

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

August 14, 2013

State Treasurer's Investment Council
Monthly Investment Report

June 2013
FY 2013 Summary



James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER
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STATE TREASURER'S INVESTMENT COMMITTEE
Treasurer's Conference Room
Wednesday, August 14, 2013, 9:00 a.m.

MEETING AGENDA (5 Min)

Roll Call

Introduction of Presenters and Guest

1. Approval of August 14, 2013 Agenda
2. Approval of July 10, 2013 Minutes

Action

Action

INVESTMENT REPORTS (30 min)

**Month Ended
June 30, 2013**

3. Executive Summary
4. Investment Policy Compliance Report
5. Davidson's- June 2013 Quarterly Investment Report
6. Quarterly/Annual Investment Review
7. Portfolio Summary – General Fund and Cash Projection
8. Portfolio Summary -- Local Government Investment Pool (LGIP)
9. Portfolio Summary -- Tax-Exempt Bond Proceeds Investment Pool
10. Portfolio Summary -- Taxable Bond Proceeds Investment Pool
11. Portfolio Summary -- Severance Tax Bonding Fund
12. Broker Dealer Activities

Informational

Informational

Informational

Informational

Informational

Informational

Informational

Informational

Informational

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

**Month Ended
June 30, 2013**

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

Informational

Informational

COMMITTEE REPORTS (20 min)

15. STO Reconciliation Review
16. Question Period
17. Next Meeting –Wednesday, September 11, 2013, 9:00 am
18. Adjournment

Informational

Action

New Mexico State Treasurer's Office
STIC Committee Meeting
Meeting Minutes
Wednesday, July 10, 2013

ROLL CALL- QUORUM PRESENT:

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:05 a.m. in the conference room of The State Treasurer's Office, 2055 South Pacheco Street, Santa Fe, New Mexico 87505.

Members Present:

Ms. Marilyn Hill, Deputy Treasurer Designee for Honorable James B. Lewis, State Treasurer
Ms. Linda Roseborough, Chair
Ms. Stephanie Schardin Clarke, Board of Finance Director
Mr. Paul Boushelle, Public Member
Mr. Paul Cassidy, Public Member

Staff Present:

Mr. Spencer Wright, Portfolio Manager
Ms. Vikki Hanges, Portfolio Manager
Mr. Sam Collins, Cash Manager
Ms. Cindy Cordova, General Counsel
Ms. Hannah Chavez, STIC Secretary
Mr. Heinrich Edimo, Quality Assurance & Compliance Officer

Guest Present:

Ms. Deanne Woodring, Davidson Fixed Income Management (via phone)

1. Approval of Agenda:

Member Boushelle moved approval of June 12, 2013 Agenda with the cancellation of item 3. Motion was seconded by Member Cassidy and passed unanimously by voice vote.

2. Approval of Minutes: June 12, 2013

Member Clarke moved approval of the June 12, 2013 Minutes. Motion was seconded by Member Boushelle and passed unanimously by voice vote.

3. Withdrawn

4. Executive Summary, Mr. Wright:

The STIC Executive Summary report was presented.

- Discussion was held with Member Boushelle and Mr. Wright regarding the 6.5% unemployment rate that is expected in 2015. The Federal Reserve will taper quickly and

their actions have impacted the market. As discussed in this meeting the progressive impact of QE, QE2, QE3, operation twist, each one of these items have had less of an effect on the market. The Federal Reserve is frustrated by that and feels that it wouldn't have much of an effect if they start pulling it back. The market has reacted pretty strong to that.

- Ms. Hanges included that there is discussion of a possible back tax to cover the Obama Care which could affect the economy.

5. Investment Policy Compliance Report, Mr. Wright:

Highlights of the STIC investment policy compliance report were presented.

- Mr. Wright stated that the totals do not include Repurchase Agreement transactions.
- Discussion was held with Member Cassidy and Mr. Wright with the high turnover volume in the portfolios. Ms. Hanges replied in the end of April Tax Exempt BPIP received \$137 million and was invested in April and over the month of May.
- Member Clarke commented at the last STIC meeting she brought to the committee's attention that there is an issue with failure to comply with the investment policy related to Board of Finance approval of the contract with the Investor Advisor, Davidson Fixed Income Management. Member Clarke is aware of concerns expressed by the State Treasurer, STO Staff, and Counsel with the constitutionality of the role of Board of Finance as an oversight. However, she said she sees these two issues as apples and oranges. On one hand, she said she respects those concerns that have been expressed. But on the other hand, the investment policy in place as it is currently written does require prior Board of Finance approval of those contracts. Member Clarke said she is surprised this month that the compliance issue is not noted in the investment policy compliance report. She clarified that she does not bring this up because she is overly concerned about the contract itself, but is compelled to note what it looks like is a lack of compliance. She clarified that she does not believe the lack of compliance is due to malicious intent and does not believe that public funds are at risk. But it is a compliance issue and it should be noted.
- Deputy Treasurer Hill commented that STO is currently doing some research on it and has been reviewed. The contract has not been approved by the Board of Finance in the last several years. From this point of view of the Treasurer's office, the same procedures have been used. The STO office has also followed procurement code so STO is following the law.
- Member Clarke responded that she appreciates the comment and that it is very important that the procurement code has been followed. As far as the past procedure being followed Member Clarke said she did not agree. Past contracts with this financial advisor and with previous financial advisors did go through the process of contract review and approval of the Board of Finance up until 2009. There was an amendment to a contract in 2009 that extended Board of Finance approval through June 30, 2010. From Member Clarke's perspective that was past practice.
- Deputy Treasurer Hill confirmed that STO is researching as well with legal counsel and noted that this issue will be brought to the Board of Finance.

- Member Cassidy questioned if there are any other contracts that fall into this bucket. Deputy Treasurer Hill responded that she does not know if other entities/elected officials have to go through this process and there are only two contracts. The financial advisor contract is a renewal. The process was followed through procurement code.
- Discussion was held regarding who pays for the financial advisor contract and there was agreement that the State Treasurer's Office is responsible for payment.
- Member Clarke noted that the original contract was not approved by the Board of Finance. The last contract that was approved by the Board began in 2008 expired without an option to renew it.
- Member Boushelle asked for clarification that the financial contract is not a renewal since the Board of Finance did not approve it. Discussion was held with Member Boushelle and Member Clarke on the steps that would be taken by the Board of Finance to cure up the contract from the approval standpoint going forward, although the Board of Finance cannot approve retroactively.

6. Portfolio Summary- General Fund and Cash Projection:

Highlights of the portfolio summary report were presented.

- Discussion was held with Member Cassidy and Mr. Wright regarding the earnings reported and how it is distributed. Mr. Wright commented the earnings that are reported are on an accrual basis which is adjusted with unrealized gains or losses. Earnings that are reported do not contain mark-to-market. Member Boushelle asked why the losses are charged to the interest earnings. Mr. Wright commented that it is really investment income rather than interest earnings. Ms. Woodring discussed the accrual basis, mark-to-market, and amortization.

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

Highlights of the portfolio summary report were presented.

- 6.a- Longer maturing collateral & SB24 Inv. Policy Change
 - Member Clarke went over the changes she provided Chair Roseborough.
 - Chair Roseborough noted that a full rewrite on the State Treasurer's Investment Policy is currently being worked for presentment sometime this fall.

Member Clarke moved approval of the longer maturing collateral & SB24 investment policy change with red line changes that were discussed. Motion was seconded by Member Cassidy.

8. Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool, Ms. Hanges:

Highlights of the STIC portfolio summary report were presented.

- Discussion was held with Member Cassidy and Ms. Hanges regarding the barbell strategy. Ms. Hanges mention they were scheduled to get a bond sell as of June 23 but was moved to July 23. New money would be invested two years and shorter and try to target a ladder maturity in each month. Ms. Hanges will not be doing a barbell strategy.
- Mr. Wright indicated that as portfolio managers, they also manage to their benchmarks within +/- 20 basis points.

9. Portfolio Summary-Taxable Bond Proceeds Investment Pool, Ms. Hanges:

Highlights of the STIC portfolio summary report were presented.

10. Portfolio Summary- Severance Tax Bonding Fund, Mr. Wright:

Highlights of the STIC portfolio summary report were presented.

11. Broker Dealer Activities: Mr. Wright:

The STIC broker dealer activities report was presented.

12. State Agency Deposit Balances, Mr. Collins:

Highlights of the STIC state agency deposit balance report were presented.

13. Collateral Report on Agency Deposits & CDs, Member Roseborough:

Highlights of the STIC collateral report on agency deposits and CDs were presented.

- Chair Roseborough noted a reporting edit on page 67. Wells Fargo percentage was 177%, deposit at \$33 million and collateral at \$58.6 million.

14. Question Period

No questions were asked.

15. Investment Advisor Contract, Member Roseborough

Chair Roseborough informed the committee the contract will be presented to the Board of Finance on July 17, 2013.

16. Next Meeting- Wednesday, August 14, 2013, 9:00am

Chair Roseborough noted the date and time of next meeting.

17. Adjournment

Chair Roseborough adjourned the meeting at 10:28am.

The adjournment was moved by Deputy Treasurer Hill. Motion was seconded by Member Cassidy.

Minutes were taken by Ms. Hannah Chavez on July 10, 2013.

Minutes approved by Ms. Roseborough on August 13, 2013.

Executive Summary

- At the end of June, the State Treasurer managed \$3.7 billion in assets.
- During the month, the State Treasurer earned over \$1.5 million on investment positions.
- The State Treasurer earned over \$20.9 million on investment positions through the end of June.
- Markets remained increasingly volatile in June and into July.
- Equity markets moved mostly lower in June, with overall gains through the year.
- Fixed income markets were significantly weaker at month-end, especially in the longer end of the curve.
- Rate weakness continued into July, with some improvement in rates as the month progressed.
- The US Economy continued to grow on a weak pace.
- Unemployment remains high, the housing market shows some signs of stability and inflation remains subdued.
- New Mexico unemployment jumped dramatically to 7.6% in June from a level of 6.4% in May.
- The Federal Reserve Chairman suggested that the Fed would move soon to “taper” its monthly securities purchases, if economic conditions continued to strengthen.
- The curve steepened significantly over our maturity spectrum.
- STO Cash balances remained strong.
- We received significant deposits into our bond proceeds accounts during June and July.

<u>US Treasury Yields</u>			
<u>Maturity</u>	<u>May 31</u>	<u>June 30</u>	<u>Change</u>
3-Month	0.03%	0.03%	0.00%
6-Month	0.06%	0.09%	0.03%
2-Year	0.30%	0.36%	0.06%
5-Year	1.02%	1.40%	0.38%
10-Year	2.13%	2.49%	0.36%
30-Year	3.28%	3.50%	0.22%

Source: Bloomberg LP

Portfolio Mark-to-Market and Monthly Change

With the significant weakening in market yields during June, the STO portfolios¹ had negative results on a mark-to-market basis during the month. Rates in the longer end of our maturity area backed up significantly while short-term rates remained relatively stable.

During the month of July, rates have continued to firm.

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

For each of the STO portfolios:

<u>Fund</u>	<u>Unrealized Gain/Loss²</u>	<u>Monthly Change in Unrealized Gain/Loss³</u>
General Funds	(\$0.7) million	Decreased \$5.6 million
Bond Proceeds Funds	\$0.1 million	Decreased \$1.7 million
Local Government Investment Pool	Not Material	Not Material
Severance Tax Bonding Fund	Not Material	Not Material

Source: QED

Portfolio Yields and Duration

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

<u>Fund</u>	<u>Portfolio Yield⁵</u>	<u>Duration⁴</u>		
		<u>Portfolio</u>	<u>Benchmark</u>	<u>Percentage</u>
General Fund Liquidity	0.30%	22 Days		
General Fund CORE	0.77%	2.31 Years	2.25 Years	103%
Bond Proceeds - Tax Exempt	0.44%	1.11 Years	1.45 Years	77%
Bond Proceeds - Taxable	0.58%	0.96 Years	1.45 Years	66%
Local Government Investment Pool	0.15%	60 Days		
Severance Tax Bonding Fund	0.27%	1 Day		

Source: QED, JPMorgan

Benchmark Performance Comparisons

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

<u>Fund</u>	<u>Performance⁶</u>		
	<u>1 Month</u>	<u>3 Months</u>	<u>12 Months</u>
General Fund Liquidity	0.02%	0.05%	0.22%
S&P Government Bond Index (Net)	0.00%	0.01%	0.06%
Relative Performance (BPs)	0.02%	0.04%	0.16%
Relative Performance (%)	∞	500%	367%
General Fund CORE	(0.36%)	(0.58%)	0.20%
BAML 0-5 US Treasury	(0.05%)	(0.54%)	0.02%
Relative Performance (BPs)	(0.31%)	(0.04%)	0.18%
Relative Performance (%)	(720%)	(107%)	1,000%

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

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

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

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

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

<u>Fund</u>	<u>1 Month</u>	<u>3 Months</u>	<u>12 Months</u>
<i>Bond Proceeds - Tax Exempt</i>	(0.12%)	(0.23%)	0.23%
<i>BAML 0-3 US Treasury</i>	<u>(0.05%)</u>	<u>(0.07%)</u>	<u>0.29%</u>
<i>Relative Performance (BPs)</i>	(0.07%)	(0.16%)	(0.06%)
<i>Relative Performance (%)</i>	(240%)	(329%)	79%
<i>Bond Proceeds - Taxable</i>	(0.13%)	(0.19%)	0.27%
<i>BAML 0-3 US Treasury</i>	<u>(0.05%)</u>	<u>(0.07%)</u>	<u>0.29%</u>
<i>Relative Performance (BPs)</i>	(0.08%)	(0.12%)	(0.02%)
<i>Relative Performance (%)</i>	(260%)	(271%)	93%
<i>Local Government Investment Pool</i>	0.01%	0.02%	0.20%
<i>S&P Government Bond Index (Net)</i>	<u>0.00%</u>	<u>0.01%</u>	<u>0.06%</u>
<i>Relative Performance (BPs)</i>	0.01%	0.01%	0.14%
<i>Relative Performance (%)</i>	∞	200%	333%

Source: JPMorgan

Investment Earnings

Investment earnings for June are summarized in the table below.

For each of the portfolios:

<u>Fund</u>	<u>Investment Earnings⁷</u>	
	<u>MTD</u>	<u>YTD</u>
<i>General Funds</i>	\$911,759	\$12,733,290
<i>Bond Proceeds Funds</i>	507,761	6,708,535
<i>Local Government Investment Pool</i>	74,954	1,217,171
<i>Severance Tax Bonding Fund</i>	18,127	296,896

Source: QED

Compensating Balances at Fiscal Agent Bank

During July, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$131 million. This balance earned a credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

<i>Average Collected Balance</i>	\$131,347,169
<i>Earnings Credit Rate</i>	0.50%
<i>Estimated Monthly Earnings</i>	\$54,727
<i>Estimated Fiscal Year Earnings</i>	\$499,373

Source: Wells, Fargo & Co.

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

Monthly Investment Outlook

June and July were absolutely horrendous months for the bond markets as rate increases were sudden and dramatic. The key catalyst for the backup was the active discussion by the Federal Reserve that it would, if economic conditions warrant, begin scaling back its aggressive monthly purchases of Treasury and Mortgage securities.

In addition to pre-announcing the move, many participants felt that the Fed was signaling that economic growth is stronger than anticipated. Only time will tell who is right.

Implications for the Foreseeable Future

We continue to believe that the period of relatively low level of interest rates will come to an end during 2014. We also believe that the risk of higher rates in the near future has increased.

Accordingly, during the month we have moved to shorten maturities while matching the duration of our portfolios. Any additions to securities held will, for the foreseeable future, be on or slightly short to our defined benchmarks.

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

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

New Mexico State Treasurers Office Performance As of June 2013

Account ID	Portfolio Name	Market Value	Month	Trailing 3M	Fiscal YTD	YTD	1 YR	Since Inception	Inception Date
10933300	Local Government Investment Pool	531,872,926	0.01	0.02	0.20	0.09	0.20	1.11	01-Jul-2007
10933400	Overnight Repo Pool	145,050,467	0.01	0.03	0.22	0.08	0.22	0.88	01-Jul-2007
10933500	Tax Exempt Bond Proceeds	467,895,734	(0.12)	(0.23)	0.23	(0.11)	0.23	2.18	01-Jul-2007
10933900	Taxable Bond Proceeds	723,015,557	(0.13)	(0.19)	0.27	(0.06)	0.27	2.31	01-Jul-2007
00667701	General Fund	2,146,356,229	(0.25)	(0.40)	0.23	(0.28)	0.23	2.22	01-Jul-2007
10933700	General Fund Core	1,321,769,875	(0.36)	(0.58)	0.20	(0.44)	0.20	2.85	01-Jul-2007
10933600	General Fund Liquidity	824,586,354	0.02	0.05	0.22	0.08	0.22	0.85	01-Jul-2007
06677-BEN-0006	S&P Govt Pools Net yield		0.00	0.01	0.06	0.02	0.06	0.91	01-Jul-2007
06677-BEN-0012	BPIP Index ML 0-3 Treasury		(0.05)	(0.07)	0.29	0.03	0.29	2.23	01-Jul-2007
06677-BEN-0013	General Core Index ML 0-5 Treasury		(0.32)	(0.54)	0.02	(0.41)	0.02	3.10	01-Jul-2007
06677-BEN-0016	S&P LGIP Gross yield		0.01	0.03	0.16	0.07	0.16	0.16	01-Jun-2012
06677-BEN-0015	General Fund Total		(0.19)	(0.32)		(0.23)		(0.25)	01-Dec-2012

Performance shown is gross of manager fees

New Mexico State Treasurer
Monthly Fund Summary Report
(Unaudited)

As of June 30, 2013

General Fund

Account	Holdings			Performance				Earnings	
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total		Index Return	Relative Performance	Monthly Earnings	YTD Earnings
				Return	Benchmark				
Cash Balances	\$ 131,347,170	\$ 131,347,170	\$ -	0.22%	S&P LGIP	0.16%	0.06%	\$ 56,852	\$ 858,517
Liquidity	556,046,149	556,044,719	(1,430)	0.20%	ML Treasury 0-5	0.02%	0.18%	854,907	\$ 11,874,773
CORE	1,316,526,267	1,315,773,552	(752,715)	0.00%	All-In Tran TIC	0.00%	0.00%	-	-
TRAN	-	-	-	0.19%	Blended	0.01%	0.18%	\$ 911,759	\$ 12,733,290
Totals	\$ 2,003,919,586	\$ 2,003,165,441	\$ (754,145)						

Bond Proceeds Investment Pool (BPIP)

Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total		Index Return	Relative Performance	Monthly Earnings	YTD Earnings
				Return	Benchmark				
	Tax-Exempt	\$ 466,664,614	\$ 466,328,820	\$ (335,794)	0.23%	ML Treasury 0-3	0.29%	-0.06%	\$ 196,811
Taxable	700,028,923	700,460,254	431,331	0.27%	ML Treasury 0-3	0.29%	-0.02%	310,950	4,479,294
Totals	\$ 1,166,693,537	\$ 1,166,789,074	\$ 95,537	0.25%	Blended	0.29%	-0.04%	\$ 507,761	\$ 6,708,535

Local Government Investment Pool (New MexiGrow LGIP)

Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total		Index Return	Relative Performance	Monthly Earnings	YTD Earnings
				Return	Benchmark				
	LGIP	\$ 531,483,348	\$ 531,503,640	\$ 20,292	0.20%	S&P LGIP	0.16%	0.04%	\$ 74,954

Severance Tax Bonding Fund

Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total		Index Return	Relative Performance	Monthly Earnings	YTD Earnings
				Return	Benchmark				
	STBF	\$ 16,847,079	\$ 16,847,079	\$ -	0.22%	S&P LGIP	0.16%	0.06%	\$ 18,127

Notes:

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

Investment Policy Compliance Review

Primary and Secondary Bond Purchases/Sales

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

Primary Bond Volume	\$ 246,697,000	57%
Secondary Bond Volume	<u>187,465,000</u>	<u>43%</u>
Total	\$434,162,000	100%

For the Fiscal Year, the following were the ratio of primary and secondary bond transactions in the portfolios:

Primary Bond Volume	\$ 2,227,445,000	54%
Secondary Bond Volume	<u>1,892,469,000</u>	<u>46%</u>
Total	\$4,119,914,000	100%

The totals above exclude overnight repurchase agreement volume which is approximately \$500MM/day.

Commissions Paid

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

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

Variable Rate and Structured Note Holdings

At the end of June, total holdings of Variable Rate Notes were \$158,234,000.

General Fund Liquidity	\$ 20,000,000
Taxable BPIP	7,000,000
Tax Exempt BPIP	7,934,000
LGIP	<u>81,220,000</u>
Total Holdings	\$116,154,000

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

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

Transaction Variances and Portfolio Transactions

During June, 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 inter-portfolio trades during the month.

There were few instances of inter-fund borrowing also noted as pooled net REPO wires of cash balances from all portfolios. This situation will continue as long as STO does not have the additional STBF custody account required and individual REPO wires are not transacted by portfolio. This situation will be resolved upon the integration into the SHARE Treasury Management system. STO personnel are

continuing to develop transaction procedures regarding this process to ensure that such pooling or borrowing between accounts is minimized and well documented.

Investment Policy Compliance

No Report.





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

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

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

Executive Summary

2

- ❖ **General fund strategy was reviewed this quarter to determine if the liquidity and investment component allocations were appropriate given the low rate environment. The conclusion was that given flat to lower growth in revenues and the volatility in interest rates, the current blend was appropriate. The duration of the general core fund drifted slightly shorter this quarter and the portfolio has been invested in approximately 27% US Treasury and 70% in GSE Agency securities.**
- ❖ **The LGIP earnings rate remain consistent with the earnings of AAAM rated funds. Repurchase agreements have declined and bank deposits have increased. The portfolio remains diversified in asset classes and has approximately 41% in cash and cash equivalents.**
- ❖ **BPIP funds continue to be impacted by cash flow inflows and outflows. The manager is effectively positioning the portfolio in anticipation of the cash flow impact.**
- ❖ **Performance of all funds were in line with the market exposure of each fund and their established benchmarks.**
- ❖ **Reviewed the holdings of the International Finance Corporation and International American Bank. DFIM requested an evaluation regarding categorization of these securities and a review of statutes allowing them as investments. The portfolio managers are not purchasing any additional securities by these issuers until legal counsel has reviewed further.**

Fiscal Year Performance for General Fund

3

BOARD OF FINANCE FISCAL YEAR PERFORMANCE REPORT

6/30/12-6/30/13

Portfolio Name

General Fund Total	0.23%
General Fund Total Benchmark	0.04%

Performance target is to earn 5 basis points more than the benchmark.

Performance Reports

PERFORMANCE REPORT

4

Portfolio Name	Market Value	6/30/2013	Yield	1 Year
		Duration - End	3/31/13-6/30/13	6/30/12-6/30/13
			Quarter End Yield	1 Year Return Yield
LGIP * Gross Yield	\$ 531,873,926.00	0.18	0.155%	0.199%*
Fund Benchmark Gross Return		0.12	0.030%	0.160%
LGIP Net Yield		0.18	0.105%	0.149%*
Fund Benchmark Net Return		0.12	0.010%	0.070%

STO FUNDS

Portfolio Name	Market Value	6/30/2013	Total Return	1 Year	Percent
		Duration - End	3/31/13-6/30/13	6/30/12-6/30/13	
			Quarter Return	Fiscal Year	
General Fund Liquidity	\$ 630,422,624.32	0.05	0.06%	0.22%	20.11%
Fund Benchmark		0.01	0.01%	0.06%	
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Percent
General Fund Core	\$ 1,313,840,043.73	2.31	-0.58%	0.20%	41.91%
Fund Benchmark		2.25	-0.54%	0.02%	
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Percent
BPIP Tax Exempt	\$ 467,895,734.00	1.16	-0.23%	0.23%	14.92%
Fund Benchmark		1.45	-0.07%	0.29%	
Portfolio Name	Market Value	Duration - End	Quarter Return	1 Year Return	Percent
BPIP Taxable	\$ 723,015,557.00	1.24	-0.19%	0.27%	23.06%
Fund Benchmark		1.45	-0.07%	0.29%	
Total STO Investment Funds	\$ 3,135,173,959.05	1.437	-0.309%	0.225%	100.00%

* Data Source: JP Morgan Custodial Reports

JP is based on trade date and includes accrued interest

General Fund Liquidity was adjusted on this report by \$194,163,729.79 which is a pending repo roll.

