plan for remaining assets	
December 23	SEC informed Reserve Management Company, Inc. of their intent to bring action against the members of the management team and management company for the Reserve Primary Fund.	
December 24 th	Reserve Primary Fund announces plan to create special reserve to fund a) anticipated costs and expenses of the fund, b) pending or threatened legal claims, c) claims of indemnification.	
January 6, 2009	Reserve Primary Fund announces accrual of special expenses totaling \$7.6 million.	
January 20	Reserve Primary Fund announces expected distribution of \$9 Billion during week of February 9 th	
January 22	Reserve Primary Fund announces accrual of special expenses totaling \$8.8 million.	
January 28	Reserve Primary Fund announces expected distribution of \$3 Billion during week of February 16	
February 18	Reserve Primary Fund announces accrual of special expenses totaling \$10.9 million.	

⁵ Again, without sufficient documentation it is difficult to ascertain the status of the September 16 STO trades.

Summary Timeline
Reserve Primary Fund Investments
November 2011

<u>Date</u>	<u>Item</u>	<u>NAV</u>
February 20	Reserve Primary Fund announces third distribution to investors of \$3.4 billion. This represents a return of 85% of assets to fund participants.	
February 26	Reserve Primary Fund sets aside \$3.5 billion in Special Reserve	
March 11	Reserve Primary Fund indicates no tax loss for investors for the 2008 tax year.	
March 27	Reserve Primary Fund announces accrual of special expenses totaling \$12.8 million.	
April 13	Reserve Primary Fund announces expected distribution of \$2 Billion during week of April 13	
April 17	Reserve Primary Fund announces Fourth distribution to investors of \$2.3 billion. This represents a return of 90% of assets to fund participants.	
June 11	Reserve Primary Fund announces accrual of special expenses totaling \$16.6 million.	
June 24	Reserve Primary Fund announces accrual of special expenses totaling \$17.0 million.	
July 9	Reserve Primary Fund announces accrual of special expenses totaling \$17.4 million.	
July 23	Reserve Primary Fund announces accrual of special expenses totaling \$17.7 million.	
August 6	Reserve Primary Fund announces accrual of special expenses totaling \$18.1 million.	
August 25	Reserve Primary Fund estimates that total NAV distributed will be \$0.9875/share	\$0.9875
September 4	Reserve Primary Fund announces accrual of special expenses totaling \$19.5 million.	
September 17	Reserve Primary Fund announces accrual of special expenses totaling \$19.9 million.	
September 22	Reserve Primary Fund announces distribution of \$1B on October 2.	
October 2	Reserve Primary Fund announces Fifth distribution to investors of \$1.0 billion. This represents a return of 92% of assets to fund participants.	
October 5	Reserve Primary Fund announces accrual of special expenses totaling \$20.2 million.	
October 13	Reserve Primary Fund announces accrual of special expenses totaling \$20.5 million.	
October 30	Reserve Primary Fund announces accrual of special expenses totaling \$15.7 million.	
November 13	Reserve Primary Fund announces accrual of special expenses totaling \$15.9 million.	
November 27	Reserve Primary Fund announces accrual of special expenses totaling \$16.2 million.	

Summary Timeline
Reserve Primary Fund Investments
November 2011

<u>Date</u>	<u>Item</u>	<u>NAV</u>
November 27	Court Orders SEC Plan for distribution of Reserve Primary Fund Assets	
December 25	Reserve Primary Fund announces accrual of special expenses totaling \$16.7 million.	
January 11, 2010	Reserve Primary Fund announces accrual of special expenses totaling \$17.0 million.	
January 21, 2010	Reserve Primary Fund announces accrual of special expenses totaling \$17.3 million.	
January 26	Reserve Primary Fund announces distribution of \$3.4 B on January 29 th	
January 29 th	Reserve Primary Fund announces Sixth distribution to investors of \$3.4 billion. This represents a return of 95% of assets to fund participants.	
April 13	Reserve Primary Fund liquidates Lehman Positions	
May 27	Reserve Primary Fund releases statement of claims for remainder of estate of \$106MM versus assets of \$328MM	
July 15	Reserve Primary Fund announces Seventh distribution to investors of \$215 Million. This represents a return of 99.04% of assets to fund participants.	\$0.9904
September 3	Reserve Primary Fund announces final distribution and change in classification to pass-through entities, enabling investor losses on positions as of August 31, 2010	
November 24	Reserve Primary Fund announces that Credarian Fund Services LLC became liquidating services agent for the Reserve Primary Fund.	
January 26, 2011	Primary Liquidating Fund: Primary Fund-In Liquidation announces 80% decrease in fund balances with transfer to Credarian reflecting "deemed distributions" of pass-through losses at the 8/30/2011 conversion date.	
July 29	Credarian releases statement of assets and claims for the Primary Fund – In Liquidation Account. Fund Assets are listed as of May 14 as \$110MM with Potential claims of \$106MM yielding a potential balance to be distributed of \$3.8 million.	