* Provided by STO

Investment Allocation

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ALLOCATION REPORT

<i>Portfolio Name</i>	<i>Market Value+Int</i>	<i>% Fund</i>	<i>Repo</i>	<i>Bank</i>	<i>Treasury</i>	<i>Agency</i>	<i>Corp/CP</i>	<i>Other</i>
Total LGIP	\$ 531,873,926.00	100%	0.00%	39.12%	20.61%	33.57%	6.70%	
Liquidity	\$ 221,183,271.22	42%						
Investments	\$ 310,690,654.78	58%						

<i>Portfolio Name</i>	<i>Market Value+Int</i>	<i>% Fund</i>	<i>Repo</i>	<i>CD/Other</i>	<i>Treasury</i>	<i>Agency</i>	<i>Corp/CP</i>	<i>LGIP</i>	<i>Muni</i>
Total General Fund	\$ 1,944,262,668.05	100%							
Liquidity	\$ 630,422,624.32	32%	91.29%	6.28%		2.43%		0.00%	
Investment Core	\$ 1,313,840,043.73	68%	0.79%	0.76%	27.19%	69.80%	0.02%	0.000%	1.44%

<i>Portfolio Name</i>	<i>Market Value+Int</i>	<i>% Fund</i>	<i>Repo</i>	<i>CD/Other</i>	<i>Treasury</i>	<i>Agency</i>	<i>Corp/CP</i>	<i>LGIP</i>	<i>Muni</i>
Total Tax Exempt	\$ 467,895,734.00	100%	31.16%	0.72%	17.49%	37.47%	4.91%	0.64%	7.61%
Liquidity	\$ 19,725,740.81	4%							
Investments	\$ 448,169,993.19	96%							

<i>Portfolio Name</i>	<i>Market Value+Int</i>	<i>% Fund</i>	<i>Repo</i>	<i>CD/Other</i>	<i>Treasury</i>	<i>Agency</i>	<i>Corp/CP</i>	<i>LGIP</i>	<i>Muni</i>
Total Taxable	\$ 723,015,557.00	100%	2.50%	3.24%	34.29%	49.24%	7.48%	0.23%	3.02%
Liquidity	\$ 53,664,438.91	7%							
Investments	\$ 669,351,118.09	93%							

TOTAL STO FUNDS \$ 3,135,173,959.05

* Data Source: JP Morgan Reports

Taxable and Liquidity have repo's pending on 7/1st, and these balances have been removed from holdings.

Davidson Fixed Income Management, Inc.

Market Yields:

What a difference a quarter makes! In the last quarterly commentary we mentioned the lack of volatility in fixed income markets over the past several years. Well, that has all changed and interest rates are on the move. In the second quarter of 2013 the three-year note reached a low of .32% and a high of .746%. The five-year note range was .64% to 1.49%. The market is getting exciting again and we are hopeful that earnings rates will improve over the coming months. For those of you who have fiscal year end, the large upward swing in interest rates will have a negative impact on the market value of the investment portfolio for GASB reporting. These market value changes are not realized, but must be documented on financials. DFIM has managed interest rate risk and has worked on balancing the appropriate trade off of higher earnings over the past several years with the expected price decline in rising rates.

Market Expectations for 2013 and beyond:

The fixed income market has adjusted to the recent Fed announcement of the possibility to taper Fed purchases. The significant liquidation of fixed income funds was executed in an environment that has a much weaker dealer community versus pre 2008. New financial regulations have reduced the risk taking capacity of all financial participants which allows for more volatility when funds need to liquidate. The lack of bidders in down markets creates temporary oversold conditions, which DFIM suspects we are in currently. Longer term we should be in the very early stages of a cyclical move to higher rates.

Fed Becomes Own “Tail Risk”

Overlooking the Fed’s more optimistic prognosis on the economic outlook, the markets zeroed in on the intention to begin to remove accommodation, which sent yields exploding to August 2011 highs. In effect, the Fed has become its own “tail risk,” which was always the argument against QE policy to begin with – the “Great Unwind” would be the hardest part. Market sensitivity to any such verbal guidance now remains acute and heading into quarter-end volatility remained in charge.

U.S. Jobs Data Outperform, Despite Good Sector Restraint

The U.S. June jobs data revealed upside surprises for payrolls, hours-worked, and wages. Moderate civilian employment and labor force gains left the jobless rate at 7.56%. The participation rate rose to 63.5% from 63.4% in May and up from a 34 year low of 63.3% in April. The firm jobs data boosted our income estimates and bode well for GDP, though the factory data were sluggish and construction hours-worked fell.

FOMC- Sees Diminishing Downside Risk

Since the Fed’s last statement on May 1, the market and Fed have focused on the timing and shape of the Fed’s exit strategy from QE. The Fed contributed to market uncertainty when Chairman Bernanke publicly considered stepping back from the full QE. With the last statement, the seeds of QE tapering were sown with reference that “downside risks diminished” for economic prospects, though the outlook is still “moderate” on the economic and inflation fronts. In Q&A, Bernanke explicitly outlined an optimal path for QE purchase reductions later this year, all else being equal.

□

Economic Data

<u>Indicator</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 est</u>
Real GDP	-3.0	-3.10	2.40	1.80	2.20	1.80
CPI (YOY)	3.85	-0.35	1.63	3.17	2.08	1.50
Unemployment	5.80	9.30	9.60	8.90	8.10	7.50

Interest Rate Data

<u>Maturity</u>	<u>2010 Ending</u>	<u>2011 Ending</u>	<u>2012 Ending</u>	<u>Q1 2013 Ending</u>	<u>Q2 2013 Ending</u>	<u>Q3 2013 est</u>	<u>Q4 2013 est</u>
Fed Bank Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2 Year	0.60	0.24	0.25	0.24	0.36	0.37	0.45
10 Year	3.33	1.92	1.76	1.85	2.49	2.50	2.62

Source: Bloomberg ECFC

STRATEGY OBSERVATIONS:

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

CHANGES IN THE TREASURY MARKET:

	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>6/30/13</u>
3-month bill	0.13	0.01	0.04	0.03
2-year note	0.59	0.25	0.25	0.35
5-year note	2.00	0.87	0.72	1.43
10-year note	3.30	1.95	1.76	2.60

Source: Bloomberg

Shock Analysis

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Given the current market environment, it is important to monitor the expected price movement of security holdings given changes in rates. The industry calls this "Shock Analysis."

DFIM is providing a shock analysis for STO accounts and the LGIP. It is important to note the following:

- Assumes rates move up in a parallel shift on the yield curve.
- Assumes rates move at one point in time.
- Change in market values are not realized gains or losses
- Provides an indication of the expected market value change given a 50 basis point and a 100 basis point rate move upwards.

Shock Analysis

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STO FUNDS		RISK	Up 50 Basis Pts	Up 100 Basis Pts
Portfolio Name	Market Value	Duration - End	Market Change	Market Change
General Fund Core	\$ 1,313,840,043.73	2.31	\$ (15,174,852.51)	\$ (30,349,705.01)
Fund Benchmark		2.25	\$ (14,780,700.49)	\$ (29,561,400.98)
Portfolio Name	Market Value	Duration - End	Market Change	Market Change
BPIP Tax Exempt	\$ 467,895,734.00	1.16	\$ (2,713,795.26)	\$ (5,427,590.51)
Fund Benchmark		1.45	\$ (3,392,244.07)	\$ (6,784,488.14)
Portfolio Name	Market Value	Duration - End	Market Change	Market Change
BPIP Taxable	\$ 723,015,557.00	1.24	\$ (4,482,696.45)	\$ (8,965,392.91)
Fund Benchmark		1.45	\$ (5,241,862.79)	\$ (10,483,725.58)
Total STO Investment Funds	\$ 2,504,751,334.73		\$ (22,371,344.22)	\$ (44,742,688.43)
Total Benchmark Change			\$ (23,414,807.35)	\$ (46,829,614.70)

* Data Source: JP Morgan Custodial Reports

EARNINGS COMPARISON OF PORTFOLIO TO CASH

		RETURN		
		6/30/2013	1 year	3 year*
Portfolio Name	Market Value	Yield	Earnings	Earnings
General Fund Core	\$ 1,313,840,043.73	0.77%	\$ 10,116,568.34	\$ 30,349,705.01
Cash		0.15%	\$ 1,970,760.07	\$ 5,912,280.20
Portfolio Name	Market Value	Yield	Earnings	Earnings
BPIP Tax Exempt	\$ 467,895,734.00	0.44%	\$ 2,058,741.23	\$ 6,176,223.69
Cash		0.15%	\$ 701,843.60	\$ 2,105,530.80
Portfolio Name	Market Value	Yield	Earnings	Earnings
BPIP Taxable	\$ 723,015,557.00	0.58%	\$ 4,179,029.92	\$ 12,537,089.76
Cash		0.15%	\$ 1,084,523.34	\$ 3,253,570.01
Total STO Investment Funds	\$ 2,504,751,334.73		\$ 16,354,339.49	\$ 49,063,018.46

Data Source: JP Morgan Custodial Reports and QED reports

* 3 year returns assumes the same rate as of 6/30/13 for the next 3 years.

LGIP Shock Analysis

SENSITIVITY ANALYSIS

Weighted Average Maturity:	58	Current Maturity
Shares Outstanding:	531,873,926	Book Value
Market Value (NAV):	0.999770	
Total \$ Unrealized Loss:	\$122,331	
Total \$ Unrealized Gain	\$0	

Basis Point Shift								Gain (Loss)
300	0.992861	0.994448	0.994740	0.995003	0.995241	0.995457	0.996156	\$ (2,657,840)
250	0.993996	0.995330	0.995576	0.995797	0.995998	0.996179	0.996767	\$ (2,235,255)
200	0.995131	0.996213	0.996413	0.996592	0.996754	0.996902	0.997378	\$ (1,812,670)
150	0.996266	0.997096	0.997249	0.997386	0.997511	0.997624	0.997990	\$ (1,390,085)
100	0.997401	0.997979	0.998085	0.998181	0.998268	0.998346	0.998601	\$ (967,501)
50	0.998536	0.998862	0.998922	0.998975	0.999024	0.999069	0.999212	\$ (544,916)
0	0.999671	0.999744	0.999758	0.999770	0.999781	0.999791	0.999823	\$ (122,331)
-50	1.000806	1.000627	1.000594	1.000565	1.000538	1.000513	1.000434	\$ 300,254
-100	1.001941	1.001510	1.001431	1.001359	1.001294	1.001235	1.001045	\$ 722,839
-150	1.003077	1.002393	1.002267	1.002154	1.002051	1.001958	1.001657	\$ 1,145,423
-200	1.004212	1.003276	1.003103	1.002948	1.002808	1.002680	1.002268	\$ 1,568,008
-250	1.005347	1.004158	1.003940	1.003743	1.003564	1.003402	1.002879	\$ 1,990,593
-300	1.006482	1.005041	1.004776	1.004537	1.004321	1.004125	1.003490	\$ 2,413,178

Redemption/Inflow	-30%	-10%	-5%	0%	5%	10%	30%
O/S Shares	372,311,748	478,686,533	505,280,230	531,873,926	558,467,622	585,061,319	691,436,104

Shift Upon NAV= NAV - (APM/365) * (Bp/10,000)

Dilution Upon NAV= (NAV + Change) / (1 + Change)

* Source: S&P rating matrix

**This report is provided for the purpose of assisting in the monitoring the performance and asset allocation of STO portfolios
The data is provided by JP Morgan and STO internal reports from QED.
The information contained herein has been obtained from, or is based upon, sources believed by us to be reliable but no representation
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Davidson Fixed Income Management

REGISTERED INVESTMENT ADVISER

U.S. Economic and Fixed Income Market Review for Q2 2013

Prepared July 5, 2013

Fed Becomes Own "Tail Risk"

Since the fall of 2008 the Fed has been piling layers of exceptional monetary easing upon top of layers. That appeared to all change in the second quarter of 2013. Though quantitative easing remained in place, Fed hawks began increasing pressure after the healthy April payrolls report on May-3 for QE to be finite. No doubt horrified by the Fed's ballooning balance sheet and the risk of another bubble forming in the asset markets, the hawks made their last stand with increasing "taper talk." That juncture marked the bottom in yields for the quarter, with boundaries of the seemingly interminable range finally broken on the upside by the June-19 FOMC, which boldly announced that "downside risks have diminished." This was followed shortly by a timeline for tapering QE starting as early as this fall or "in the next few meetings" and winding it down in 2014 by Chairman Bernanke in Q&A.

Wall Street initially shrugged off the rebound in Treasury yields from near-record lows as one of many false dawns on the economy, while continuing to happily assimilate free flowing funds from the Fed's extraordinary liquidity. But the major equity indices began to back-peddle in May as the T-note yield decisively cracked back above 2.0%, which finally set off some alarm bells on algorithm-based models. Another ramp higher in yield to as high as 2.66% helped pull the handbrake on the stock market rally – but it took the sharp 100 basis point move to finally check the stock market's relentless advance.

In the wake of the June FOMC meeting, Fed doves attempted to put the taper genie back in the bottle. Several suggested that QE was still data-dependent and the Fed was presenting its best case scenario, not sending a hard signal or timeline of its intentions. Most attempted to de-link the QE taper from its corollary of hiking rates and "tightening policy," which remains

well in the future. One dovish convert, St. Louis Fed's Bullard, actually dissented in favor of a stronger signal from the Fed in defending its inflation goal "amid recent low readings."

Overlooking the Fed's more optimistic prognosis on the economic outlook, the markets zeroed in on the intention to begin to remove accommodation, which sent yields exploding to August 2011 highs. In effect, the Fed has become its own "tail risk," which was always the argument against QE policy to begin with -- the "Great Unwind" would be the hardest part. Market sensitivity to any such verbal guidance now remains acute and heading into quarter-end, volatility remained in charge.

It is ironic that the Fed appears to be the locus of this credit event, having created it in the first place, after signaling an "orderly" wind down of QE likely just ahead. Mortgage-related duration and supply hedging factored as well, as convexity forced the hands of portfolio managers. CDS, investment grade and high yield spread widening added to the chop. Charts show a big gap to the 3.0% area now that prevailed 2-years ago on the T-note, which now has some looking well past the 2.75% area. It would take a pullback below the 2.0% psych level to signal a potential break in the bear market trend and that seems remote now, barring a complete meltdown in the stock market.

ECB, PBoC and BoJ Stung by Fed Taper Talk

Central banks around the globe were caught off-guard by the sudden reversal or "Great Rotation" in rates finally coming to pass. With their economies in even a more fragile state, bank officials hit the airways in force over the past few weeks in an attempt to quell rising investor fears. That the ultra accommodative measures upon which the markets have become so dependent could be coming to an

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end was news to them. Of course policymakers are only contemplating a slowing in stimulus currently. But, the anticipatory nature of the markets has them already jumping to conclusions about the inevitable rate normalization.

The turmoil in stocks and bonds gathered momentum with Fed Chairman Bernanke's May 22 JEC testimony, where he first openly talked about a potential near term taper. This followed taper leaks and counter-leaks by Fedwatchers in the media, though none appeared officially sourced or sanctioned per se. Between May and June, yields surged while stocks plunged. The 10-year Treasury yield hit an all-time closing low of 1.62% on May 2, only to shoot to an intraday high of 2.66% on June 24. That's an enormous 102 basis point move within two months. The German 10-year Bund yield climbed 65 bps to a peak of 1.81% on June 24 from a May low of 1.164%. And Japan's 10-year JGB rose from 0.55% at the start of May to 0.92% on May-29.

The market reaction on yields also drew howls of protest from our largest trading partners. Not that the subsequent dollar gains weren't welcome, but the rising U.S. yield tide lifted all boats in Europe, Japan and the emerging markets. Even the ECB's Draghi thought it best to reiterate the pledge to maintain an accommodative stance. He and other ECB members went to some lengths to reassure the markets that easy ECB policy remained in place and the "OMT is even more essential now due to the potential changes in the monetary policy stance with associated uncertainty in other jurisdictions of the integrated global economy." ECB's Coeure sought to ensure that eurozone yields and yield curve slope "will remain appropriate for its monetary policy stance."

Stocks were also clubbed. The Dow slumped 750 points from May highs to June lows, and the German DAX sank 838 points. Over the quarter, the S&P 500 initially ramped another 9% higher from April lows of 1,536 to trend highs of 1,687 on May -22. But it was all downhill from there as the sharp rebound in bond yields deflated investor over-confidence after the Fed reality check. After the seminal June-19 Fed meeting the index had retraced its steps all the way back down to 1,560 before recovering back above 1,600 by quarter-end.

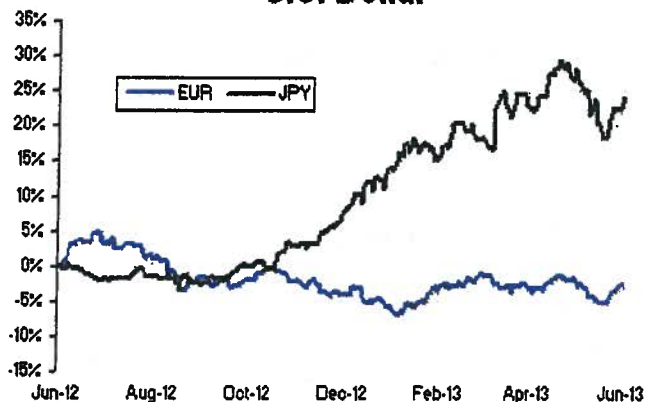
Fed Itching to Pull QE Plug?

That's not to say the Fed's stance has been without controversy. Heading into 2013 rhetoric from the hawks heated up, seeking a more substantive exit strategy. The new mantra became "tapering" off quant easing purchases, but the doves remained resolute that the exceptional policy would remain in place while improvements in the jobs outlook were incremental and not "substantial." Consistently low inflation readings also bought the Fed some extra time, while contractionary fiscal policy and fitful global growth provided cause for caution.

Curiously, Fed officials have indicated surprise at the market response. And no less than 8 Fed officials were trotted out since the FOMC to say the price reaction was overdone. The "reaction function" of the market is a pretty straight-forward - - make money -- while the Fed has been all over the map in terms of the taper. Perhaps the Fed shouldn't try so hard to "guide" the markets, especially since policymakers have shown a distinct lack of market savvy? A case can be made that the sooner officials allow the markets to get back to "normal" and stand on their own two feet, the better.

Coincidental tightening of lending conditions in China also compounded the upmove in global yields, prompting the PBoC to relax somewhat after bank lending began to dry up. This forced the Chinese to slow their plans to contain a brewing asset bubble and rein in speculative lending after a record spike in short-term lending rates threatened to destabilize domestic and global markets.

U.S. Dollar



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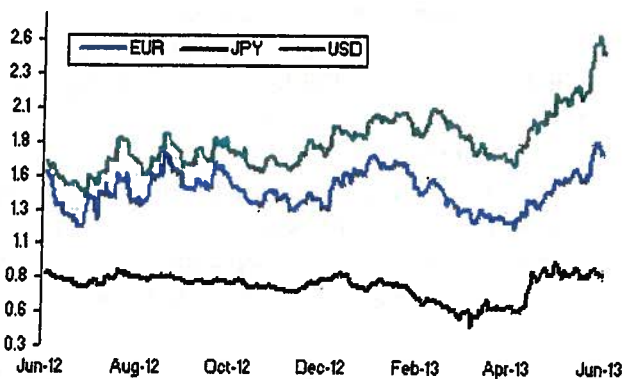
The correlation between the dollar index and yields was not a perfect one over the quarter, but on balance the shoe fit. The dollar index peaked near 84.5 in late-May after rising from the 82.0 level in April, before coasting lower with stocks in a counter-trend move back down to 80.50 low as doubts about the Fed taper were at their height. After the Jun-19 FOMC, however, it was straight back up to clear 83.0 again. Dollar-yen inevitably took out 100.0 on the upside, extending gains to 103.7 by May-22. That was before deleveraging on gold and stocks and a slower pace of follow-up liquidity measures from the Bank of Japan relegated the pair back down to June lows of 93.70 again. From there the Fed taper signal saw it clear 100.0 once more by quarter-end. The euro likewise based near 1.28 in May and recovered to a high of 1.3415 the day before the Fed meeting on Jun-19, then settled back below 1.30 by the end of the month. Note, the start of Q3 was marked by fresh political instability in Portugal after two ministers quit and yields there exploded over 8%. The EU and IMF also threatened to withhold bailout funds from Greece without further forward progress.

earnings, but also beginning to gnaw at the housing recovery as mortgage rates were repriced. The Bund/T-note spread narrowed to -46 basis points by early May, only to nearly redouble to -82 basis points by late-June. The JGB/T-note spread hit +147 basis points in early April after the BoJ stepped up to implement quant easing, before widening to +176 basis points in late-June.

Equity Markets



Bond Yields (% 10 yr Maturity)



The yield breakout in Q2 was confirmed by the complicity of shorter yields with the move, implying repricing in forward policy risks for the first time in over a year. The U.S. 2-year yield based just under 0.2% on May-2 before the April payrolls report and vaulted to 0.434% by late-June, propelled higher by the FOMC's taper guidance. Similarly, the T-note yield snapped from 1.62% lows on May-1 to top 2.66% by June 24, with nearly half of that explosive move in the days immediately following the June 19 meeting. The 2s-10s spread accordingly steepened sharply from +142 basis points to +223 basis point wides, supporting bank

Back-to-back gains on nonfarm payrolls in April and May helped build confidence in the underlying health of the U.S. economy, even as the jobless rate consolidated around 7.5%. Jobless claims continued to tend lower as well. Yet GDP continues to face stiff headwinds from slowing global growth and fiscal restraint. So far this year with the latest revisions GDP has been averaging just 1.1%, as have core PCE prices year-on-year. Not a strong omen that the Fed is in danger of meeting its dual mandate on either employment or inflation (vs 6.5% and 2.0% targets respectively).

Though consumer confidence has been on the rise as measured by the Conference Board or University of Michigan, retail sales have been flat ex-autos for the past 3-months. Home sales have been on a tear into 2013, however, and in combination with higher equities this has helped households recover some lost wealth. But the household savings rate has been steadily climbing from 2.2% in January to 3.2% in May, suggesting that this trend has been about a healing process, rather than expansion. Moreover, the vicious jump in bond yields and mortgage rates risks further harm to fixed income dependent retirees and home buyers alike.

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In this shifting macro environment the S&P 500 rallied from April lows near 1,539 to clear 1,687 in late May, shrugging off Fed taper hints and contradictory information from various Fedwatchers. But that confidence began to wear a little thin and the blue chip index reversed course to 1,560 within a week of the Fed taper decision. Follow-up dovish damage control subsequently helped prop the S&P back up above 1,600 again. But that still leaves intact the paradigm of "good news is bad news" on economic growth vs policy tapering. The Dow ramped up from the 14,500 area to a peak of 15,542 and back down to 14,550 over the same time period. The NASDAQ comp surged from 3,245 at the start of the quarter to 3,543 highs, then 3,294 lows before getting a dovish boost back above 3,450.

Americas - Market Quotes

6/28/2013	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
S&P 500	1606.3	0.9%	-2.9%	2.4%	17.6%
Dow Indust.	14909.6	0.7%	-2.7%	2.3%	15.8%
Nasdaq Comp.	3403.2	1.4%	-2.5%	4.2%	15.3%
S&P/TSE Comp.	12129.1	1.1%	-4.8%	-4.9%	4.6%
Mex Bolsa	40623.3	6.8%	-0.9%	-7.8%	1.3%
US 1yr yld	0.69	0.00	-0.00	-0.05	-0.38
Canada 1yr yld	1.79	0.00	0.00	-0.01	-0.26
US 10yr yld	2.49	-0.05	0.37	0.64	0.90
Canada 10yr yld	2.44	-0.01	0.37	0.57	0.70
USD-MXP	12.93	-2.8%	1.1%	4.7%	-3.1%
USD-CAD	1.052	0.6%	2.2%	3.5%	3.4%

The Toronto Stock Exchange Composite has been lagging, falling roughly 5% over the past quarter, along with a near 8% dive in the Mexican Bolsa as the commodity-focused and emerging markets prove more sensitive to the China slowdown and higher U.S. rates. After an explosive 95k gain in Canadian payrolls in May, follow-up rises are expected to be smaller. Further growth in Canadian payrolls would add to the already solid case for the BoC to retain the mild tightening bias.

Overall, the June Canadian employment report will be the last clean read on the labor conditions for some time. The floods in Alberta and the construction strike in Quebec occurred after the survey period for the labor force survey, and will hence feature in the July survey. Yet these factors will impact June GDP, which we tentatively forecast to fall 0.3% after a 0.2% gain in May. And while the devastation caused by the Alberta flooding does suggest downside risk to national GDP

for the year, strong prospects for aggressive rebuilding efforts suggest little substantive change to longer term growth and inflation outlook.

Asia - Market Quotes

6/28/2013	current level	Chg Over			
		1 wk	4 wks	13 wks	1 year
Nikkei 225	13677.3	3.4%	0.6%	10.9%	51.9%
Hang Seng	20803.3	2.7%	-7.5%	-6.7%	7.0%
All Ordinaries	4775.4	1.1%	-2.9%	-4.1%	14.4%
Japan 1yr yld	0.42	0.00	-0.02	-0.03	-0.13
Aussie 1yr yld	3.34	0.00	-0.00	-0.24	-1.22
Japan 10yr yld	0.85	-0.02	-0.05	0.34	0.02
Aussie 10yr yld	3.76	0.00	0.36	0.34	0.58
USD-JPY	99.1	1.3%	-1.6%	5.3%	24.7%
AUD-USD	0.914	-0.9%	-5.4%	-12.2%	-10.6%
USD-KRW	1142.1	-1.0%	1.3%	-1.1%	-0.3%

The Bank of Japan's maintenance of steady policy at its last meeting affirmed a commitment to avoiding the incremental moves that have undercut past policy efforts. An improving economic outlook underpins the Bank's decision to not add to April's aggressive stimulus measures. Indeed, recent volatility in bond yields and the yen could undermine the Bank's efforts to reflate Japan's economy. Dollar-yen has been consolidating over 100 after stalling out over 103, given the G-20's grudging approval of Japan's reflationary policies. Yet the lack of additional stimulus measures at the last meeting suggest the Bank values its credibility, as opposed to goading its trading partners, which is good news for longer term for Japan's economy.

Japan's economy has improved this year, spurred by easier fiscal and monetary policy. How these measures will impact the long term trajectory of Japan's economy remains an open question, but the short term improvement in Japan's growth trajectory is a victory for Prime Minister Abe and the Bank of Japan. GDP revealed a 4.1% Q1 gain (q/q, s.a.a.r. basis) in the 2nd report, up from the preliminary 3.5% increase reported in May.

While recent upbeat economic data is encouraging for the longer term growth and inflation outlook, we still see a more drawn out shift to a firmer growth path than the BoJ projects. Hence, we expect inflation to undershoot the BoJ's targets over the

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projection horizon, with inflation rising to 1.5% y/y, at best, by the end of 2015 (BoJ forecasts 2.0% by end of 2015 or early 2016). Sound familiar?

Aggressive easing measures coupled with an expected pick-up in energy prices should lift Japan out of deflation by year-end, but the 2.0% target will remain just a goal, not reality, through 2015. This dynamic could prompt the Bank to implement further stimulus measures later this year. Such action could also be aimed at maintaining policy consistency, as the BoJ has been clear that it will make adjustments to policy if necessary to achieve the price stability target of 2%.

Europe - Market Quotes

6/28/2013	current		Chg Over			
	level	1 wk	4 wks	13 wks	1 year	
FTSE Euro 300	1152.2	1.7%	-6.1%	-3.1%	11.3%	
FTSE UK-100	6215.5	1.6%	-6.6%	-3.1%	10.2%	
Euro 1yr yld	0.47	0.01	0.07	0.04	-0.72	
U.K. 1yr yld	0.90	-0.01	0.01	-0.01	-0.78	
Swiss 1yr yld	0.25	-0.00	-0.00	-0.01	-0.14	
Euro 10yr yld	1.73	0.00	0.21	0.44	0.21	
U.K. 10yr yld	2.44	0.04	0.48	0.68	0.74	
Swiss 10yr yld	1.03	0.09	0.31	0.31	0.41	
EUR-USD	1.301	-0.9%	-0.3%	1.5%	3.5%	
GBP-USD	1.521	-1.3%	-0.1%	0.1%	-3.0%	
USD-CHF	0.945	1.1%	-0.8%	-0.5%	-1.0%	

With Eurozone unemployment reaching fresh record highs every month, and no sign of immediate improvement, it is no surprise that attention has shifted away from austerity and towards measures to help bring unemployment down. There has been some progress made with regard to structural reforms, and it seems in Spain, the country with the highest unemployment rate, the labor market may soon bottom out. Still, structural reforms will only have a positive effect over time and the risk is that in the meantime politicians, faced with an increasingly disgruntled electorate, may resort once again to deficit-financed stimulus programs, or put pressure on the ECB to do even more support crisis countries. Widening rate differentials and equity underperformance relative to the U.S. can largely be explained by the jobs deficit in Europe, regardless of the dollar's swings in Q2.

Eurozone unemployment reached a new record high of 12.5% in April, and has risen by 2.3% points since April last year, and survey data and the ongoing lack of

job creation suggests that we will see ongoing increases in the headline rate in coming months. Indicators that allow a breakdown of the overall number also show a marked rise in the number of persons available to work, but not seeking work increased considerably since 2008 and this may also reflect tighter controls of those registering as unemployment as governments saw social security payments rise in line with unemployment. This means that the real number may actually be even higher. At the same time the number of underemployed part time workers has also risen over this period and the ECB's monthly report suggested that the potential additional labor force in the euro area includes 7.7 mln.

The labor market continues to show considerable differences across Eurozone countries, with unemployment rates ranging from just 4.9% in Austria to 26.8% in Spain. Italy's unemployment rate reached 12% in April, France's stands at 11.0% and Germany's at 5.4%. Of particular concern is the sharp rise in youth unemployment, which has reached 24.5% in the Eurozone -- Germany's is just 7.5%, France's nearly 30%, Italy's and Portugal's around 40% and Spain's hit a staggering 56.4%. The high rates in the last three countries clearly reflects the dismal economic situation, but also still more restrictive labor market laws, which favor those already in employment. Furthermore recent changes to the pension system have discouraged early retirement.

Commodities - Market Quotes

6/28/2013	current		Chg Over			
	level	1 wk	4 wks	13 wks	1 year	
CRB	275.6	-0.9%	-2.9%	-7.0%	-3.0%	
GSCI	611.3	0.2%	-1.8%	-6.7%	2.3%	
Oil	96.56	3.1%	3.2%	-0.7%	15.3%	
Gold	1234.57	-4.8%	-12.7%	-22.7%	-22.7%	
Copper	314.84	-0.4%	-6.7%	-9.8%	-11.0%	

Commodity, energy and metals prices have generally been on a down-slope over the second quarter, led by spiraling gold prices. The lack of inflation in the U.S. followed by the Fed's taper turn undermined the metals, while the ongoing economic crunch in Europe and slowdown in China

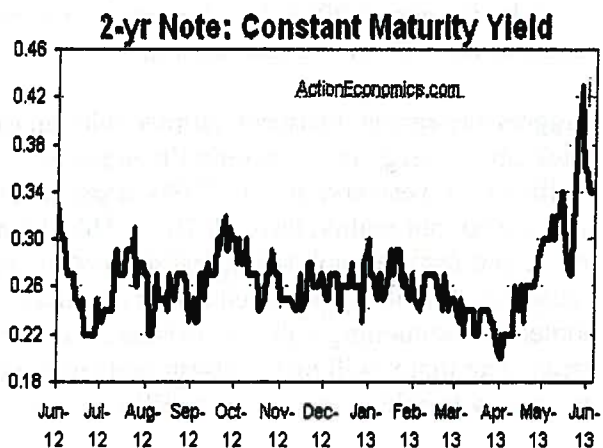
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contributed to the further unwinding of commodity macro bets. The RJ/CRB index began the quarter near 295 and sank 20-points to as low as 275 by quarter-end. Likewise, the S&P GSCI began near 653 and probed 600 before earning some traction and recovering to the 611 area. Curiously, crude oil futures actually bucked the downtrend and gained about \$10 high to \$96.50 bbl over the quarter as tensions in Syria and Egypt remained. But gold plunged from \$1600/oz. level to trade as low as \$1180 by Jun-28. That move included the massive 48-hour \$230 "Great Gold Unwind" in April that had all the hallmarks of a deleveraging event that spilled over to other asset classes at the time, as markets braced for a global margin call. That caused a mini-correction in stocks and set up subsequent bond yield declines while waiting for the other shoe to drop. But the crisis was averted and the BoJ subsequently stepped into the liquidity void and reignited leverage, yen carry trades and outperformance of stocks.

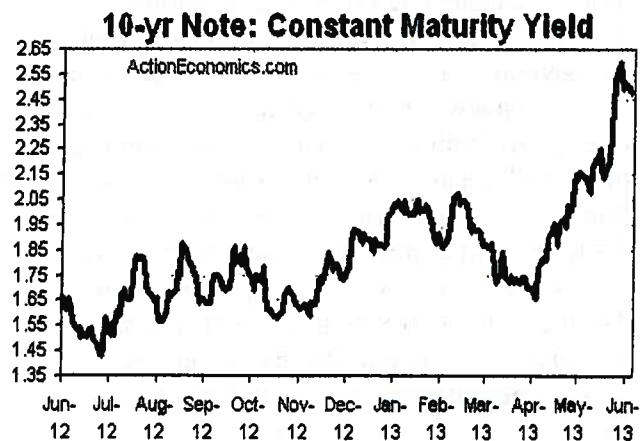
Bernanke Bursts Bond Bubble

"Speak softly, and carry a big stick" would seem to be Fed Chairman Bernanke's personal mantra, borrowed from Teddy Roosevelt. The professor attempted to drop subtle hints through his JEC testimony and leaks to the press that quant easing was not a permanent fixture, but served its purpose. As Bernanke is expected to retire when his term ends on January 31, 2014, he surely doesn't want the "Helicopter Ben" moniker to be his legacy, nor does he likely want the next Fed chairperson to be solely burdened with unwinding his QE program. Yet his attempts at subtlety appeared to backfire and the reaction in the complacent bond market was a swift reboot in yields the curve, while awaiting economic confirmation. That all points to QE tapering beginning as early as this fall, though not synonymous with tightening as the Fed is want to remind us. If momentum builds behind further jobs gains, then yields will remain elevated and balky, but if not born out, then they will search for support.

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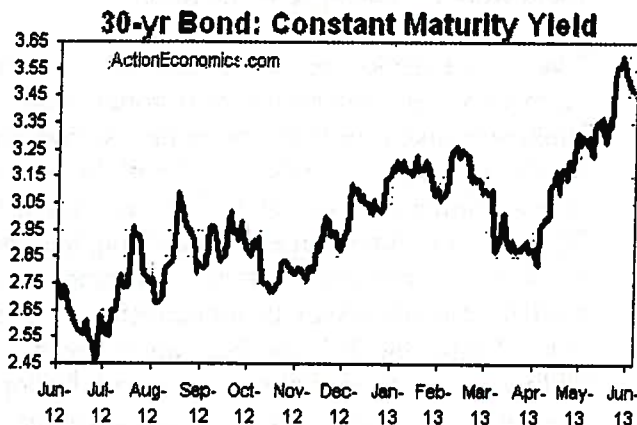


As the chart shows, the knee-jerk reaction to "taper talk" was swift and violent in relative terms as the Fed's extended verbal guidance and ongoing Treasury purchases were questioned for the first time since the financial crisis. With both the BoJ and ECB concerned about downside risks, the 2-year yield hit May lows of 0.1997% before bottoming. But it subsequently reversed from lows and vaulted as high as 0.434% -- nearly double the 0-0.25% Fed funds target rate. The 2-year finished the quarter back down at 0.347% as Fed doves were wheeled out to the bond market that, "whoa," got ahead of Fed intensions.



With "Operation Twist" retired earlier, Fed policy firepower was concentrated fully on the belly and long-end purchases. As a result, the "Great Taper Liquidation of '13" saw magnified selling in these longer areas of the curve as especially the break above 2.0% begat more forced selling and portfolio duration extensions. From lows near 1.61% on May-1, the T-note wheedled its way back above

2.0% in late May and really broke out after the June-19 Fed statement, which highlighted "diminished downside risks." That set up another kick in the gut of the bond market and a 2.66% high yield before pulling back to the 2.50% psych area into quarter-end.



From April levels near 2.83% the cash bond yield ramped up to test 3.63% by late-June – a full 80 basis points higher. That marked the highest level since August, 2011, and a major retracement of the 200 basis point decline in that year. Indeed, there is a large gap in the charts back to the Feb-8, 2011 high near 4.76% as a result.

ECB and BoE Offer Dovish Policy Guidance

BoE and ECB left monetary policy unchanged in early July, but both central banks moved to reassure markets that any exit steps in Europe are still a long way off. The ECB also confirmed more openly than before that it has an easing bias as the economy remains weak. Yet, the ECB's forward guidance is neither specific on the time frame nor specific about which indicators might trigger a change in stance. Markets will be kept guessing as the ECB holds its cards close to its chest. The BoE meanwhile seems set to present a more formal framework on forward guidance next month.

There had been a lot of speculation about the introduction of forward guidance after markets ran away with the idea of exit steps in Europe following the Fed comments on policy tapering. The ECB did indeed deviate from its policy of keeping all its options open, and Draghi said in the introductory statement that the "Governing Council expects the key ECB interest rate

to remain at present or lower levels for an 'extended period of time.' This expectation is based on the overall subdued outlook for inflation extending into the medium term, given the broad-based weakness in the real economy and subdued monetary dynamics". He added once again that the ECB will monitor all incoming information on economic and monetary developments and assess any impact on the outlook for price stability.

Draghi stressed during the Q&A that this was a historic step, and that the ECB effectively signaled an easing bias as "the recent tightening of global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions". Indeed, Bund yields have been on a rising trend since the beginning of May, and market rates generally firmed amid speculation that European central banks will follow the Fed and start to think about exit steps as confidence indicators improve.

However, Draghi refused to specify what "extended period" actually means in terms of time frame and he was also reluctant to tie policy steps to specific indicators. Instead he stressed that the comments on the rate outlook mentioned the three areas - economic developments, the inflation outlook and monetary conditions, which are in line with the ECB's usual focus in the introductory statement. Thus we have a quasi-forward guidance, but one that still leaves a lot of room for interpretation, and that also leaves the ECB considerable room to maneuver.

What is clear though, is that any exit steps in the Eurozone are still a long way off. Economic surveys may have started to improve, but so far they suggest an easing in the pace of contraction rather than a turnaround in growth. Monetary indicators remain very weak, with M3 growth, but especially loan growth, still very disappointing. The most recent uptick in headline inflation was shrugged off as the result of base effects.

All in all, the comments are in line with our forecast of unchanged rates in the foreseeable future, although Draghi did leave the door open for further cuts by stressing that 0.5% on the refi rate is not the

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lower bound, and by repeating that the ECB is technically ready for a negative deposit rate. Indeed Draghi not only said that today's decision to give forward guidance was unanimous, but also that there was a broad discussion on lower rates, which suggests that there are still some at the central bank calling for another cut.

So a downward bias remains in place and was formally confirmed by the ECB today, with confidence indicators likely to remain key for the rate outlook in the Eurozone. Bund futures, which already started to move higher in the wake of the BoE statement, extended its gains after Draghi's comments, although the downtrend in Bund futures that has been in place since the start of May seems to remain intact. Overnight interbank rates dropped slightly and rate hike expectations as reflected in FRAs were pushed out, although maybe not as much as Draghi may have hoped for, as the ECB's communication remains vague.

The BoE meanwhile left rates unchanged, but also issued a surprise statement after Carney's first meeting as governor (formerly of the Bank of Canada). It noted that market rates have risen sharply internationally and asset prices have been volatile since the BoE's last inflation report. The statement stressed that despite the signs that "a recovery is in train", a "degree of slack" in the economy is "expected to persist for some time" and inflation is expected to fall back towards the 2% target. Data have been broadly consistent with the central outlook for growth and inflation that was contained in the last inflation report. It warned that "the significant upward movement in market interest rates would, however, weigh on that outlook". Similar to the ECB, the BoE stated that "in the Committees view, the implied rise in the expected future path of Bank Rate was not warranted by the recent developments in the domestic economy".

The comments confirm that any exit steps are still a long way off in the U.K., despite the recent jump in PMIs and the renewed pick up in inflation. Like the ECB's move on forward guidance, the BoE's statement was a departure from its previous policy of not issuing a statement on a regular basis after a no-change decision. Since Carney's appointment the Chancellor of the Exchequer has affirmed the BoE's right to use unconventional measures and asked to report how

intermediate thresholds in a policy of forward guidance would work with the BoE due to report back in August. The statement itself is already a form of forward guidance, which is likely to be followed by the presentation of a more formal framework for guidance in the future.

Overall, the market reaction to the Fed's comments on exit policies have prompted European central bankers to take a clear stance on the rate outlook for Europe and reassure markets that both ECB and BoE are still a long way away from exit steps. The ECB also introduced an effective easing bias, which was in fact implied before today's meeting, but was spelled out more openly than ever before by Draghi today. Unlike the BoE, the ECB doesn't seem willing to introduce a formal framework for formal guidance, and whether today's statement alone will prevent market rates from moving higher remains to be seen.

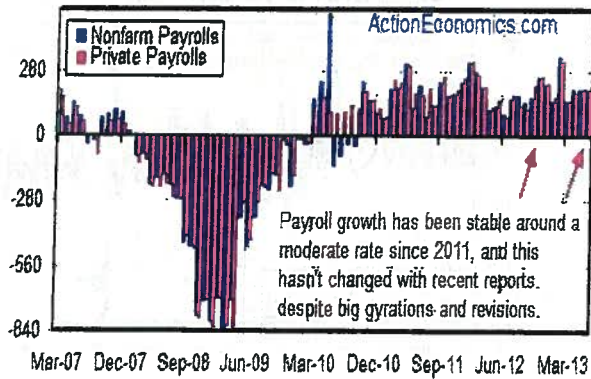
U.S. Jobs Data Outperform, Despite Good Sector Restraint

The U.S. June jobs data revealed upside surprises for payrolls, hours-worked, and wages, alongside moderate civilian employment and labor force gains that left the jobless rate rounding-up from 7.56% as seen in May, following a 7.51% April cycle-low. The participation rate rose to 63.5% from 63.4% in May and a 34-year low of 63.3% in April. The firm jobs data boosted our income estimates and bode well for [GDP](#), though the factory data were sluggish and construction hours-worked fell.

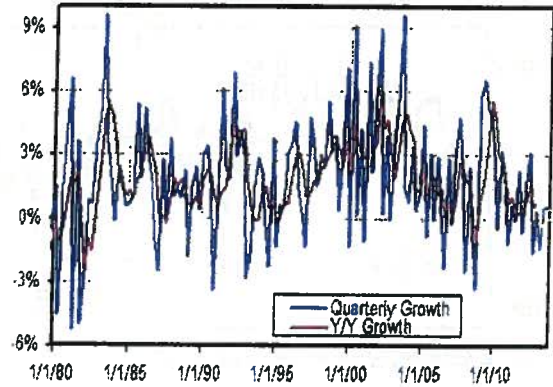
The 195k [June nonfarm payroll](#) gain included a 202k private payroll rise and a 7k government payroll drop, following 70k in upward payroll revisions in the prior two months that reflected a smaller 60k boost in private employment and a 10k hike in government payrolls.

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Total and Private Payroll Changes (1000s)



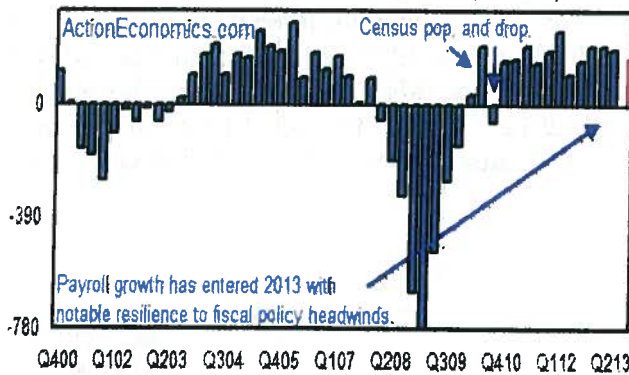
Nonfarm Productivity Growth: Qtrly vs Y/Y



Goods employment rose by 8k in June due to gains of 13k for construction, 1k for mining, and a 6k drop for factories. Hours-worked for the goods sector rose by 0.2%, with a 0.4% construction drop, but other gains of 1.5% for mining and 0.1% for factories.

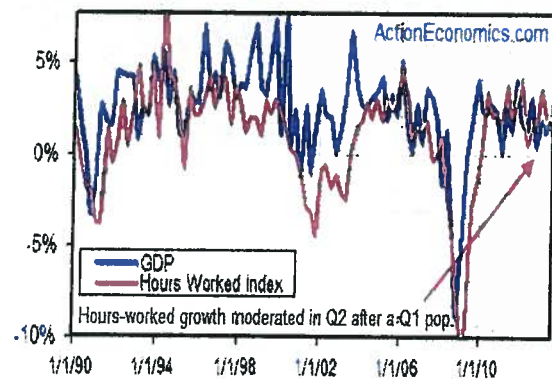
For 2013 overall, we expect 1.9% Q4/Q4 growth for real GDP with a 2.2% hours-worked gain to leave a 0.3% hours-worked overshoot, following a 0.4% hours-worked undershoot in 2012 with respective growth rates of 1.7% and 2.1%. We expect a flat productivity figure for 2013 Q4/Q4 following a lean 0.6% 2012 rise, as payroll growth remains oddly firm in this cycle relative to GDP growth.

Average Monthly Payroll Change/Qtr (thsd's)



The workweek sat at 34.5 throughout Q2, following a 34.5 average for both Q1 and 2012 as a whole, though we saw an up-tick to a cycle-high 34.6 in March. Hours-worked rose by 0.2%, following a 0.2% (was 0.1%) May gain but a 0.1% April drop, and prior big gains of 0.4% in March and 0.5% in February.

Real GDP vs Hours Worked Growth



Jobs Data and Q2

For the quarterly outlook, we still expect 1.2% GDP growth in Q2 following a 1.8% clip in Q1. We saw a 2.2% Q2 growth rate for hours-worked that followed a 3.6% Q1 pace. Our Q2 GDP forecast implies a 1.5% Q2 productivity drop, following a 0.5% growth pace in Q1 and a 1.7% contraction rate in Q4.

Nonfarm payroll growth has also proved fairly stable over the last four quarters despite GDP zigzags that left below-trend gains in Q4 of 2012 and now likely Q2, following modest overshoots in Q3 of last year and Q1.

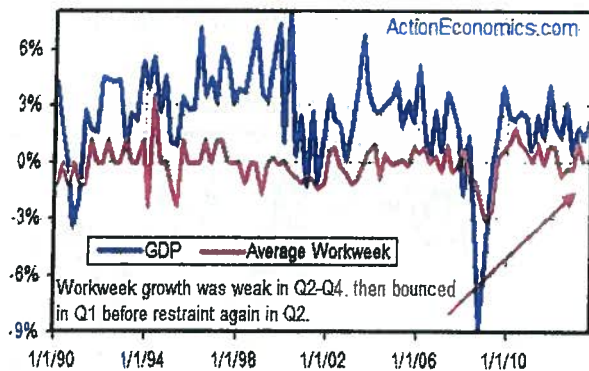
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Real GDP vs Nonfarm Payroll Growth



The workweek has climbed substantially from the 33.8 cycle-low in October of 2009 and 34.1 in December of 2008 when the last recession began, despite the disappointing April drop to 34.4.

Real GDP vs Workweek Growth



Jobs Data and the June Forecasts

For the other June reports, we assume a sturdy 0.4% personal income gain that sits closer to the 0.5% gain of May than the 0.1% rise of April, following big tax-related distortions over the prior five months. For the eight months through May, income gains have averaged 0.3%, with net restraint from a \$125 bln 2013 payroll tax hit. Our estimate implies Q2 growth of 4.8% for income and 4.2% for disposable income, following big respective Q1 contraction rates of 4.7% and 7.7%, and enormous respective Q4 gains of 11.1% and 10.6%.

Consumption vs. Disposable Income Growth



Industrial production should post a 0.3% June rise following a flat May figure and 0.4% April drop, as a vehicle assembly climb boosts June factory activity following a big weather-induced boom-bust utility pattern over the February-May period. We saw June hours-worked gains of 0.1% for factories and 1.5% for mining. The vehicle assembly rate likely rose 5% to an 11.6 mln rate in June from 11.0 mln rates in the prior three months. We assume a 0.5% June utility bounce after an April-May drop from a record-high level in March. We assume a 0.2% growth rate for industrial production in Q2 after rates of 4.1% in Q1, 2.5% in Q4, a lean 0.3% in Q3.

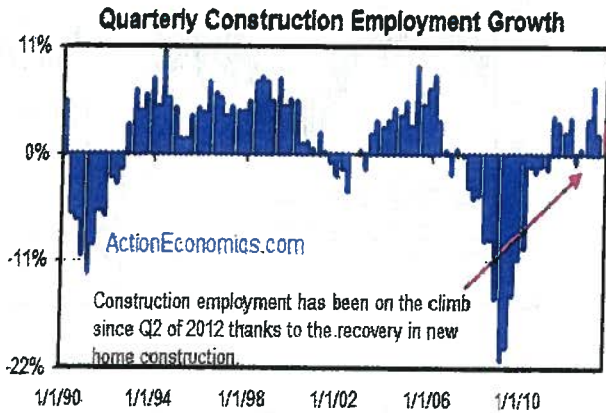
Industrial Production Growth



For construction, hours-worked fell 0.4% in June with a 13k construction payroll rise. We assume a 0.7% June construction spending gain led by the ongoing recovery in home construction, though nonresidential construction has been erratic since the big Q1 downswing that reversed a regulation-induced Q4 pop for wind energy construction. We have ongoing risk of public construction declines to

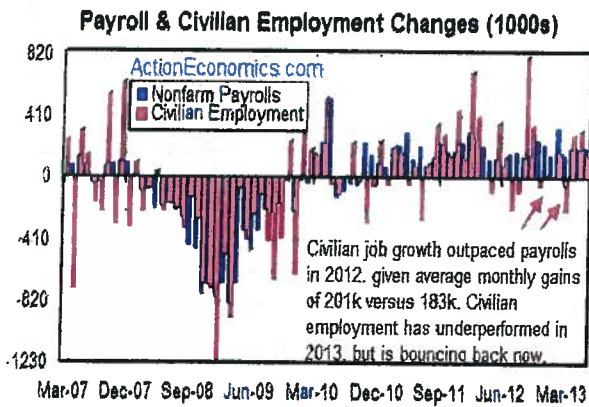
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new lows, though we did see a welcome 1.8% pop in May.



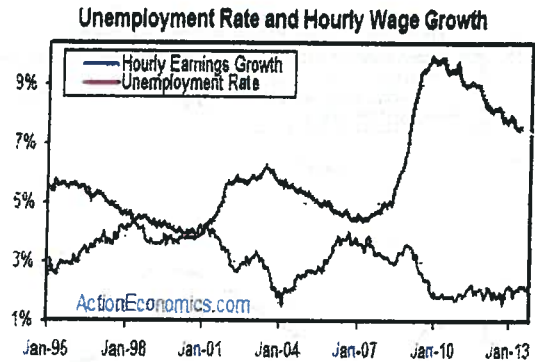
The June Household Data

For the household survey data, we saw a 160 June civilian employment rise with a 177k labor force gain that followed respective May gains of 319k and 420k, and April gains of 293k and 210k. Yet, we saw net respective declines through Q1 overall of 9k and 483k. The cycle will likely continue to display the disturbing quality of moves into and out of negative growth territory for the civilian and labor force series.

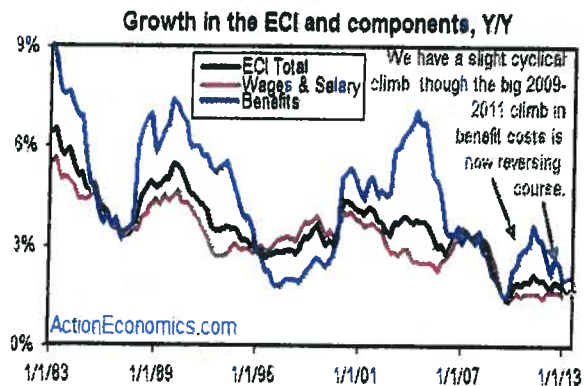


The jobless rate sat at the same 7.56% in both May and June, following a cycle-low 7.51% in April. The rate remains well below the 9.0% rate seen as recently as September of 2011. The labor force participation rate rose to 63.5% in June from 63.4% in May and a 63.3% figure in March and April that left the lowest figure since May of 1979.

The 0.4% June average hourly earnings pop followed a boost to prior figures that left gains of 0.1% (was flat) in May and a 0.3% (was 0.2%) in April. The y/y wage gain rose to 2.2% from 2.0% in April and May, versus 1.8% in March, 2.1% in the prior three months, and a 1.6% cycle-low in October, as shown below.



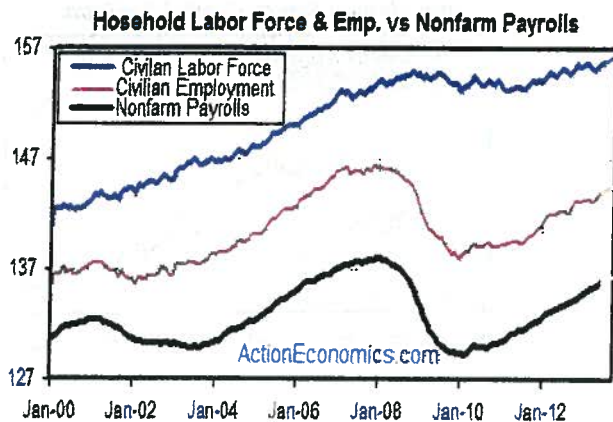
The y/y figures should fluctuate around 2% into 2013 as wage gains likely take years to reclaim the 3.8% peak in June of 2007. We have a slight cyclical climb in costs as gauged by the BCI figures thanks to firmness in benefit costs early in this expansion, though this firming has given back ground since 2011. ECI y/y growth slowed to 1.8% in Q1 with a 1.9% benefit cost rise, following respective cycle-highs of 2.2% and 3.6% in May of 2011 and prior respective cycle-lows of 1.4% and 1.5% in Q4 of 2009.



For the cycle as a whole we've seen a downward ratcheting in labor force participation that has allowed just a small rise of 1,093k since the cyclical peak back in May of 2009, which reflects a tiny

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0.7% four-year labor force increase. This has occurred despite ongoing 1%-1.5% annual growth in the working age population that leaves a "hole" of about 5%. Presumably these workers will reappear as job growth gains steam in this cycle, and any labor force re-acceleration will provide a headwind for jobless rate declines.



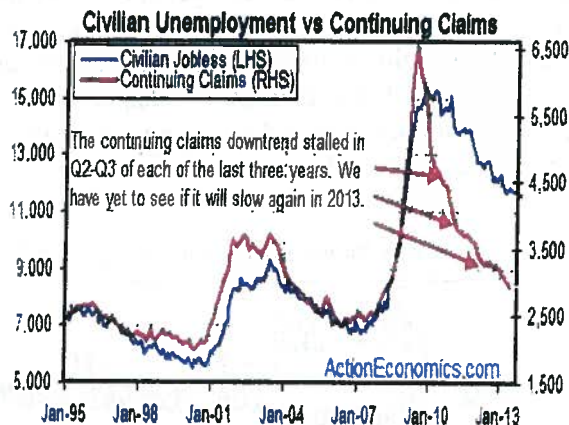
Payrolls vs Other June Labor Market Indicators

June payroll growth tracked the upside risks implied by a tightening in [consumer confidence](#) on the month, a firm June ADP figure, and firmness in the June [AutoNews](#) vehicle assembly data -- even though factory data were lean. The data beat the sideways trend in [claims](#) through the month and the mixed pattern in the various producer sentiment surveys. We faced little evidence that the big April-May tax receipt surge following earlier 2013 rate hikes is providing much of a headwind for job growth. [Retail sales](#) have remained resilient as savings have absorbed most of the 2013 disposable income hit, as discussed in our [May 28 commentary](#).

[Initial claims](#) moved largely sideways through June, though with a downward tilt into July -- when we expect a notable tightening in claims thanks to this year's more limited retooling plans, as discussed in our [June 24 commentary](#). Claims averaged 346k in June, versus prior averages of 350k in May, 341k in April, and 354k in March. The 355k June BLS survey week reading was within the mix of recent BLS readings of 344k in May, 355k in April, and 341k in March.



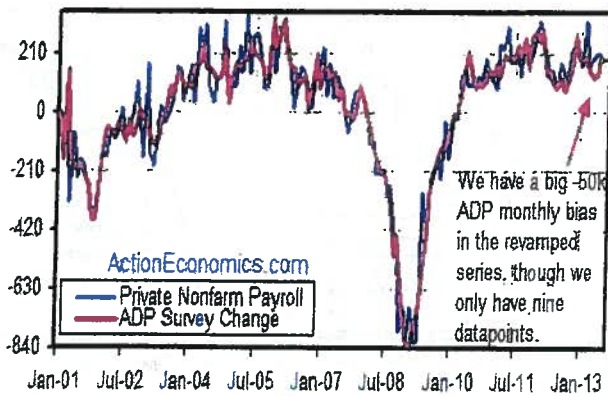
Continuing claims have tightened considerably since a Sandy-induced November bounce, following a Q2-Q3 2012 stalling in the pace of improvement that paralleled the same pattern in 2011 and 2010, as shown below.



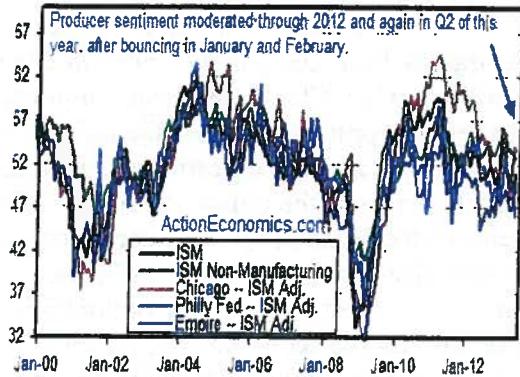
The revamped ADP series since October was presumably bias-free and more accurate, yet a downward bias has become clear as we accumulate data, and the ratio of the average absolute errors for ADP versus median forecasts is roughly the same now as before the revamping. We have a hefty 50k average undershoot for the nine months since the methodology change despite today's more modest 14K undershoot, with a 57k average absolute error that sits well above the 35k average absolute error for the survey median.

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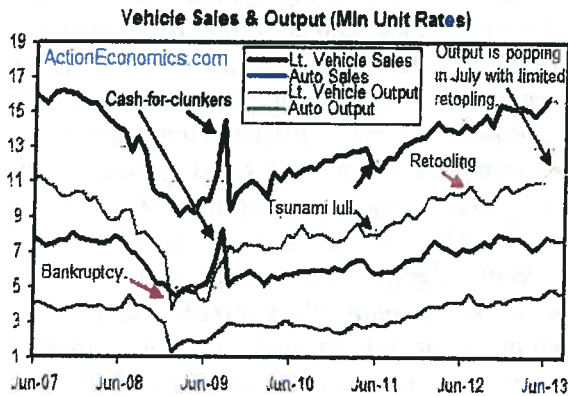
Private Nonfarm Payroll Changes vs ADP



ISM and Related "ISM Adjusted" Indexes



The figures from [AutoNews](#) climbed in June, and we expect a further spike into early-July on an SA basis thanks to our lean retooling assumptions. We assume an 11.6 mln assembly rate in June, following 11.0 mln rates in the prior three months, as shown below.



The major factory sentiment surveys have generally fallen from recent February highs, though we saw a mixed pattern of headline and employment readings in June. The ISM-adjusted average in June for the five most-watched surveys rose to 51 in June from 50 in April and May, versus a 53 nine-month high in February and a 58 cycle-high in February of 2011. The graph below shows the [ISM](#) figures, and the associated ISM-adjusted figures for the [Chicago ISM](#), [Empire State Philly Fed](#) and [ISM-NMI](#) reports.

The FOMC

Despite firmness in today's June jobs data, recent downward GDP revisions and weakness in other reports since the [June 18-19 FOMC](#) meeting imply downward revisions in the Fed's official GDP and inflation forecasts at the September 17-18 FOMC meeting. The Fed's jobless rate estimates from June were optimistic relative to the GDP forecasts, but this gap will likely be sustained at the September meeting.

We expect a 1.9% Q4/Q4 2013 GDP rise that sits well below the Fed's 2.3%-2.6% central tendency estimates from June. For prices, we expect a 1.4% overall and core Q4/Q4 PCE chain price gain in 2013 that compares to central tendencies of 0.8%-1.2% for PCE chain prices, and 1.2%-1.3% for the core figures. The current 7.6% jobless rate leaves room for declines into the Fed's 7.2%-7.3% 2013 Q4 central tendency.

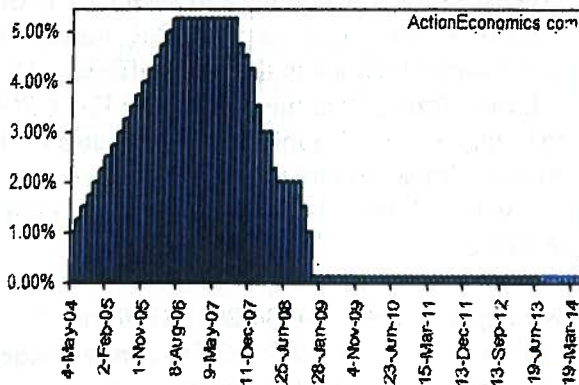
Though we expect no change in the Fed's QE purchases at the July 30-31 meeting, markets will dissect the statement for signs that the Fed's tapering will commence with the September meeting, alongside forecast adjustments and a scheduled press conference. Interestingly, the Fed may announce downward growth revisions and the start of tapering in the same statement, leaving room for a potentially tense press conference on September 18 -- with associated market volatility.

FOMC Sees Diminishing Downside Risks

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Since the Fed's last statement on May 1, the market and Fed have focused on the timing and shape of the Fed's exit strategy from QE. The Fed contributed to market uncertainty when Chairman Bernanke publicly considered stepping back from the full QE "in the next few meetings" in his JEC testimony, right after citing symmetric risks to the policy statement. With the last statement, the seeds of QE tapering were sown with reference that "downside risks diminished" for economic prospects, though the outlook is still "moderate" on the economic and inflation fronts. In Q&A, Bernanke explicitly outlined an optimal path for QE purchase reductions later this year, all else being equal.

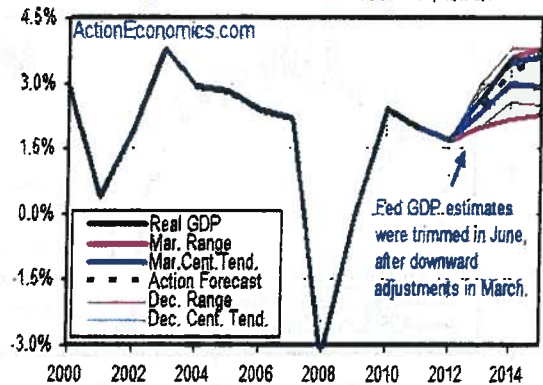
Fed Funds Targets at FOMC Meeting Dates



As expected, the FOMC maintained its \$85 bln QE purchases and reiterated in the [statement](#) that the economy is expanding at a moderate pace, and added that the labor market had improved "further" (vs "some improvement" previously). Yet the unemployment rate remains elevated. The statement also reiterated that "fiscal policy is restraining economic growth." But, the Fed noted "downside risks to the economy and the labor market as having diminished." Also, the Fed echoed that it's prepared to "increase or reduce the pace" of its purchases as necessary. The vote was 10-2, with George again hawkishly dissenting against the stance, while Bullard dovishly wanted a stronger signal of the Fed's "willingness to defend its inflation goal in light of recent low inflation readings." But, while the FOMC left QE intact for now, the modestly improved tone of the statement suggests that a reduction in asset purchases could be seen in 2H, though the concern over softer inflation from Bullard adds an interesting twist.

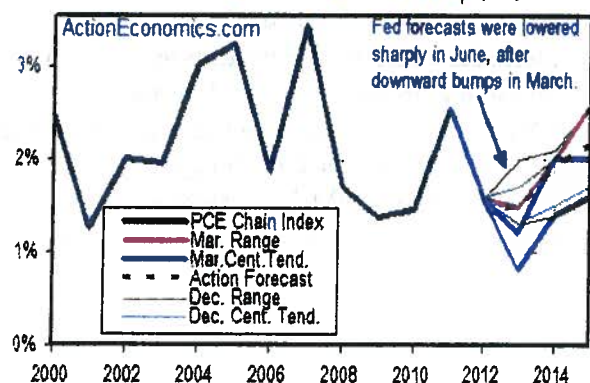
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U.S. Real GDP Growth & Fed Forecasts, Q4/Q4



On the economy: noting diminished downside risks, "Information received since the Federal Open Market Committee met in May suggests that economic activity has been expanding at a moderate pace. Labor market conditions have shown further improvement in recent months, on balance, but the unemployment rate remains elevated. Household spending and business fixed investment advanced, and the housing sector has strengthened further, but fiscal policy is restraining economic growth. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. The Committee sees the downside risks to the outlook for the economy and the labor market as having diminished since the fall."

U.S. PCE Inflation & Fed Forecasts, Q4/Q4



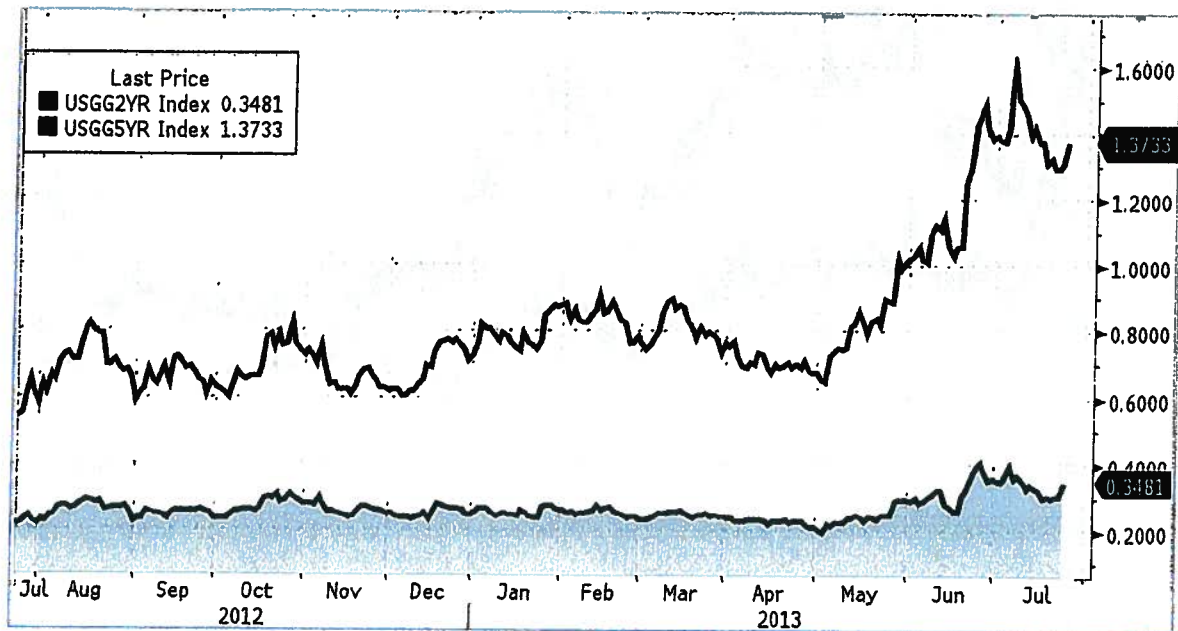
Quarterly and Annual Investment Review

Investment Strategy Employed During the Past Quarter

The quarter was market by increased turbulence in the fixed income marketplace as investors attempted to divine the future actions of the Federal Reserve. Perhaps the watershed moment was the Federal Reserve meeting in Mid-June where the fed seemed to hint that it would begin tapering actions which would mark the beginning of a withdrawal from its accommodative stance which we have seen for the past 5 years.

As usual, the markets move in advance of the Federal Reserve and Chairman Bernanke must have factored that viewpoint into his analysis as the mere hint of action created significant market swings in our area of the curve as detailed below.

The attached chart compares the daily yield on the five year treasury to the two year treasury over the past fiscal year (and into July). As you can see, the two year treasury has traded in a range from twenty to thirty basis points. During the quarter, the 5 year note saw violent swings, ranging from a low of 65 basis points to approximately 163 basis points on the high side. Quarter end saw 5-year levels at approximately 1.50% and they have firmed into the month of July.



As fixed income investors, we welcome this action; however the volatility we have seen has caused portfolio values to swing dramatically, especially on a mark-to-market basis.

In our last quarterly review, we had mentioned that our strategy had been to be somewhat long to our benchmarks on a portfolio duration basis. That strategy has served us well over the past three years, but we had expressed some concern that we would see a period of rising rates as the economy either began to respond to stimulus or began to grow of its own volition. Regardless, we commented that the recent moves by the Federal Reserve -- QE, QE2 and QE3 -- seemed to be less effective as time went on. We felt, and continue to feel, that rates would begin to move up during 2014. As such, we were less aggressively placing the portfolios long to our benchmark durations and had begun moves to bring the durations in relative to benchmark levels.

An important observation is that the difference between 2-year and 5-year rates has widened considerably with these moves in the market. That difference, or the "steepness" of the curve, has moved in our favor as short-term rates are somewhat locked into the low overnight rates, while longer rates have moved upward. As holders of securities, this steepness in the curve benefits us, as long as we have invested appropriately in the longer end of the curve. As detailed below, we had some success in this area during the quarter.

We were on top of or slightly performed our benchmarks, ending the year with positive performance. While we would have preferred not to have the significant price volatility at the end of the year, we understand that we are in this for the long haul and longer term performance on a relative basis is our goal.

In terms of relative effectiveness, you can see on a 5 year basis, how compressed our area of the curve has been over the past two years, with 5-year rates closely tied to 2-year levels.



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

General Fund Investment Pool

As showed in the consolidated charts in the General Fund section of this monthly report, the General Fund Investment pool has stabilized in size from the lows seen in FY08. Given this stability, and especially given the backdrop of a steep yield curve, it behooves us to consider well our ratio of CORE to Liquidity balances in the General Fund Investment Pool.

The work done by the investment division as well as the cash management division has enabled us to project those balances with increased accuracy and our models have continued to perform well. Projections by this group show that our next low point should be in the middle of August and we are positioned accordingly. We continue to place a targeted balance of the Liquidity Account with our fiscal agent bank and expect to do so throughout the fiscal year.

Overnight rates have continued to be disappointing, with rates, on average, well below 10 basis points for the quarter. The differential between overnight and longer term rates – especially given a curve

steepening – has increased the relative “cost” of having high liquidity balances. We continue to work with our cash management division to refine the projections, especially as this opportunity cost has increased.

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

<i>Fund</i>	<i>Performance</i>		
	<i>1 Month</i>	<i>3 Months</i>	<i>12 Months</i>
<i>General Fund Liquidity</i>	0.02%	0.05%	0.22%
<i>S&P Government Bond Index (Net)</i>	0.00%	0.01%	0.06%
<i>Relative Performance (BPs)</i>	0.02%	0.04%	0.16%
<i>Relative Performance (%)</i>	∞	500%	367%%
<i>General Fund CORE</i>	(0.36%)	(0.58%)	0.20%
<i>BAML 0-5 US Treasury</i>	(0.05%)	(0.54%)	0.02%
<i>Relative Performance (BPs)</i>	(0.31%)	(0.04%)	0.18%
<i>Relative Performance (%)</i>	(720%)	(107%)	1,000%

Source: JP Morgan

With regard to positioning, we were still somewhat “long” to our benchmark at the end of the quarter, at 103% of benchmark duration. During the quarter, we moved to shorten that duration by booking gains in the 5 year area and reinvesting shorter on the curve, while maintaining portfolio duration within the +/- 20% band as articulated in the investment policy. The relative duration exposure hurt our performance on a one and three month basis.

On a current yield basis, we are well positioned, although the market backed up further during the month of July, decreasing the positive differential between ourselves and the benchmark.

<i>Fund</i>	<i>Yield</i>			<i>Duration</i>		
	<i>Portfolio</i>	<i>Benchmark</i>	<i>Percentage</i>	<i>Portfolio</i>	<i>Benchmark</i>	<i>Percentage</i>
<i>General Fund Liquidity</i>	0.30%			22 Days		
<i>General Fund CORE</i>	0.77%	0.56%	138%	2.31 Years	2.25 Years	103%

Source: QED, JPMorgan

Bond Proceeds Funds

During the quarter, we saw significant movements in the bond proceeds accounts. Debt service payments were made on March 1st and July 1st from the taxable and tax-exempt accounts. GO Bonds were issued and severance tax and supplemental severance tax note proceeds were received and invested. In late July, we received a significant deposit from the settlement of severance tax bonds. Monthly capital flows offset the increases and averaged approximately \$25-\$30MM per month.

With regard to relative performance, the Bond Proceeds Investment Pool underperformed the benchmark performance for the quarter. On a 12-month basis, the BPIPs lagged benchmark performance. Given the significant swings in balances, performance was somewhat impaired.

<u>Fund</u>	<u>12 Months</u>
Bond Proceeds - Tax Exempt	0.2323%
BAML 0-3 US Treasury	<u>0.2929%</u>
Relative Performance (BPs)	(0.06%)
Relative Performance (%)	7979%
Bond Proceeds - Taxable	0.2727%
BAML 0-3 US Treasury	<u>0.2929%</u>
Relative Performance (BPs)	(0.02%)
Relative Performance (%)	9393%

Source: JPMorgan

With regard to positioning, year-end numbers for the bond proceeds accounts are somewhat misleading. Both funds had significant inflows at the end of the 4th quarter, the Tax-Exempt fund for upcoming Debt Service Payments and the taxable fund representing cash received from the sale of notes at the end of the fiscal year. As such, the placement appears to be significantly short of the index, although both situations "normalized" early in the first quarter of FY2014.

On a current yield basis, the portfolios compared favorably to the benchmark at year end. Cash receipts were deployed early in the first quarter, locking in higher rates.

<u>Fund</u>	<u>Yield</u>			<u>Duration</u>		
	<u>Portfolio</u>	<u>Benchmark</u>	<u>Percentage</u>	<u>Portfolio</u>	<u>Benchmark</u>	<u>Percentage</u>
Bond Proceeds - Tax Exempt	0.44%	0.31%	142%	1.11 Years	1.45 Years	77%
Bond Proceeds - Taxable	0.58%	0.31%	187%	0.96 Years	1.45 Years	66%

Source: QED, JPMorgan

Local Government Investment Pool

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

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

<u>Fund</u>	<u>Performance</u>		
	<u>1 Month</u>	<u>3 Months</u>	<u>12 Months</u>
Local Government Investment Pool	0.01%	0.02%	0.20%
S&P Government Bond Index (Net)	<u>0.00%</u>	<u>0.01%</u>	<u>0.06%</u>
Relative Performance (BPs)	0.01%	0.01%	0.14%
Relative Performance (%)	∞	200%	333%

Source: JPMorgan

Severance Tax Bonding Fund

The Severance Tax Bonding Fund grew over the quarter by approximately \$30MM/month with the receipt of severance taxes. Balances built throughout the quarter and were withdrawn to cover debt service payments on outstanding severance tax bonds on July 1 and severance tax and supplemental severance tax notes issued late in the quarter.

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

Annual Earnings Summary Including Market Value Change

For the purposes of our annual audit, we report summary earnings numbers as well as capture the change in mark-to-market for the STO Portfolios over the period of the fiscal year. This is somewhat different than the monthly interest calculations which we report on a monthly basis, incorporating the MTM delta annually rather than monthly. This method of reporting is fully consistent with GASB standards.

*New Mexico State Treasurer
Estimated Earnings on State Treasurer Balances
Unaudited, Adjusted for Market Value Changes
Fiscal Year 2013*

As of June 30, 2013

	<i>Investment Trust Fund</i>				Total
	LGIP	BPIP	GFIP	STBF	
Earned Interest:	\$2,186,228	\$12,819,611	\$ 21,427,975	\$293,896	\$36,727,710
Amortization of Discount/(Premium):	(970,406)	(6,239,173)	(9,301,220)	3,088	(16,507,711)
Realized Gains / (Losses):	1,349	128,097	562,568	-	692,014
Expenses (Management Fees):	-	-	-	-	-
<i>Investment Income:</i>	<u>\$1,217,171</u>	<u>\$6,708,536</u>	<u>\$12,689,324</u>	<u>\$296,984</u>	<u>\$20,912,014</u>
Begin Unrealized Gains/Losses	\$146,236	\$4,276,724	\$8,324,521	-	\$12,747,481
Ending Unrealized Gains/Losses	<u>20,292</u>	<u>95,537</u>	<u>(754,145)</u>	-	<u>(638,316)</u>
Change in Market Value	(125,944)	(4,181,187)	(9,078,666)	\$ -	(13,385,797)
<i>Adjusted Investment Income</i>	\$1,091,227	\$2,527,349	\$3,610,658	\$ -	\$7,229,234
Participant Payments	(1,217,171)	(6,708,536)	-	(296,984)	(8,222,690)

Notes:

- (1) Amounts generated using a combination of accrued Earnings and unrealized gains. Unaudited, subject to revision.
- (2) LGIP Fees are based upon Average Values and are currently set at 0.05% of participant balances
- (3) Source: STO Records, QED Financial Systems, JPMorgan Custody Reporting
- (4) Participant payments are not adjusted for market value changes.

With regard to the Governor's/Legislative Finance Committee performance measurements, we are charged with exceeding the stated benchmark return by 5 basis points as a target on the CORE portion of the General Fund Investment Pool and the LGIP.

For the LGIP, we had the following relative performance to the benchmark:

<u>Fund</u>	<u>Performance 12 Months</u>
Local Government Investment Pool	0.20%
100% S&P Investment Pool Index	0.05%
Relative Performance (BPs)	0.15%
Relative Performance Target Metric	0.05%
Outperformance	0.10%

For the General Fund CORE, we had the following relative performance to the benchmark:

<i>Fund</i>	<i>Performance</i> <i>12 Months</i>
<i>General Fund CORE</i>	0.20%
<i>BAML 0-5 US Treasury</i>	0.02%
<i>Relative Performance (BPs)</i>	0.18%
<i>Relative Performance Target Metric</i>	0.05%
<i>Outperformance</i>	0.13%

Source: JP Morgan

Expectations for the Upcoming Quarter and Year

General Outlook

We believe that the Federal Reserve will continue its stance of accommodation and purchase of securities through the quarter, and potentially through the fiscal year. We expect short term rates to continue to be under pressure and that the curve will continue to remain steep. By the end of FY 2014, we expect that rates will be slightly higher than current levels

General Fund Investment Pool

The General Fund Investment Pool will remain fully invested. Given the outlook articulated above, reinvestment of maturing bonds will be at or slightly long to the benchmark duration, utilizing securities that we expect will continue to outperform to the curve on a relative basis.

Due to the significant pressures on the overnight market and continued activities by the Federal Reserve, we believe that the overnight market will remain under pressure. As such, we will continue to manage the expected balances in the liquidity portfolio to in order to minimize our exposures to these markets.

Bond Proceeds Pools


During the next quarter, the Bond Proceeds pools will increase dramatically in size with expected settlement of Severance Tax Bonds. This issuance will take careful investment by the portfolio manager in order to ensure liquidity is sufficient to meet capital needs as well as matching the returns on the benchmark. We are monitoring capital spending to see if compliance with the recently issued Governor's Order may increase the rate of redemption of BPIP assets in favor of capital spending.

Local Government Investment Pool

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

Severance Tax Bonding Fund

The Severance Tax Bonding Fund will see generally increasing balances over the quarter as fund additions will be made on a monthly basis. Once debt service needs are covered for the January payment, we will explore investing in the July payment in order to address some of the short-term pressures in the overnight market. July's deposit into the STBF was over \$35MM, potentially indicating higher receipts by the fund which we will carefully monitor. We expect withdrawals of approximately \$16MM at mid-year in order to cover the January Debt Service Payments.



At the end of the first quarter, we project that the STBF will have approximately \$200MM remaining in the fund.

Spencer Wright
Portfolio Manager

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Portfolio Summary – General Fund Investment Pool

Summary

- The General Fund Investment Pool (Bank, Liquidity and Core Portfolios) closed the month of June at \$2.0 Billion, a decrease of \$100MM over June balances.
- Average Collected Balance at our Fiscal Agent bank was \$131 Million for the month of June.

Portfolio Mix

- At month end, 98% of the General Fund Core portfolio was invested in fixed income securities; 39% in US Government Securities; 59% in Government Related Securities (Municipal Bonds and Agency Securities), and the balance (2%) in Cash.
- 20% of the portfolio is invested in securities that mature in one year; 18% in securities that mature from 1-2 years; 57% in 2-4 years and 5% within 5 years.
- The General Fund Core portfolio held positions in 71 securities at the end of June.
- The Weighted Average Life of the CORE portion of the general fund is 2.39 years. The Weighted Average duration is 2.31 years.
- The benchmark duration for the CORE portfolio is 2.25 years.
- The maximum security term for the CORE portfolio is 5 years.

Performance

- For June, the general fund CORE matched its benchmark performance. The general fund and the benchmark both lost 0.3%.
- For the last 3 months, the general fund lagged its benchmark by 4 basis points (0.04%). The general fund lost 0.56% while the benchmark lost 0.54%.
- For the last 12-months, the general fund outperformed its benchmark by 18 basis points (0.18%). The general fund gained 0.20% while the benchmark gained 0.02%.

Market Value and Investment Earnings

- Unrealized losses in the Core Portfolio at the end of June were \$0.7 million.
- Over the month, the unrealized value of the portfolio decreased by \$5.6 Million due to higher rates in the secondary market.
- Monthly Earnings for June on the General Fund Portfolios were \$0.9 million.
- Year-to-date earnings were over \$12.7 million.
- Earnings on the General Fund are used to offset General Fund Spending.

Investment Highlights

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

Compensating Balances at Fiscal Agent Bank

During July, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$131 million. This balance earned a credit against processing fees assessed by the bank.

Fiscal Agent Bank Summary:

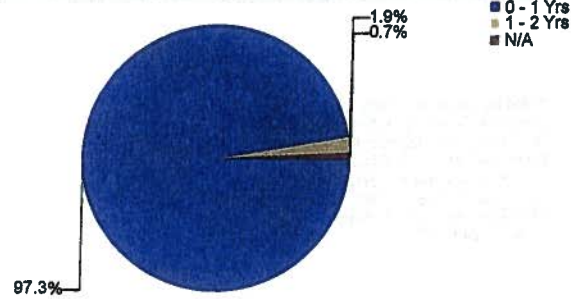
Average Collected Balance	\$131,347,169
Earnings Credit Rate	0.50%
Estimated Monthly Earnings	\$54,727
Estimated Fiscal Year Earnings	\$499,373

Source: Wells, Fargo & Co.

Portfolio Characteristics

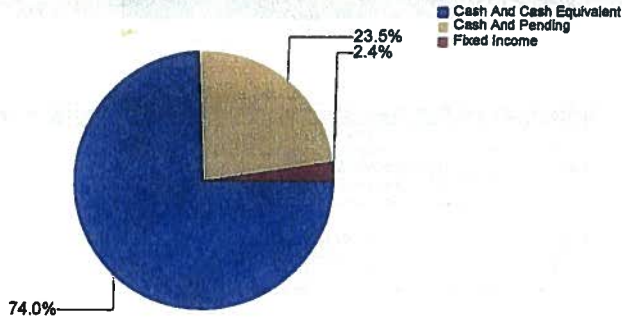
Duration Mix

Total Net Assets (Millions)	824.6
Weighted Average Life (Years)	0.06
Weighted Avg. Effective Duration (Years)	0.04
Weighted Average Coupon (%)	0.20
Weighted Average Current Yield (%)	0.20
Weighted Average Yield to Maturity (%)	0.20
Weighted Average Rating	AA+
Number of Holdings	24



Asset Mix

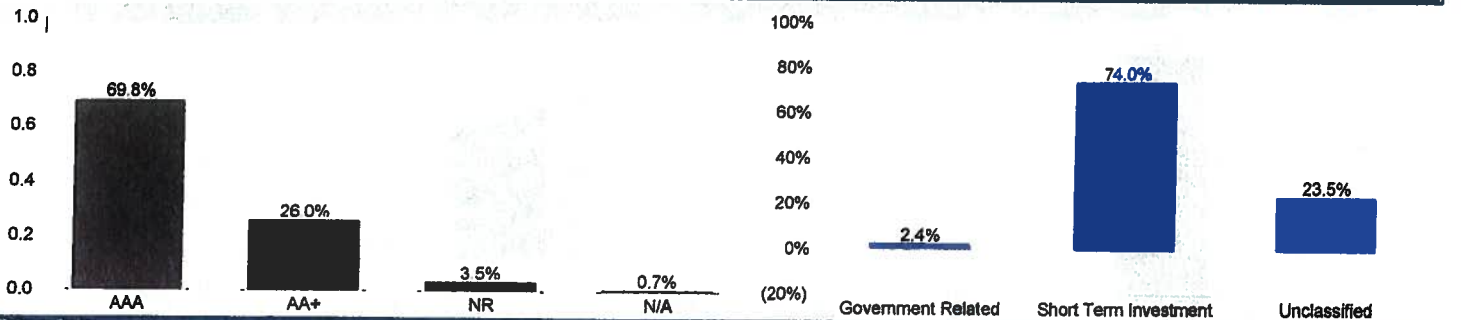
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
99DH90099	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.32%	0.27	1/7/2013
99DH90100	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.32%	0.27	1/7/2013
99DH90101	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.32%	0.27	1/7/2013
99DH90097	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.47%	0.27	1/7/2013
99DH90098	REPO BANK OF NEW YORK/SOUTH STREET SECS	7.47%	0.27	1/7/2013
99DH90094	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.35%	0.25	1/7/2013
99DH90091	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.19%	0.25	1/7/2013
99DH90093	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.19%	0.25	1/7/2013
99DH90090	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.19%	0.25	1/7/2013
99DH90092	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	7.19%	0.25	1/7/2013

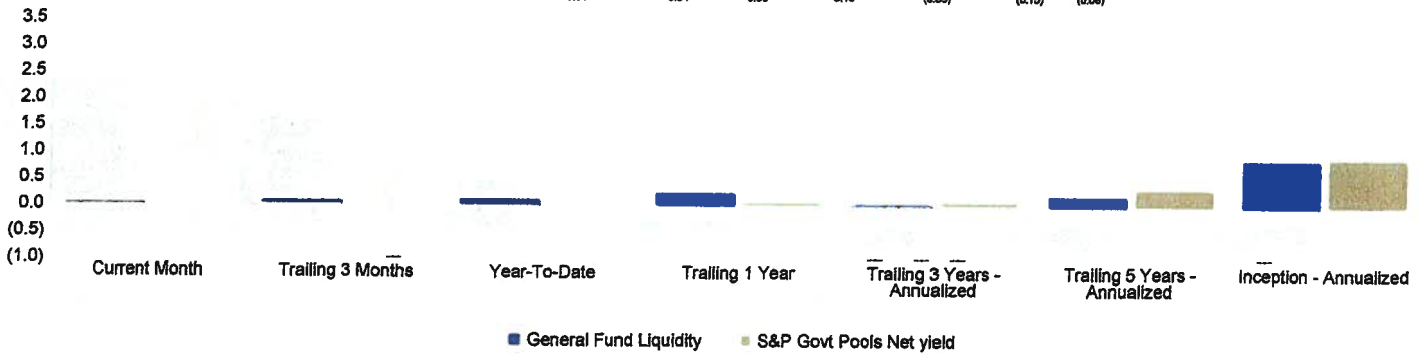
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



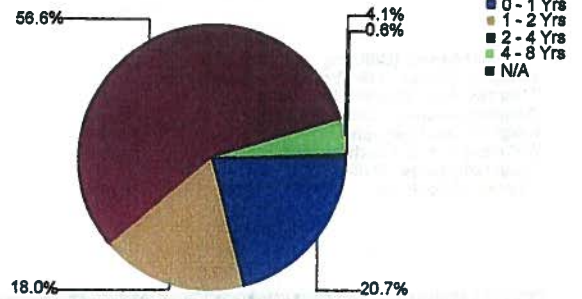
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
General Fund Liquidity	0.02	0.05	0.08	0.22	0.02	0.18	0.55
S&P Govt Pools Net yield	0.00	0.01	0.02	0.06	0.07	0.33	0.51
Excess	0.01	0.04	0.06	0.16	(0.05)	(0.15)	(0.06)

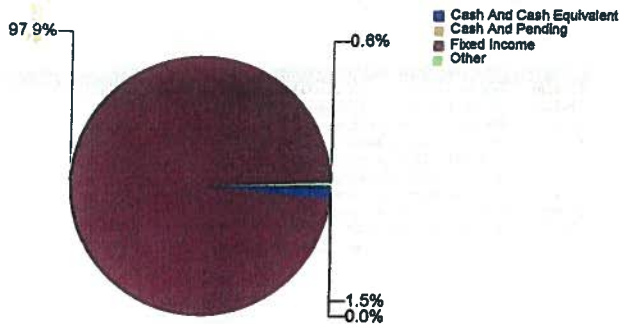


Portfolio Characteristics

Total Net Assets (Millions)	1,321.8
Weighted Average Life (Years)	2.39
Weighted Avg. Effective Duration (Years)	2.29
Weighted Average Coupon (%)	1.74
Weighted Average Current Yield (%)	0.83
Weighted Average Yield to Maturity (%)	0.64
Weighted Average Rating	AA+
Number of Holdings	71



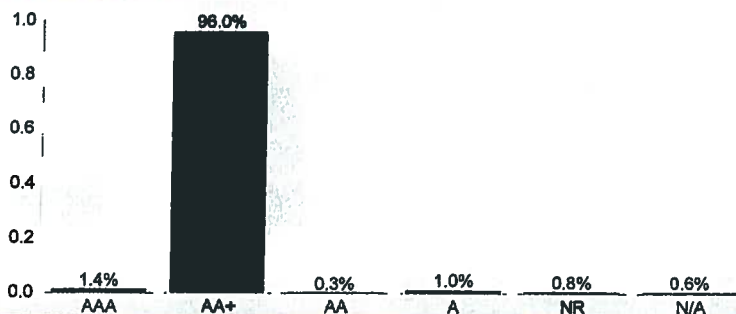
Asset Mix



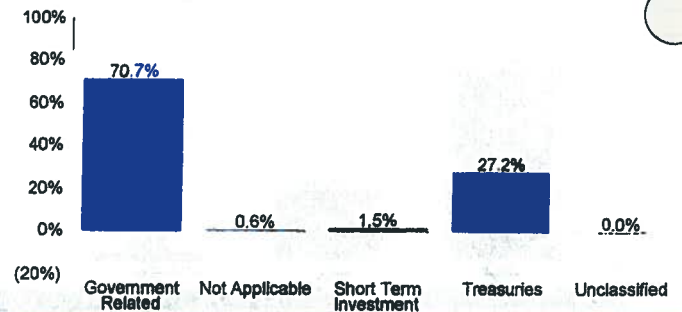
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313500LN1	FEDERAL NATIONAL MORTGAGE ASSOC 0.18% NTS	4.98%	0.50	2/7/2015
313500H89	FEDERAL NATIONAL MORTGAGE ASSOC 6% BDS 19MAR/2016	3.44%	6.00	15/3/2016
31372ACW7	FEDERAL HOME LOAN MORTGAGE CORP 3% BDS 29AUG/2016	3.16%	2.00	23/8/2016
912628K98	UNITED STATES OF AMER TREAS NOTES 1.875% TB	3.10%	1.88	29/7/2014
3135000Y3	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% MTS BDS	3.08%	1.25	30/1/2017
9128288J0	US 0.8750% 17	3.05%	0.88	29/2/2017
313500890	FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	3.03%	0.38	21/12/2016
313363496	FEDERAL HOME LOAN BANKS 0.375% BDS 24JUN/2016	3.01%	0.38	24/6/2016
313596204	FEDERAL NATIONAL MORTGAGE ASSOC 1.875% BDS	2.93%	1.88	15/12/2016
3135008A0	FEDERAL NATIONAL MORTGAGE ASSOC 2.375% NTS	2.84%	2.38	11/4/2016

Quality/Rating Weightings

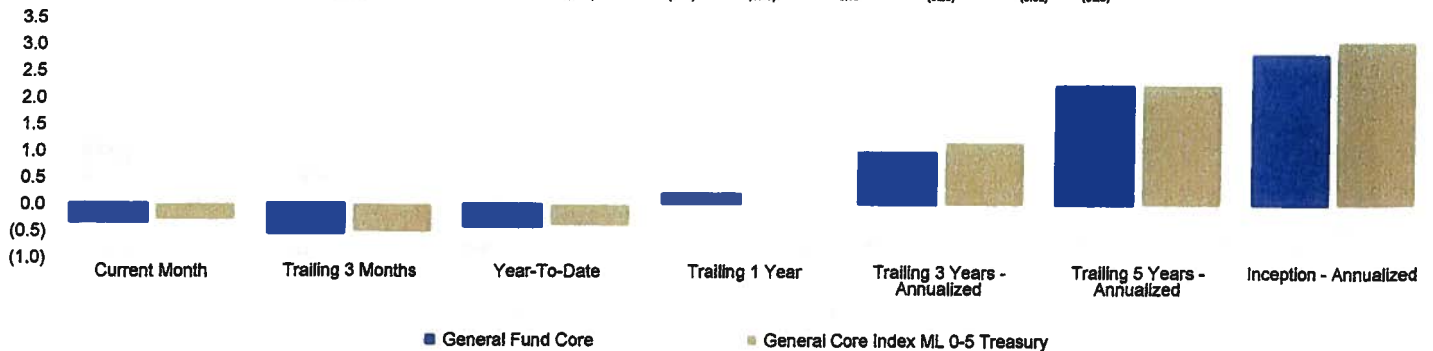


Sector Weightings (as % of Market)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
General Fund Core	(0.38)	(0.58)	(0.44)	0.20	1.00	2.28	2.88
General Core Index ML 0-5 Treasury	(0.52)	(0.54)	(0.41)	0.02	1.19	2.28	3.10
Excess	(0.05)	(0.04)	(0.03)	0.18	(0.20)	(0.02)	(0.25)



Performance by Asset Class
Account Performance Results
As of June 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
General Fund Liquidity							
Fixed Income	20,000,680.05	2.43%	0.00	0.05	0.16	0.23	0.23
Government Related	20,000,680.05	2.43%	0.00	0.05	0.16	0.23	0.23
Cash And Cash Equivalent	610,421,944.27	74.03%	0.02	0.04	0.08	0.22	0.22
Cash And Pending	194,163,729.79	23.55%	0.00	0.00	0.00	0.00	0.00
TOTAL	824,586,354.11	100.00%	0.02	0.05	0.08	0.22	0.22

Performance shown is gross of manager fees

Performance by Asset Class

Account Performance Results

As of June 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
General Fund Core							
Fixed Income	1,293,451,229.23	97.86%	(0.37)	(0.59)	(0.45)	0.19	0.19
Government Related	934,068,871.38	70.67%	(0.44)	(0.68)	(0.53)	0.21	0.21
Treasuries	359,382,357.85	27.19%	(0.19)	(0.34)	(0.23)	0.21	0.21
Cash And Cash Equivalent	20,388,814.50	1.54%	0.03	0.12	0.22	0.39	0.39
Cash And Pending	393,920.00	0.03%	0.00	0.00	0.00	0.00	0.00
TOTAL	1,321,769,874.98	100.00%	(0.36)	(0.58)	(0.44)	0.20	0.20

STATE OF NEW MEXICO

GENERAL FUND (1000)

Portfolio Classification Summary
Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	2	.2644	.00270	575,511,734	575,511,734	575,511,734		
CERTIFICATES OF DEPOSIT	8	.4035	.89168	28,750,000	28,750,000	28,750,000		91.299
AGENCY US VARIABLE ACT/360 4X	1	.1110	.56710	20,000,000	19,998,430	19,997,000		4.561
MUNI US 30/360 2X	1	.2430	.00270	6,102,000	6,102,000	6,102,000	-1,430	3.172
								.968
	12	.2657	.06115	630,363,734	630,362,164	630,360,734	-1,430	100.000

STATE OF NEW MEXICO
GENERAL FUND CORE (1001)
Portfolio Classification Summary
Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.2738	.00270	10,347,712	10,347,712	10,347,712		
CERTIFICATES OF DEPOSIT	1	.5500	1.29320	10,000,000	10,000,000	10,000,000		.786
U.S. TREASURY BONDS	1	.3822	2.37810	15,000,000	18,359,332	18,318,750		.760
US TREASURY NOTE ACT/ACT 2X	16	.9080	1.80095	335,650,000	338,265,287	339,416,697	-40,582	1.392
AGENCY US BOND 30/360 2X	7	.5497	2.32641	163,000,000	164,259,665	163,670,030	1,151,410	25.796
AGENCY 30/360 2X	1	.9125	2.94520	25,000,000	25,000,000	25,182,500	-589,635	12.439
AGENCY US NOTES 30/360 2X	24	.8042	2.64519	514,910,000	536,053,329	535,037,262	182,500	1.914
FED NATL MORTGAGE ASSN DEBS	9	.6958	2.66906	195,000,000	195,242,000	194,783,350	-1,016,067	40.663
MUNI US 30/360 2X	9	.6011	.63012	18,370,000	18,494,257	18,511,753	-458,650	14.804
MUNICIPAL BOND REVENUE	2	.4869	.92050	495,000	503,380	504,198	17,496	1.407
UNITS - INVESTMENT POOL 1	1			1,300	1,300	1,300	818	.038
	<u>72</u>	<u>.7701</u>	<u>2.32998</u>	<u>1,287,774,012</u>	<u>1,316,526,262</u>	<u>1,315,773,552</u>	<u>-752,710</u>	<u>100.000</u>

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
6,102,000	ALBUQUERQUE NM 2013D	ABQ2013D	.240	7/01/13	.243	100.000000000	6,102,000.00	6,102,000.00
310,811,734	OVERNIGHT REPO	0701RP	.270	7/01/13	.274	99.999999887	310,811,733.65	310,811,733.65
264,700,000	OVERNIGHT REPO	0701RP	.250	7/01/13	.253	100.000000000	264,700,000.00	264,700,000.00
5,000,000	FIRST NATIONAL BANK SANTA FE	10336906	.400	10/15/13	.400	100.000000000	5,000,000.00	5,000,000.00
8,000,000	CENTURY BANK SANTA FE	17099247	.300	10/31/13	.300	100.000000000	8,000,000.00	8,000,000.00
					.002			
							594,613,733.65	594,613,733.65

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

20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.112	99.992148350	19,998,429.67	19,997,000.00
2,000,000	UNION SAVINGS BANK	00156000	.600	8/27/14	.600	100.000000000	2,000,000.00	2,000,000.00
2,000,000	Bank 34	01010047	.550	8/28/14	.550	100.000000000	2,000,000.00	2,000,000.00
8,000,000	CENTURY BANK SANTA FE	17099245	.400	9/29/14	.400	100.000000000	8,000,000.00	8,000,000.00
					.037			
							31,998,429.67	31,997,000.00

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

250,000	GUADALUPE CREDIT UNION	735605	1.000	3/26/15	1.000	100.000000000	250,000.00	250,000.00
3,000,000	FARMERS & STOCKMEN'S BANK	8521510	.400	4/23/15	.400	100.000000000	3,000,000.00	3,000,000.00
500,000	WESTERN BANK CLOVIS	0.515981	.500	6/03/15	.500	100.000000000	500,000.00	500,000.00
					.312			
							3,750,000.00	3,750,000.00

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

URCE: VisualQED
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 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 ASIS: TRADE (SIC FROM SECURITY-MASTER)
 S-OF: 6/30/13
 RTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

SITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE

30,363,734					.002		630,362,163.32	630,360,733.65
=> 0012 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> GENERAL FUND <==								

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 MRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,300 UNITS	INVESTMENT POOL 1	UNITS001				1.000084615	1,300.11	1,300.00
1,300					899.73		1,300.11	1,300.00

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

7,525,000	ALBUQUERQUE NM 2012C	ABQ2012C	.290	7/01/13	.294	100.000000000	7,525,000.00	7,525,000.00
10,347,712	OVERNIGHT REPO	0701RP	.270	7/01/13	.274	100.000000097	10,347,712.01	10,347,712.01
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BR	.500	8/09/13	.588	99.991452500	19,998,290.50	20,007,600.00
10,000,000	UNITED STATES TREASURY NOTES	912828NY	.750	9/15/13	.541	100.042808500	10,004,280.85	10,013,700.00
10,000,000	FEDERAL HOME LOAN BANKS	313371UC	.875	12/27/13	1.110	99.893040100	9,989,304.01	10,035,400.00
57,872,712					.020		57,864,587.37	57,929,412.01

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

13,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	102.157303385	13,280,449.44	13,301,600.00
30,000,000	FED HOME LOAN BANKS	313376UF	.375	1/29/14	.323	100.032557600	30,009,767.28	30,030,300.00
20,000,000	UNITED STATES TREASURY NOTES	912828JZ	1.750	1/31/14	.666	100.629230050	20,125,846.01	20,189,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828QH	1.250	2/15/14	1.413	99.898749450	19,979,749.89	20,137,600.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.048	100.546891300	40,218,756.52	40,457,600.00
15,000,000	UNITED STATES TREASURY NOTES	912828KJ	1.750	3/31/14	.729	100.760488867	15,114,073.33	15,177,600.00
2,075,000	NEW MEXICO ST UNIV REVS	647429V5	.300	4/01/14	.304	100.000000000	2,075,000.00	2,071,763.00

PRCE: VisualQED
 DEL: INVENTORY
 SER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
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 -OF: 6/30/13
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STATE OF NEW MEXICO
T R E A S U R E R ' S O F F I C E

AMOUNT	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
0,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.476	100.327434650	20,065,486.93	20,281,200.00
0,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.509	100.670370300	20,134,074.06	20,375,000.00
3,060,000	NEW MEXICO FIN AUTH REV	64711NNW	3.000	6/01/14	1.490	101.387126797	3,102,446.08	3,122,668.80
3,615,000	NEW MEXICO FIN AUTH REV	64711NPB	2.000	6/01/14	.456	101.416087414	3,666,191.56	3,671,213.25
770,000	NEW MEXICO FIN AUTH REV	64711NPX	2.000	6/01/14	1.014	100.909788312	777,005.37	779,001.30
165,000	UNIVERSITY OF NM-REFUNDING	914692Q6	3.000	6/01/14	.487	102.301618182	168,797.67	169,065.60
330,000	UNIVERSITY OF NM-REFUNDING	914692N3	2.000	6/01/14	.487	101.388287879	334,581.35	335,131.50
0,000,000	UNITED STATES TREASURY NOTES	912828QS	.750	6/15/14	.771	99.979862950	19,995,972.59	20,105,400.00
5,000,000	UNITED STATES TREAS NTS	912828LC	2.625	7/31/14	1.513	101.188734600	15,178,310.19	15,391,950.00
0,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0BY	.875	8/28/14	.457	100.488713150	20,097,742.63	20,140,600.00
0,000,000	FIRST NATIONAL BANK SANTA FE	01033690	.550	10/15/14	.550	100.000000000	10,000,000.00	10,000,000.00
0,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACY	.750	11/25/14	.772	99.984608700	9,998,460.87	10,065,100.00
0,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADA	.625	12/29/14	.364	100.396200700	20,079,240.14	20,090,600.00
3,015,000					.004		284,401,951.91	285,892,393.45
> 0020 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <===								
9,000,000	FEDERAL HOME LOAN BANK	313381YP	.250	2/20/15	.297	99.929573655	28,979,576.36	28,959,110.00
0,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0HG	.375	3/16/15	.541	99.730203300	19,946,040.66	20,002,200.00
540,000	NEW MEXICO ST UNIV REVS	647429V6	.800	4/01/15	.811	100.000000000	540,000.00	539,508.60
0,000,000	UNITED STATES TREAS NTS	912828SP	.375	4/15/15	.387	99.978748200	19,995,749.64	20,018,000.00
0,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0LN	.500	7/02/15	.511	99.991874633	59,995,124.78	60,079,800.00
0,500,000	UNITED STATES TREASURY NOTES	912828TD	.250	7/15/15	.320	99.858706381	10,485,164.17	10,471,335.00
0,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134A4VC	4.375	7/17/15	.965	106.914777850	21,382,955.57	21,600,800.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
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 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
25,000	SOUTHERN SANDOVAL CNTY N MEX A	843789FH	2.000	8/01/15	.710	102.683320000		
20,150,000	UNITED STATES TREAS NTS	912828EE	4.250	8/15/15	.346	108.255111911	25,670.83	25,664.25
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACM	1.750	9/10/15	1.015	101.619023100	21,813,405.05	21,790,411.50
14,250,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0NV	.500	9/28/15	.503	100.008843649	20,323,804.62	20,547,600.00
15,000,000	UNITED STATES TREASURY BONDS	912810DT	9.875	11/15/15	.382	122.395548667	14,251,260.22	14,243,587.50
13,000,000	FEDERAL HOME LOAN BANKS	313380L9	.500	11/20/15	.432	100.175937846	18,359,332.30	18,318,750.00
40,000,000	FNMA	3135G0SB	.375	12/21/15	.439	99.858647550	13,022,871.92	12,985,830.00
11,660,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3EG	1.150	12/30/15	1.166	100.000000000	39,943,459.02	39,776,400.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	11,660,000.00	11,702,209.20
304,125,000					.004		10,000,000.00	10,029,600.00
							310,724,415.14	311,090,806.05

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

12,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0TZ	.450	1/29/16	.456	100.000000000	12,000,000.00	11,942,880.00
40,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MH8	5.000	3/15/16	.763	111.352455825	44,540,982.33	44,608,400.00
580,000	NEW MEXICO ST UNIV REVS	647429V7	1.000	4/01/16	1.014	100.000000000	580,000.00	575,632.60
35,500,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BA	2.375	4/11/16	.804	104.338720423	37,040,245.75	37,116,670.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACT	2.500	5/27/16	1.095	104.049579150	20,809,915.83	21,001,600.00
25,000,000	FEDERAL AGRICULTURAL MORTG CORP	31315PB7	.900	6/09/16	.913	100.000000000	25,000,000.00	25,182,500.00
40,000,000	FEDERAL HOME LOAN BANK	3133834R	.375	6/24/16	.438	99.830974425	39,932,389.77	39,550,400.00
180,000	NEW MEXICO ST SEVERANCE TAX	647310Q4	5.000	7/01/16	.709	112.745594445	202,942.07	201,301.20
10,000,000	FANNIE MAE .0375 MAT 7/8/2016	3135G0XP	.375	7/05/16	.493	99.668360500	9,966,836.05	9,879,600.00
10,000,000	FANNIE MAE .0375 MAT 7/8/2016	3135G0XP	.375	7/05/16	.493	99.668360500	9,966,836.05	9,879,600.00
10,000,000	FANNIE MAE .0375 MAT 7/8/2016	3135G0XP	.375	7/05/16	.493	99.668360500	9,966,836.05	9,879,600.00

URCE: VisualQED
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 RUN: 7/27/13 @ 06:57:35
 ASIS: TRADE (SIC FROM SECURITY-MASTER)
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STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

SITATION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MS6	5.375	7/15/16	1.142	112.657954550	22,531,590.91	22,751,600.00
40,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	.844	103.623765250	41,449,506.10	41,439,600.00
20,000,000	UNITED STATES TREASURY NOTES	912828RF	1.000	8/31/16	.929	100.219236150	20,043,847.23	20,154,600.00
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0CM	1.250	9/28/16	1.218	100.155550950	20,031,110.19	20,228,600.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EAAJ	5.125	10/18/16	.561	114.916339150	22,983,267.83	22,736,400.00
34,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359M2D	4.875	12/15/16	.590	114.665616794	38,986,309.71	38,473,380.00
10,000,000	FEDERAL HOME LOAN BANKS	3133XH2K	4.750	12/16/16	.704	113.834839300	11,383,483.93	11,295,700.00
25,000,000	UNITED STATES TREAS NTS	912828RX	.875	12/31/16	.776	100.341359040	25,085,339.76	24,984,500.00
92,260,000					.003		412,501,439.56	411,882,563.80

=> 0019 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <==

40,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0GY	1.250	1/30/17	1.069	100.685702400	40,274,280.96	40,244,800.00
20,000,000	UNITED STATES TREAS NTS	912828SC	.875	1/31/17	.846	100.103292450	20,020,658.49	19,968,800.00
20,000,000	FEDERAL HOME LOAN BANK	3133786Q	1.000	2/13/17	1.044	99.891923050	19,978,384.61	19,996,000.00
40,000,000	UNITED STATES TREAS NTS	912828SJ	.875	2/28/17	.872	100.011414500	40,004,565.80	39,900,000.00
20,000,000	FED HOME LOAN MORTGAGE CORP DBS	3137EADC	1.000	3/08/17	1.121	99.617362500	19,923,472.50	19,902,000.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3135G0JA	1.125	4/27/17	1.064	100.283095400	10,028,309.54	9,965,300.00
20,000,000	FEDERAL HOME LN MTG CORP	3137EADH	1.000	6/29/17	.934	100.307905800	20,061,581.16	19,820,600.00
25,500,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADJ	1.000	7/28/17	.932	100.324225882	25,582,677.60	25,141,725.00
25,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0MZ	.875	8/28/17	.799	100.355827920	25,088,956.98	24,504,500.00
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EADL	1.000	9/29/17	.900	100.464537467	15,069,680.62	14,821,500.00
35,500,000					.005		236,032,568.26	234,265,225.00

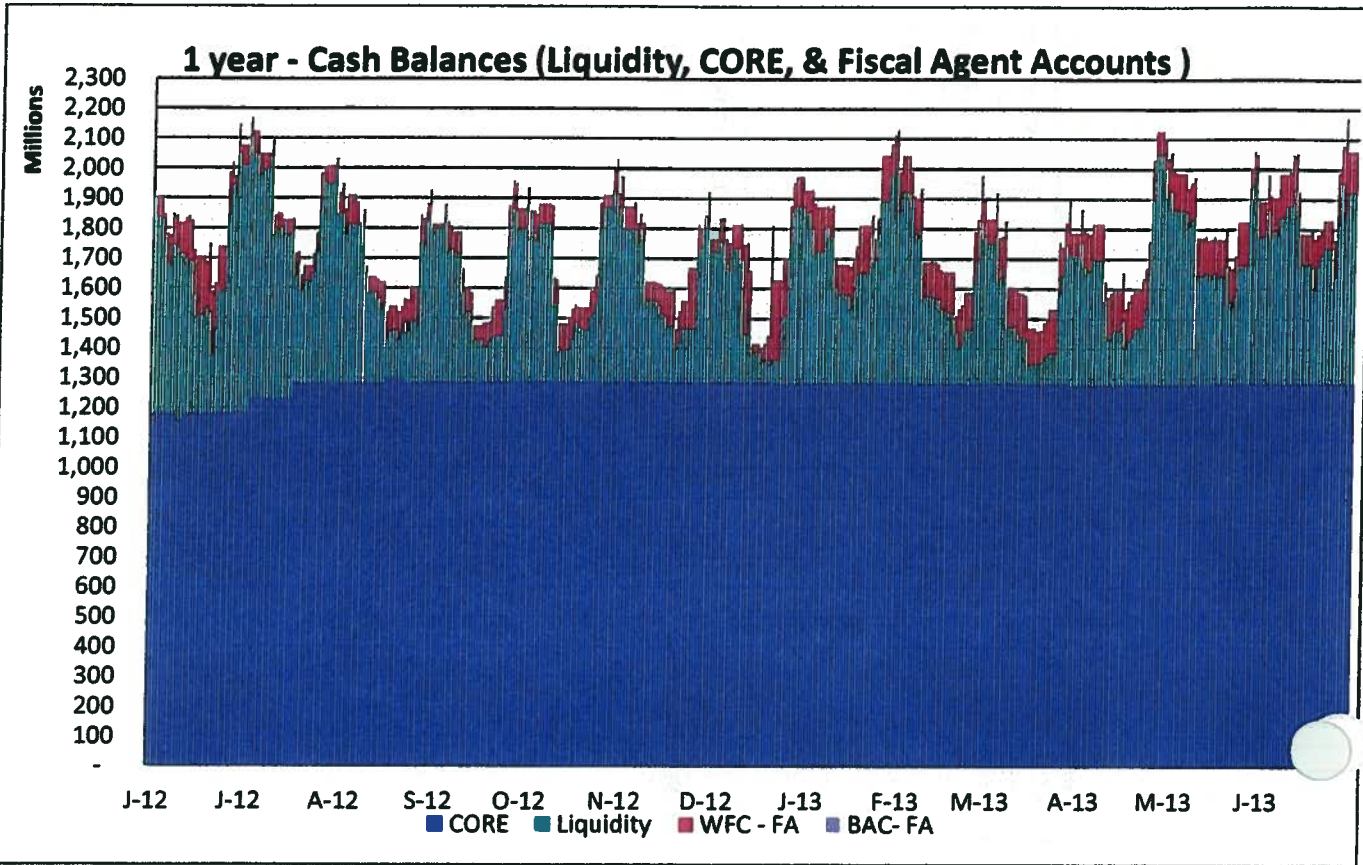
=> 0010 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2017 <==

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

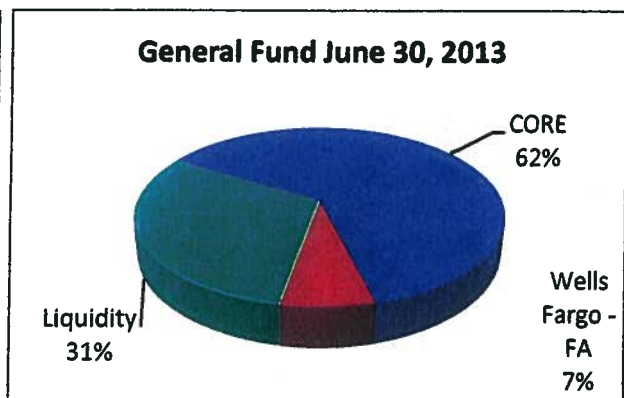
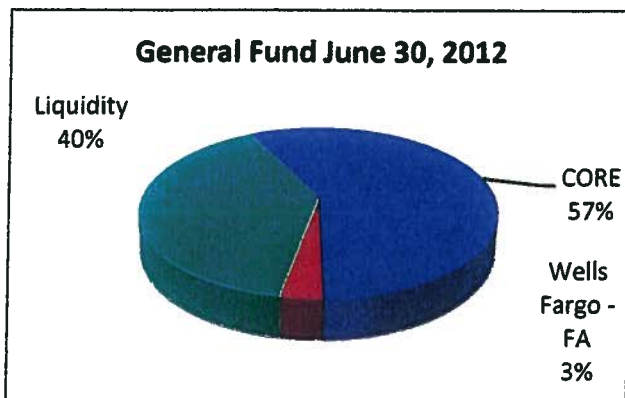
STATE OF NEW MEXICO
 TREASURER'S OFFICE

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
15,000,000	FED NAT'L MORTGAGE ASSN DEB	3136G1EN	1.100	3/13/18	1.115	100.000000000	15,000,000.00	14,711,850.00
15,000,000					.078		15,000,000.00	14,711,850.00
====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY... ====> 2018 <====								
1287774012					.001		1316526262.35	1315773550.31
====> 0072 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND CORE <====								

GFIP Cash Flows

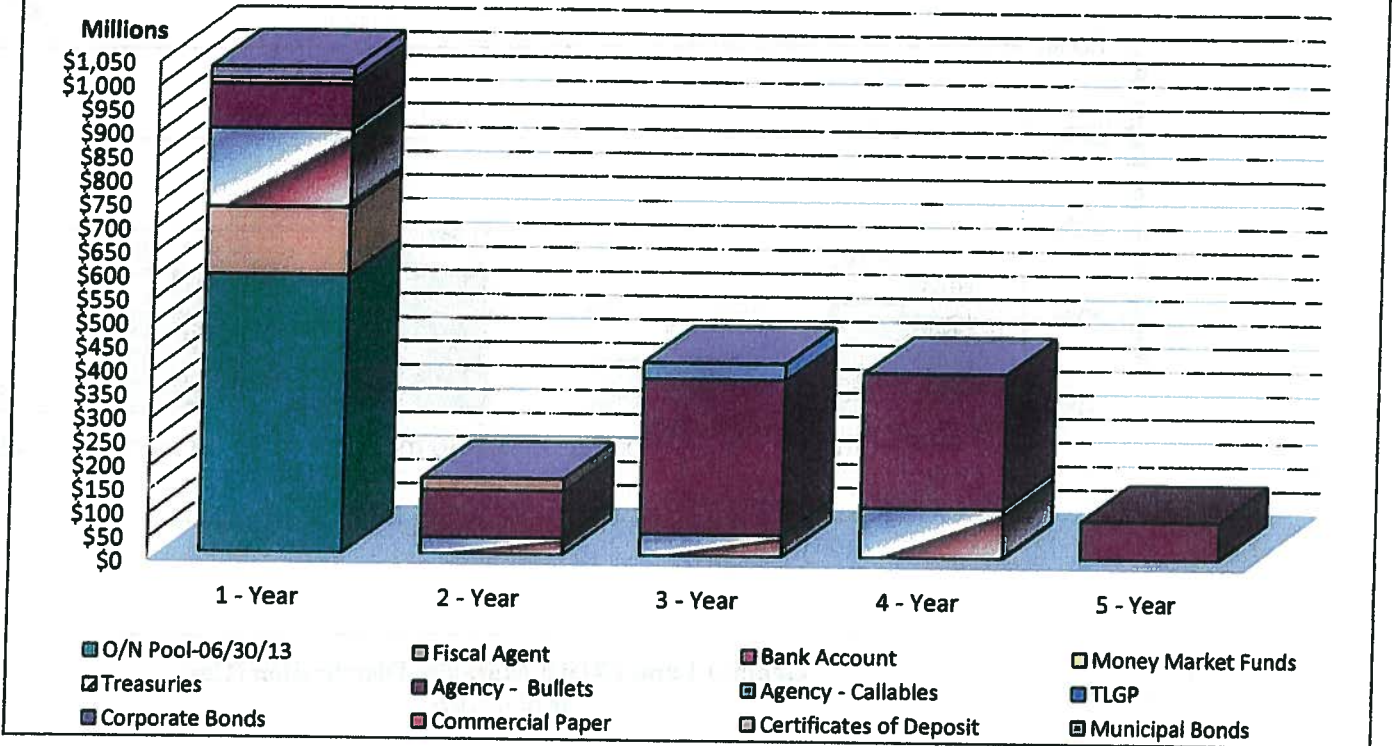


GENERAL FUND	Jun-12	Jun-13	Difference
Liquidity	826,484,349	630,363,734	(196,120,615)
CORE	1,182,148,236	1,287,774,012	105,625,776
Wells Fargo - FA	66,693,477	141,908,562	75,215,085
	2,075,326,061	2,060,046,307	-15,279,754





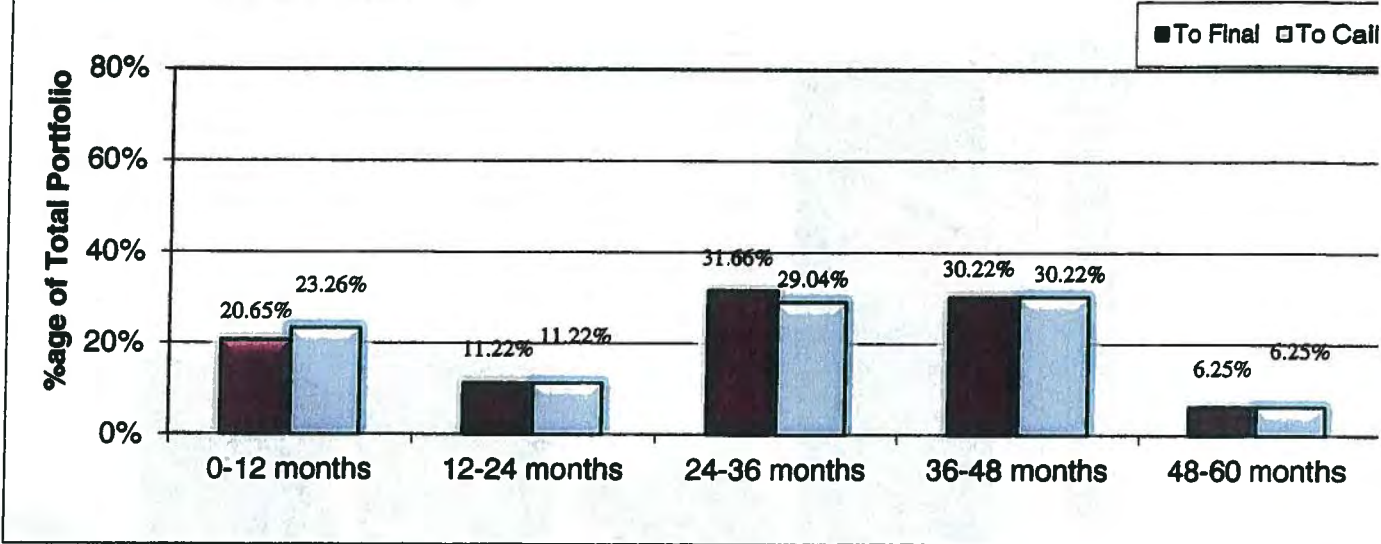
General Fund Maturity Ladder by Year & Asset Type as of June 30, 2013



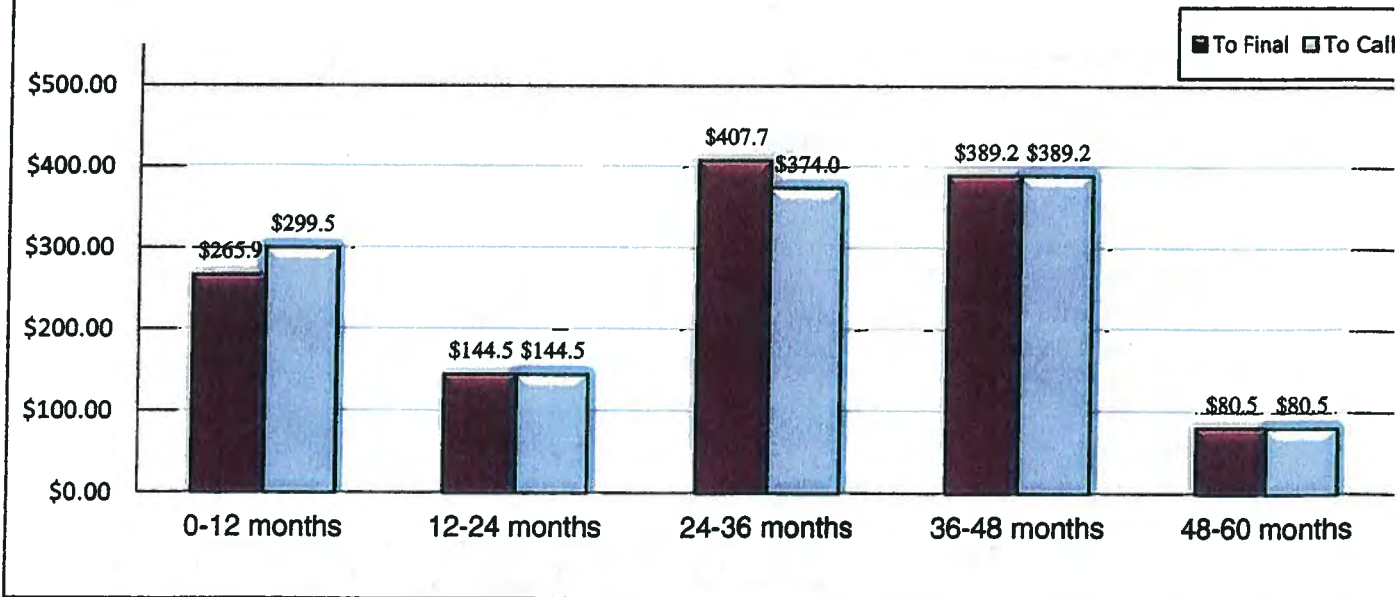
Asset Allocation	1 - Year	2 - Year	3 - Year	4 - Year	5 - Year	Total
Agency - Bullets	93,000,000	99,000,000	327,750,000	284,000,000	80,500,000	884,250,000
Agency - Callables			33,660,000			33,660,000
TLGP						0
Corporate Bonds						0
Money Market Funds	1,300					1,300
Municipal Bonds	23,642,000	540,000	605,000	180,000		24,967,000
Certificates of Deposit	13,000,000	25,750,000				38,750,000
Commercial Paper						0
Treasuries	165,000,000	35,000,000	45,650,000	105,000,000		350,650,000
Bank Account						0
Fiscal Agent	141,908,562					141,908,562
O/N Pool-06/30/13	585,859,446					585,859,446
Total:	1,022,411,307	160,290,000	407,665,000	389,180,000	80,500,000	2,060,046,307
% of Total:	50%	8%	20%	19%	4%	



General Fund CORE, Maturity Distribution
as of 6/30/2013



General Fund CORE Maturity Distribution (Cash)
as of 6/30/2013





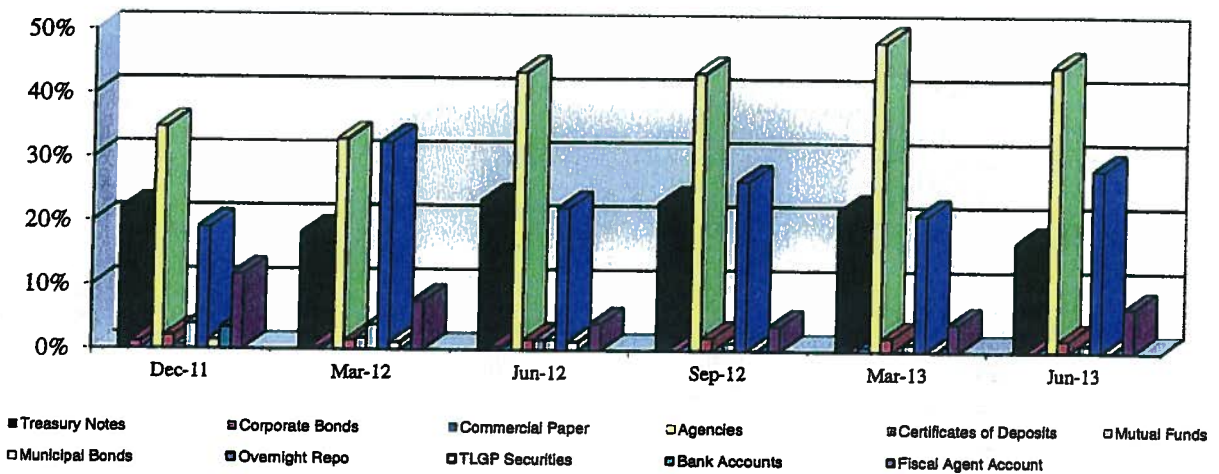
General Fund Portfolio Allocation - Month ending June 30, 2013

Allocation by Amount

Number of Items	87	96	83	109	85	86
	<u>Dec-11</u>	<u>Mar-12</u>	<u>Jun-12</u>	<u>Sep-12</u>	<u>Mar-13</u>	<u>Jun-13</u>
Treasury Notes	380,000,000	395,000,000	436,850,000	440,600,000	391,250,000	350,650,000
Corporate Bonds	20,000,000	10,000,000	10,000,000	0	0	0
Commercial Paper	0	0	0	0	13,500,000	0
TLGP Securities	25,000,000	25,000,000	25,000,000	0	0	0
Agencies	604,540,000	714,540,000	814,410,000	827,910,000	863,210,000	917,910,000
Bank Accounts	60,017,370	0	0	0	0	0
Certificates of Deposits	37,250,000	32,750,000	30,750,000	37,750,000	37,750,000	38,750,000
Money Market	10,027,792	40,027,793	30,027,794	1,299	1,300	1,300
Municipal Bonds	68,805,000	84,530,000	30,765,000	22,880,000	22,880,000	24,967,000
Overnight Repo	332,440,228	706,683,493	417,064,988	505,125,131	378,964,188	585,859,446
Fiscal Agent Account	203,859,418	164,300,659	77,966,347	73,606,297	77,984,704	141,908,562
Total :	1,741,939,808	2,172,831,945	1,872,834,129	1,907,872,727	1,785,540,192	2,060,046,308

Allocation by Percent

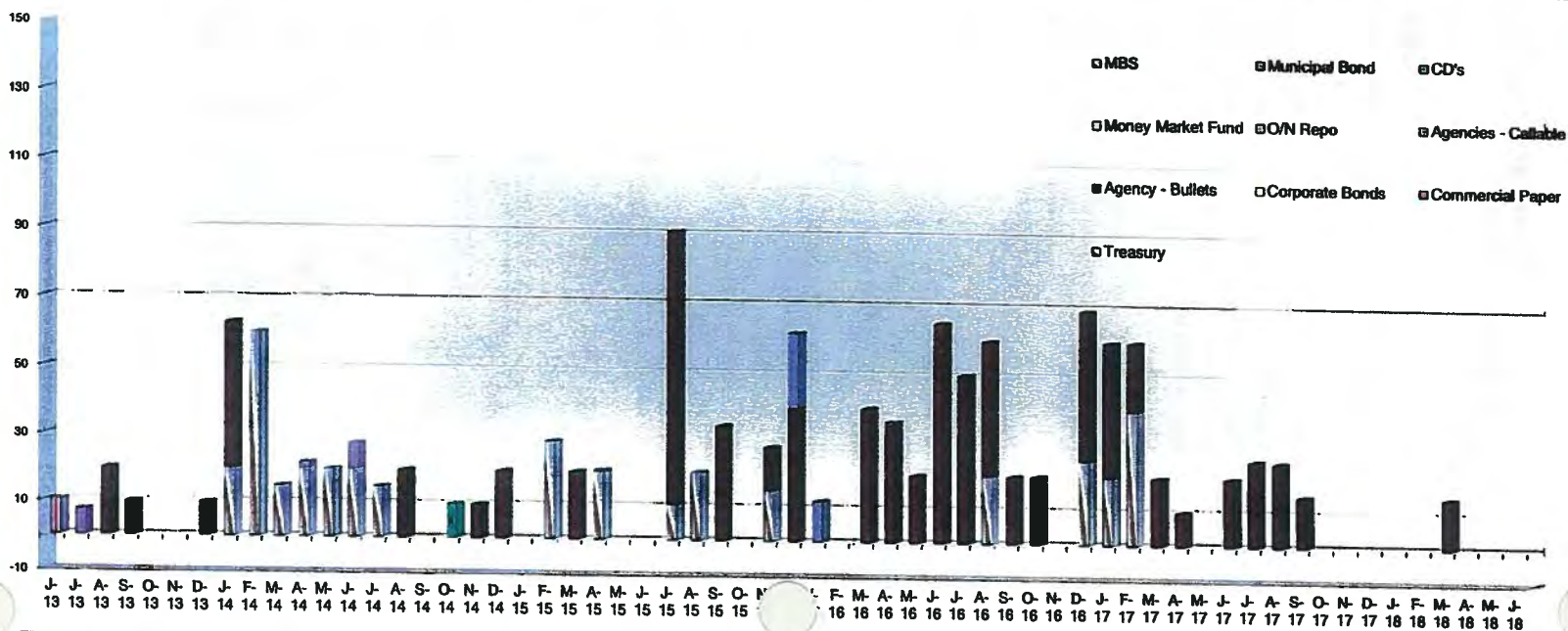
	<u>Dec-11</u>	<u>Mar-12</u>	<u>Jun-12</u>	<u>Sep-12</u>	<u>Mar-13</u>	<u>Jun-13</u>
Treasury Notes	21.8%	18.2%	23.3%	23.1%	21.9%	17.0%
Corporate Bonds	1.1%	0.5%	0.5%	0.0%	0.0%	0.0%
Commercial Paper	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%
TLGP Securities	1.4%	1.2%	1.3%	0.0%	0.0%	0.0%
Agencies	34.7%	32.9%	43.5%	43.4%	48.3%	44.6%
Certificates of Deposits	2.1%	1.5%	1.6%	2.0%	2.1%	1.9%
Bank Accounts	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Mutual Funds	0.6%	1.8%	1.6%	0.0%	0.0%	0.0%
Municipal Bonds	3.9%	3.9%	1.6%	1.2%	1.3%	1.2%
Overnight Repo	19.1%	32.5%	22.3%	26.5%	21.2%	28.4%
Fiscal Agent Account	11.7%	7.6%	4.2%	3.9%	4.4%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



CORE Portfolio Monthly Maturities as of June 30, 2013

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	
Treasury								20,000,000	60,000,000	15,000,000	20,000,000	20,000,000	20,000,000	15,000,000							29,000,000	
Commercial Paper																						
Corporate Bonds																						
CD's																						
Agency - Bullets			20,000,000	10,000,000														10,000,000				
Agencies - Callable								10,000,000	43,000,000													
Municipal Bond		7,525,000													20,000,000							
1/N Repo	10,347,712										2,075,000		7,940,000									
ABS																						
Money Market Fund	1,300																					
Total:	10,349,012	7,525,000	20,000,000	10,000,000	0	0	10,000,000	63,000,000	60,000,000	15,000,000	22,075,000	20,000,000	27,940,000	15,000,000	20,000,000	0	10,000,000	10,000,000	20,000,000	0	29,000,000	
% of Total:	0.80%	0.58%	1.55%	0.78%	0.00%	0.00%	0.78%	4.88%	4.66%	1.16%	1.71%	1.55%	2.17%	1.16%	1.55%	0.00%	0.78%	0.78%	1.55%	0.00%	2.25%	
	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	
Treasury		20,000,000			10,500,000	20,150,000					15,000,000							20,000,000				
Commercial Paper																						
Corporate Bonds																						
CD's																						
Agency - Bullets	20,000,000				80,000,000																	
Agencies - Callable																						
Municipal Bond		540,000																				
1/N Repo						25,000																
ABS																						
Money Market Fund																						
Total:	20,000,000	20,540,000	0	0	80,500,000	20,175,000	34,250,000	0	28,000,000	61,660,000	12,000,000	0	40,000,000	35,600,000	20,000,000	65,000,000	50,180,000	60,000,000	20,000,000	20,000,000	0	
% of Total:	1.55%	1.60%	0.00%	0.00%	7.03%	1.57%	2.66%	0.00%	2.17%	4.78%	0.93%	0.00%	3.11%	2.80%	1.55%	5.05%	3.90%	4.66%	1.55%	1.55%	0.00%	
	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total		
Treasury	25,000,000	20,000,000	40,000,000																		369,450,000	
Commercial Paper																					0	
Corporate Bonds																					0	
CD's																					0	
Agency - Bullets	44,000,000	40,000,000	20,000,000	20,000,000	10,000,000		20,000,000	25,500,000	25,000,000	15,000,000											18,000,000	
Agencies - Callable																						845,250,000
Municipal Bond																						33,460,000
1/N Repo																						18,845,000
ABS																						10,347,712
Money Market Fund																						0
Total:	69,000,000	60,000,000	60,000,000	20,000,000	10,000,000	0	20,000,000	25,500,000	25,000,000	15,000,000	0	0	0	0	0	0	15,000,000	0	0	0	1,287,774,812	
% of Total:	5.36%	4.66%	4.66%	1.55%	0.78%	0.00%	1.55%	1.98%	1.94%	1.18%	0.00%	0.00%	0.00%	0.00%	0.00%	1.16%	0.00%	0.00%	0.00%	0.00%	100.00%	

Millions



Portfolio Summary – Local Government Investment Pool (LGIP)

Summary

- Ending June market value for the LGIP was \$532mil, lower than the \$567mil reported at the end of May.
- The LGIP maintains an AAAM rating by Standard & Poor's.
- At the end of June the STO LGIP participant balance was \$4,320,093.79 or 0.8% of the Pool.
- At the end of June the Judicial District Court LGIP participant balance was \$4,124,767.33 or 0.8% of the Pool.

Portfolio Mix

- At the end of June 2013 the portfolio was invested as follows: 19% in US Treasuries, 17% in US Government Agencies, 41% in collateralized demand deposit accounts with qualified banking institutions, 15% in floating rate securities, and 8% in corporates/commercial paper.
- At month-end, the LGIP held positions in 32 securities.

Investment Earnings

- In June, the fund earned \$74,954 for its participants.
- For Fiscal Year 2013, the fund has earned \$1,217,171.
- Earnings in the LGIP are retained by participants after a management fee of 0.05% is paid to the General Fund.

Performance

- Gross Yield on the LGIP was 0.157% at the end of June.
- Net yield to participants was 0.107%.

Investment Highlights

- For the LGIP, the WAM(R) of 59 days, and WAM (F) of 90 days, were within their maximums of 60 and 120 days respectively.
- The LGIP experienced net withdrawals for the month of June.
- Maturities for June totaled \$110mil face amount.
- The WAM(R) continued to bump up against its 60 day maximum as only longer term investments offered a yield advantage vs. Wells Fargo bank deposits.
- Larger than usually experienced withdrawals, \$36mil, were easily met with maturities.
- As previously noted in May's report LGIP is utilizing term investments whenever possible to diversify the portfolio away from concentrations in collateralized bank deposits and to reduce the reliance on overnight repos.
- LGIP longer term investments were purchased when yields obtainable were above 0.10%, the Wells Fargo bank deposit account default rate for cash. As short maturity yields have compressed even further, the LGIP needs to look further out the yield curve in order to achieve these levels.

- LGIP purchased \$5mil Straight-A Funding CP for a two week maturity at 0.12% in early June. This CP program is winding down and was not available for subsequent reinvestment when it matured in late June.
- LGIP purchased \$22.565mil Agency issues maturing in September and October 2013 at an average 0.11% yield.
- Add-on purchases of \$7.9mil Agency floating rate notes that reset daily versus the Fed Bank Prime Loan Rate yielded 0.185% for one year maturities.
- An additional \$3.63mil of FDIC Structured Guaranteed notes were purchased at 0.20% maturing in October of 2013.
- LGIP has utilized US Treasury notes maturing in December 2013 when spreads to Agencies have been tight. The Pool added \$10mil in June at 0.125% increasing the total holding to \$34mil.

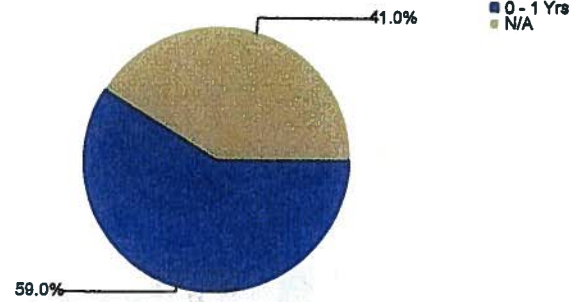
Investment Strategy

- LGIP WAMs are currently 59 and 96 days for WAM(R) and WAM (F) respectively.
- The LGIP has experienced net withdrawals in July so far, ~ \$22mil.
- Maturities will total \$1mil in July.
- For the month of July so far, the six month US Treasury has been the outstanding performer on the yield curve, declining by 3.6 basis points to 0.058% from .094%.
- The one to three year Treasuries have declined by 2.5 basis points as longer maturities out to thirty years have experienced higher rates, thus "steepening" the yield curve.
- The LGIP has kept the WAMs extended as interest rates in the one year and shorter maturities have continued to grind lower.
- The Pool purchased \$21.3mil Agency securities maturing in December 2013 at yields between 0.105% and 0.115%.
- Agencies maturing in February 2014, \$4mil, were added at 0.14%.
- An FFCB Prime Rate FRN, \$12.5mil, was purchased with a one year maturity, yielding 0.175%.
- As spreads between Treasuries and Agencies continue to be tight, the LGIP turned to US Treasuries, purchasing \$5mil of a March 2014 maturity, at a yield of 0.12%.
- LGIP will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of conservative investments.

Portfolio Characteristics

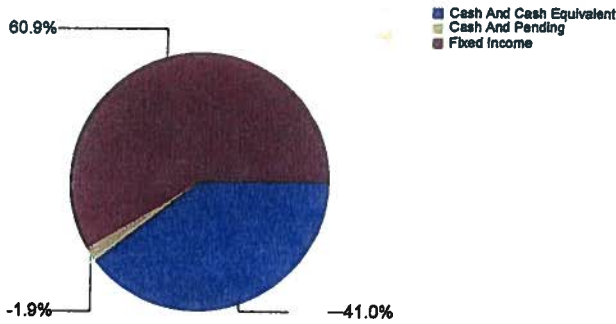
Duration (Yrs)

Total Net Assets (Millions)	531.9
Weighted Average Life (Years)	0.26
Weighted Avg. Effective Duration (Years)	0.18
Weighted Average Coupon (%)	0.35
Weighted Average Current Yield (%)	0.08
Weighted Average Yield to Maturity (%)	0.10
Weighted Average Rating	AA+
Number of Holdings	33



Asset Mix

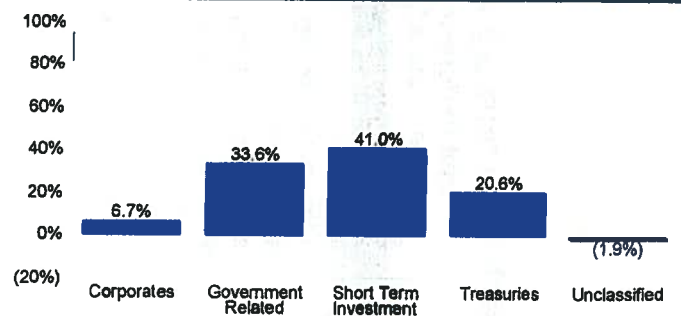
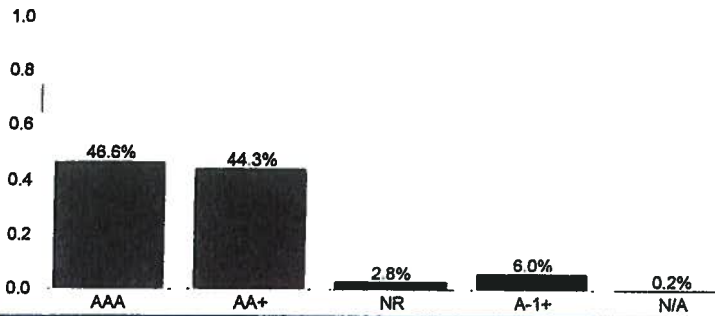
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
09489LC10	BANK OF THE WEST	21.88%	0.00	1/7/2013
094893C02	WELLS FARGO CHECKING 0.15% 31DEC/2013	12.38%	0.15	1/7/2013
912828RW2	UNITED STATES TREAS NTS 0.125% 31DEC/2013	4.27%	0.12	3/1/2013
09489LC38	US BANK	3.58%	0.00	1/7/2013
459058C87	INTERNATIONAL BANK FOR REC & DEV 0.5% BDR	4.11%	0.50	2/6/1/2013
912828RN2	UNITED STATES TREAS NTS 0.250% 31OCT/2013	3.69%	0.25	3/1/2013
912828RB1	UNITED STATES TREAS NTS 0.25% 30NOV/2013	3.69%	0.25	30/11/2013
313379C18	FEDERAL HOME LOAN BANKS CONS BDR FLT 13 20DEC/2013	3.69%	0.18	20/12/2013
912828RK3	UNITED STATES TREAS NTS 0.125% 30SEP/2013	3.69%	0.12	30/6/2013
3133904M8	FEDERAL HOME LOAN BANKS CONS BDR FLT 14 23JAN/2014	3.69%	0.10	23/1/2014

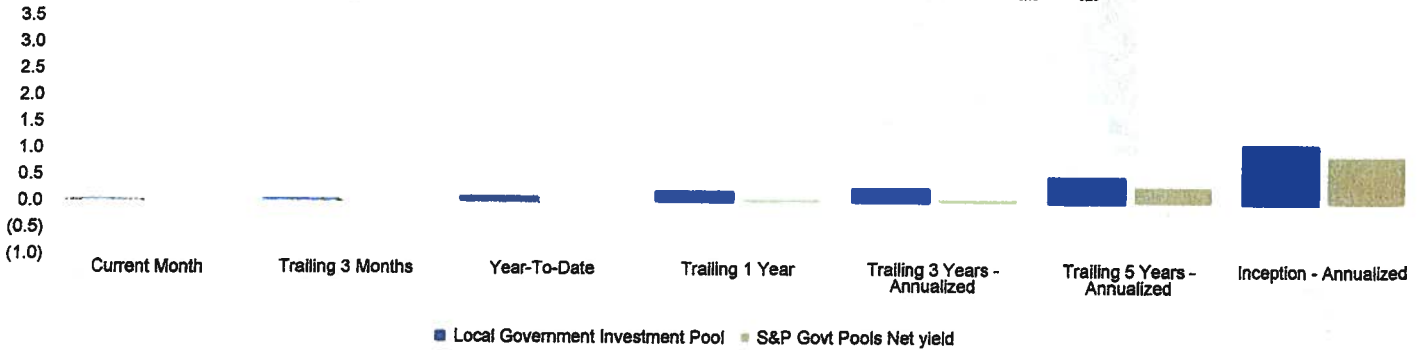
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
Local Government Investment Pool	0.01	0.02	0.09	0.20	0.27	0.49	1.11
S&P Govt Pools Net yield	0.00	0.01	0.02	0.06	0.07	0.33	0.91
Excess	0.01	0.01	0.07	0.15	0.19	0.16	0.20



Performance by Asset Class

Account Performance Results

As of June 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Local Government Investment Pool							
Fixed Income	323,765,559.88	60.87%	0.01	0.01	0.10	0.22	0.22
Corporates	35,616,541.50	6.70%	0.01	(0.22)	0.08	0.23	0.23
Government Related	178,536,428.89	33.57%	0.01	0.04	0.11	0.22	0.22
Treasuries	109,612,589.49	20.61%	0.01	0.04	0.10	0.22	0.22
Cash And Cash Equivalent	218,092,365.78	41.00%	0.02	0.06	0.11	0.21	0.21
Cash And Pending	(9,985,000.00)	(1.88%)	0.00	0.00	0.00	0.00	0.00
TOTAL	531,872,925.66	100.00%	0.01	0.02	0.09	0.20	0.20

STATE OF NEW MEXICO
LGIP FUND (4101)
Portfolio Classification Summary
Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
US TREASURY NOTE ACT/ACT 2X	6	.1512	.39215	109,500,000	109,548,242	109,567,345	19,103	20.615
AGENCY US BOND 30/360 2X	6	.1273	.28070	57,495,000	57,731,793	57,730,342	-1,451	10.862
AGENCY US DISC ACT/360 360 DAY	3	.1212	.12553	19,100,000	19,097,152	19,098,823	1,671	3.593
AGENCY US NOTES 30/360 2X	1	.1404	.33420	14,870,000	14,881,615	14,881,004	-611	2.800
AGENCY US VARIABLE ACT/360 4X	8	.1346	.63618	81,220,000	81,254,300	81,267,024	12,724	15.290
CORP US NOTE 30/360 2X	2	.1515	.35563	12,340,000	12,350,386	12,346,510	-3,876	2.323
MEDIUM-TERM NOTES	1	.1544	.40820	22,235,000	22,266,116	22,259,236	-6,880	4.188
CORP US DISC ACT/ACT 365 DAY	1	.1932	.32050	9,895,000	9,889,034	9,888,667	-367	1.861
CASH ACCOUNT	4			204,464,670	204,464,670	204,464,670		38.469
	32	.0875	.41252	531,119,670	531,483,308	531,503,621	20,313	100.000

URCE: VisualQED
 ODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 ASIS: TRADE (SIC FROM SECURITY-MASTER)
 S-OF: 6/30/13
 RTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

SITATION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
53,464,851 (TD)	-WELLS FARGO CASH ACCOUNT	CASHCASH	.100			1.000000000	53,464,850.55	53,464,851.00
2,359,980	WELLS FARGO SAVINGS	CASHCASH	.100			1.000000000	2,359,979.79	2,359,980.00
18,538,596	BANK OF THE WEST	CASHCASH	.250			1.000000000	118,538,596.49	118,538,596.00
30,101,243	US BANK	CASHCASH	.200			1.000000000	30,101,242.81	30,101,243.00
24,464,670					.006		204,464,669.64	204,464,670.00

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

1,000,000	INTER-AMERICAN DEVELOPMENT BANK	45818LJD	.110	7/15/13	.112	99.995722000	999,957.22	999,990.00
15,700,000	FEDERAL NATIONAL MORTGAGE ASSOCI	313589JW	.120	8/01/13	.122	99.989666688	15,698,377.67	15,699,529.00
4,000,000	FEDERAL HOME LOAN BANK	3133826A	.110	8/01/13	.123	99.999069250	3,999,962.77	3,999,880.00
14,340,000	FEDERAL HOME LOAN BANKS	3133X1BV	4.500	9/16/13	.101	100.916188633	14,471,381.45	14,470,207.20
5,000,000	FEDERAL FARM CREDIT BANKS	31331KZJ	.350	9/23/13	.103	100.056372000	5,002,818.60	5,002,400.00
20,000,000	UNITED STATES TREASURY NOTES	912828RK	.125	9/30/13	.195	99.982649900	19,996,529.98	20,001,600.00
12,000,000	FEDERAL HOME LOAN BANKS	313380V6	.220	10/01/13	.127	100.005528167	12,000,663.38	12,002,520.00
14,000,000	FEDERAL HOME LOAN BANKS	313382NY	.120	10/16/13	.111	100.003141714	14,000,439.84	13,999,160.00
10,155,000	FEDERAL HOME LOAN BANKS	3133XSAE	3.625	10/18/13	.114	101.043626785	10,260,980.30	10,259,494.95
9,895,000	CORUS CONSTRUCTION VENTURE, LLC	22087WAC		10/25/13	.194	99.939703790	9,889,033.69	9,888,667.20
1,340,000	INTERNATIONAL FINANCE CORPORATIO	45950VBF	.526	10/28/13	.155	100.121185821	1,341,623.89	1,341,340.00
14,870,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACX	.375	10/30/13	.140	100.078114324	14,881,615.60	14,881,003.80
20,000,000	UNITED STATES TREASURY NOTES	912828RN	.250	10/31/13	.211	100.012862300	20,002,572.46	20,010,200.00
5,500,000	UNITED STATES TREASURY NOTES	912828JQ	2.750	10/31/13	.092	100.880915091	5,548,450.33	5,548,345.00
11,000,000	INTER-AMERICAN DEVELOPMENT BANK	4581X0BU	.375	11/08/13	.151	100.079656546	11,008,762.22	11,005,170.00
10,000,000	US TREASURY STRIP	912833KB		11/15/13		99.950000000	9,995,000.00	9,995,400.00

SOURCE: VisualQED
 MODEL: INVENTORY
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 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
22,235,000	INTERNATIONAL BANK FOR RECONSTRU	459058CB	.500	11/26/13	.154	100.139942658	22,266,116.25	22,259,236.15
2,400,000	FEDERAL HOME LOAN MORTGAGE CORPO	313397PT	.120	11/26/13	.122	99.950666667	2,398,816.00	2,399,304.00
20,000,000	UNITED STATES TREASURY NOTES	912828RS	.250	11/30/13	.201	100.020472300	20,004,094.46	20,011,800.00
10,000,000	FEDERAL HOME LOAN BANKS	313381HG	.125	12/06/13	.216	99.962087500	9,996,208.75	9,999,200.00
8,200,000	FEDERAL HOME LOAN BANK	313379R2	.250	12/13/13	.122	100.017455366	8,201,431.34	8,204,264.00
20,000,000	FEDERAL HOME LOAN BANKS	313379QY	.250	12/20/13	.122	100.018259550	20,003,651.91	20,010,800.00
34,000,000	UNITED STATES TREASURY NOTES	912828RW	.125	12/31/13	.116	100.004684559	34,001,592.75	34,000,000.00
285,635,000					.004		285,970,080.86	285,989,511.30

====> 0023 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

20,000,000	FEDERAL HOME LOAN BANKS	3133804M	.273	1/23/14	.112	99.992148350	19,998,429.67	19,997,000.00
2,700,000	FEDERAL FARM CREDIT BANKS	3133EATL	.250	6/11/14	.165	100.081641482	2,702,204.32	2,702,376.00
12,320,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0BQ	.360	6/23/14	.172	100.184680114	12,342,752.59	12,344,024.00
35,020,000					.033		35,043,386.58	35,043,400.00

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

2,000,000	FEDERAL FARM CREDIT BANKS	3133EAYU	.320	1/20/15	.145	100.180368500	2,003,607.37	2,004,040.00
4,000,000	FEDERAL FARM CREDIT BANKS	3133ECBF	.250	1/26/15	.228	100.039023500	4,001,560.94	4,002,000.00
6,000,000					.195		6,005,168.31	6,006,040.00

====> 0002 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
31,119,670					.002		531,483,305.39	531,503,621.30
=> 0032 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> LGIP FUND <==								

Portfolio Summary - Tax Exempt Bond Proceeds Investment Pool

Summary

- The Tax Exempt Bond Proceeds Investment Pool closed the month of June at \$466mil vs. \$369mil at the end of May.
- The Pool paid out \$26mil for capital spending in June 2013.
- The Pool received \$125mil in late June to pay debt service on July 1, 2013.

Portfolio Mix

- 98% of the Tax-Exempt BPIP portfolio was invested in fixed income securities and 2% in floating rate notes: 21% in Treasuries, 36% in Agency Securities, 3% in Supranational, 8% in NM municipal securities, 1% in NM bank collateralized CDs and the balance, approximately 31%, held in cash equivalents.
- 49% of the portfolio was invested in securities that mature in one year, 23% in securities that mature from 1-2 years, 27% in securities that mature from 2-4 years and 1% in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 49 securities.
- Weighted Average Life of the Tax Exempt BPIP was 1.33 years. The Weighted Average duration was 1.16 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- Unrealized losses in the Tax-Exempt BPIP Portfolio were \$335,795 as of June 30th.
- Monthly Earnings on the portfolio for June were \$196,811.
- Earnings for FY2013 were \$2,229,241.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Investment Highlights

- The duration of the Tax-Exempt BPIP at the end of June was shorter vs. May (1.2 yrs. vs. 1.6 yrs) and vs. the Benchmark (1.4 yrs.).
- The Tax-Exempt BPIP had maturities of \$10mil in the month of June.
- Capital project withdrawals, \$26mil, were higher than usual, probably due to fiscal year end.
- The Tax-Exempt BPIP had large cash flows during the month beginning with a deposit of \$125mil received on June 20, 2013. This almost 35% increase in the size of the Pool, shortened the portfolio duration materially. It will subsequently be paid out on July 1, 2013 for debt service.
- Following the debt service payment and capital project withdrawals in early July, the duration of the Pool was expected to lengthen to 1.6 yrs.
- In anticipation of the lengthening of the Pool, \$10mil of Agency securities were sold at a net gain; \$5mil face amount of each of the FHLB 1% 6/9/17 and FNMA 1.375% 11/15/16.
- The Tax-Exempt BPIP purchased \$15mil of a two week maturity of Strait A CP at 0.12%.

- The Pool continues to show a net unrealized loss as a result of fresh cash that was received in late May and invested at much lower interest rates than where two to five year maturity yields closed the month of June.

Performance

- The purchase yield was 0.44% in June, lower than 0.49% reported for May.
- The Tax-Exempt BPIP returned (0.12) % for the month of June and (0.23) % for the three months ended June 30, 2013, vs. Index returns of (0.05) % and (0.07) % respectively. For the trailing 12 mos. the Pool returned 0.23% vs. 0.29% for the benchmark.
- US Treasury yields were higher for two, three and five year maturities, rising 6, 16 and 38 basis points respectively. This represented a “steepening” of the yield curve.
- Interest rates continued to be under pressure as a result of the Federal Reserve hinting at “tapering” their quantitative easing security purchase strategy.
- All spread sectors were wider vs. US Treasuries, including US Government Agency securities, especially callables, and municipals.
- Cash flows (debt service payments, capital project withdrawals, bond sale proceeds) have been the main driver of the portfolio’s structure and performance for year-to-date 2013.
- The Pool held maturities longer than three years that underperformed as the yield curve steepened. The Benchmark’s maximum maturity is three years.
- There was also a lengthening of Agency callable structures held in the Pool as interest rates rose. The Benchmark is not exposed to Agency callables.
- Widening of spreads for Agency and municipal bond sectors that the portfolio holds are also not represented in the Benchmark and put further pressure on the Pool’s performance.
- The change in the Benchmark for the Tax-Exempt BPIP to all Treasuries (three year maturity maximum) from a Benchmark blend of Treasury and Agency bullet and callable securities (five year maturity maximum) had an impact on the Pool’s relative performance.

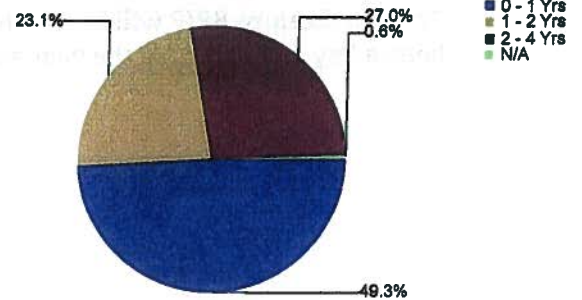
Investment Strategy

- The option-adjusted duration of the Tax-Exempt BPIP portfolio is currently 1.15 yrs. vs. 1.38 yrs. for the benchmark.
- The maturities for the Pool will total \$2mil for the month of July.
- Capital project withdrawals will be approximately \$9.3mil in July.
- The Tax-Exempt BPIP was expecting to receive proceeds from a NM Severance Tax Bond issuance on June 27, 2013. The deal was postponed with proceeds of \$173mil deposited into the Pool on July 23, 2013.
- The cash position of the Pool will remain elevated, \$75mil+, as there are few maturities occurring out to December 2013 and relatively little incentive to invest from 1 to 6 months in Treasury and Agency securities.
- Interest rates continue to move lower in the under 1 year maturity segment of the yield curve with 3 mos., 6 mos. and 1 yr. Treasuries declining to 0.02%, 0.06% and 0.11% respectively.
- Overnight repo continues to be extremely low, below 0.06% most days, but a necessary alternative for providing liquidity.

- The remaining proceeds have been invested in a laddered fashion utilizing 9 month to 1.5 year maturity US Treasuries to facilitate liquidity for capital project withdrawals in the future. Yields obtained were between 0.12% and 0.19% for \$85mil face amount.
- The Tax-Exempt BPIP will invest close to the duration of the benchmark. Cash flow management has been a key factor during the year and will continue to be so going forward.

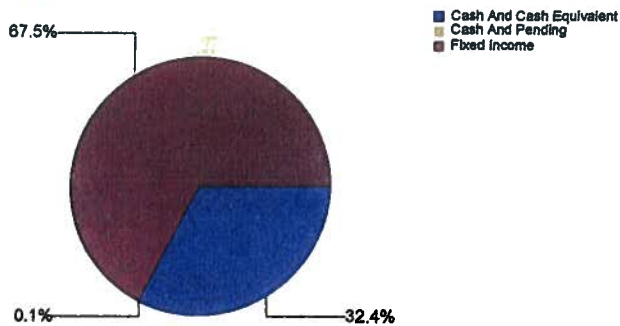
Portfolio Characteristics

Total Net Assets (Millions)	467.9
Weighted Average Life (Years)	1.33
Weighted Avg. Effective Duration (Years)	1.16
Weighted Average Coupon (%)	1.03
Weighted Average Current Yield (%)	0.47
Weighted Average Yield to Maturity (%)	0.48
Weighted Average Rating	AA
Number of Holdings	52



Asset Mix

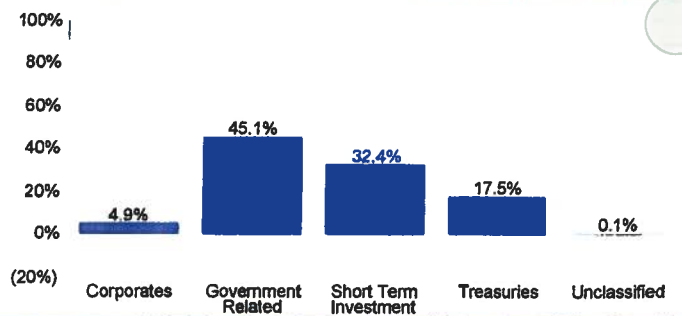
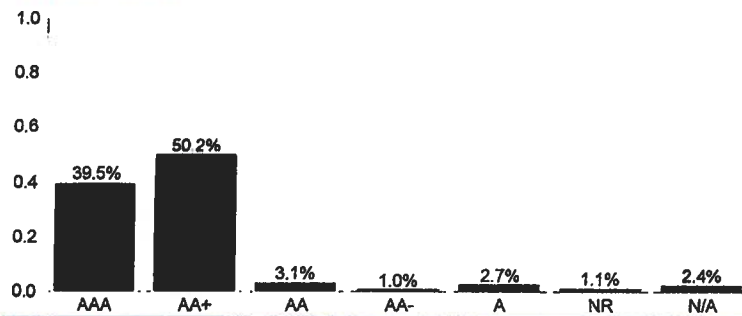
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
90DH9004	REPO BANK OF NEW YORK/SOUTH STREET SECS	10.01%	0.27	1/7/2013
90DH9000	REPO BANK OF NEW YORK/SOUTH STREET SECS	9.89%	0.27	1/7/2013
90DH9001	REPO BANK OF NEW YORK/SOUTH STREET SECS	9.51%	0.27	1/7/2013
313403MLD	FEDERAL HOME LOAN MORTGAGE CORP 0.5% MTO BDS	4.49%	0.50	2/2/2015
3137EACH7	FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25AUG/2016	4.48%	2.00	2/5/2016
012828PM6	US 2.12500 TB	3.34%	2.12	3/1/2015
012828KF6	UNITED STATES OF AMER TREAS NOTES 1.875% TB	3.28%	1.88	2/2/2014
313463ZA1	FEDERAL HOME LOAN MORTGAGE CORP 0.5% BDS	3.22%	0.50	2/8/2015
45650V6W5	INTL FINANCE CORP 0.3% MTN 01AUG/2013 USD	3.21%	0.33	1/8/2013
3136FTU2D	FEDERAL NATL MTO ASSN CALL 1.4%30DEC/2016	2.90%	1.40	30/12/2016

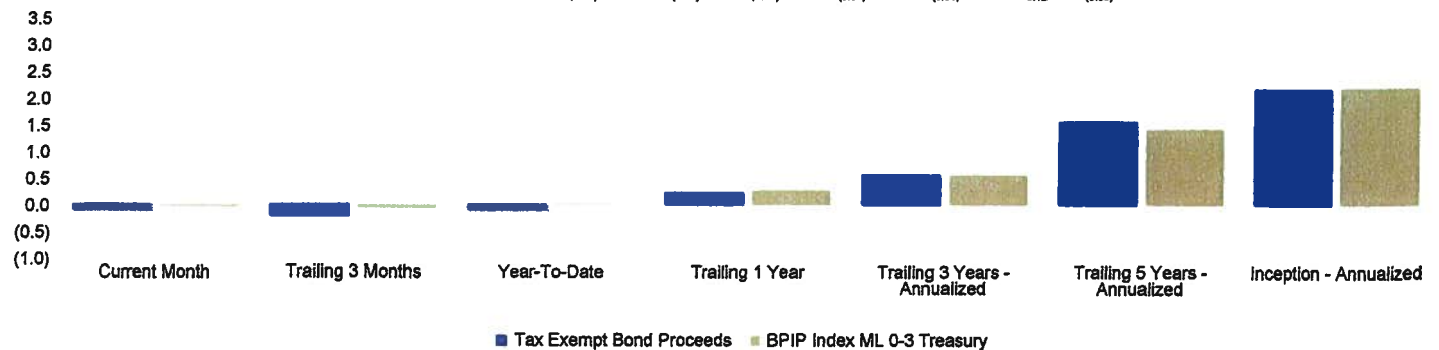
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-to-Date	Trailing 1 Year	Trailing 3 Years - Annualized	Trailing 5 Years - Annualized	Inception
Tax Exempt Bond Proceeds	(0.12)	(0.23)	(0.11)	0.23	0.57	1.58	2.18
BPIP Index ML 0-3 Treasury	(0.05)	(0.07)	0.05	0.29	0.56	1.45	2.23
Excess	(0.07)	(0.16)	(0.16)	(0.06)	(0.01)	0.12	(0.05)



Performance by Asset Class

Account Performance Results

As of June 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Tax Exempt Bond Proceeds							
Fixed Income	315,777,324.25	67.49%	(0.15)	(0.30)	(0.16)	0.23	0.23
Corporates	22,989,535.47	4.91%	0.02	0.03	0.14	0.31	0.31
Government Related	210,962,352.51	45.09%	(0.18)	(0.34)	(0.20)	0.23	0.23
Treasuries	81,825,436.27	17.49%	(0.13)	(0.26)	(0.14)	0.13	0.13
Cash And Cash Equivalent	151,809,569.35	32.45%	0.01	0.04	0.09	0.23	0.23
Cash And Pending	308,840.00	0.07%	0.00	0.00	0.00	0.00	0.00
TOTAL	467,895,733.60	100.00%	(0.12)	(0.23)	(0.11)	0.23	0.23

Performance shown is gross of manager fees

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

Portfolio Classification Summary
 Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.2738	.00270	145,777,370	145,777,370	145,777,370		
CERTIFICATES OF DEPOSIT	2	.6000	1.01920	3,000,000	3,000,000	3,000,000		31.261
U.S. TREASURY BONDS	1	.2045	1.41920	10,000,000	10,271,267	10,266,000	-5,267	2.201
US TREASURY NOTE ACT/ACT 2X	6	.4901	2.10354	70,000,000	71,498,896	71,328,400	-170,496	15.296
US TREASURY (STRIP/ZERO) 30/360	3	.3740	1.85806	16,034,000	15,914,229	15,812,675	-101,554	3.391
AGENCY US BOND 30/360 2X	1	.4571	2.47670	10,000,000	9,981,375	9,944,100	-37,275	2.132
AGENCY US NOTES 30/360 2X	10	.5619	1.34924	119,337,000	120,179,021	120,133,394	-45,627	25.762
FED NATL MORTGAGE ASSN DEBS	4	.9924	1.64602	28,495,000	28,824,806	28,861,851	37,045	6.189
AGENCY US VARIABLE ACT/360 4X	1	.2406	.88770	7,934,000	7,969,013	7,966,767	-2,246	1.708
MEDIUM-TERM NOTES	1	.3346	.08770	15,000,000	15,000,000	15,002,550	2,550	3.217
MUNI US 30/360 2X	14	.4052	.94974	32,510,000	33,291,083	33,281,292	-9,791	7.137
MUNICIPAL BOND REVENUE	3	.3799	1.15194	1,915,000	1,946,227	1,943,093	-3,134	.417
UNITS - INVESTMENT POOL 1	1			3,011,352	3,011,352	3,011,352		.646
CASH ACCOUNT	1			-24	-24	-24		
	49	.4428	1.01914	463,013,698	466,664,615	466,328,820	-335,795	100.000

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
-	24 CASH KEY	CASHCASH				1.000000000	-	24.00
3,011,352	UNITS - INVESTMENT POOL 1	UNITS001				1.000000133	3,011,352.40	3,011,352.00
3,011,328					.388		3,011,327.91	3,011,328.00

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

2,000,000	LOS ALAMOS CNTY N MEX INC UTIL	54423EBV	5.000	7/01/13	.355	100.000000000	2,000,000.00	2,000,000.00
145,777,370	OVERNIGHT REPO	0701RP	.270	7/01/13	.274	100.000000199	145,777,370.29	145,777,370.29
15,000,000	INTL FINANCE CORP	45950VBW	.330	8/01/13	.335	100.000000000	15,000,000.00	15,002,550.00
7,350,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RQ	1.000	8/01/13	.300	100.058564626	7,354,304.50	7,354,116.00
615,000	CLOUDCROFT N MEX MUN SCH DIST	189134ES	2.000	8/01/13	.310	100.140887805	615,866.46	615,750.30
170,742,370					.007		170,747,541.25	170,749,786.59

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

11,997,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.208	102.471098691	12,293,457.71	12,275,330.40
15,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	.986	100.588115733	15,088,217.36	15,171,600.00
400,000	TORRANCE ETC CNTYS N MEX MUN S	891400NA	1.000	5/15/14	.356	100.564882500	402,259.53	402,404.00
1,190,000	RIO RANCHO N MEX WTR & WASTEW	767175GD	2.000	5/15/14	.254	101.522761345	1,208,120.86	1,207,600.10
7,934,000	INTER-AMERICAN DEVELOPMENT BANK	45818WAE	.739	5/20/14	.240	100.441217041	7,969,006.16	7,966,767.42
6,485,000	NEW MEXICO ST SEVERANCE TAX	647310P4	4.000	7/01/14	.406	103.588888820	6,717,739.44	6,729,030.55

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

SITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
4,780,000	NEW MEXICO ST SEVERANCE TAX	647310N4	4.000	7/01/14	.406	103.588888703	4,951,548.88	4,951,076.20
2,000,000	FARMERS & STOCKMENS BANK	8521444	.600	7/07/14	.600	100.000000000	2,000,000.00	2,000,000.00
1,000,000	FARMERS & STOCKMENS BANK	8521448	.600	7/07/14	.600	100.000000000	1,000,000.00	1,000,000.00
500,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RR	2.000	8/01/14	.466	101.661752000	508,308.76	509,035.00
5,570,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RE	3.000	8/01/14	.456	102.751970198	5,723,284.74	5,736,598.70
270,000	CLOUDCROFT N MEX MUN SCH DIST	189134ET	2.000	8/01/14	.406	101.727185185	274,663.40	274,495.50
420,000	ALBUQUERQUE N MEX MUN SCH DIST	013595QT	4.000	8/01/14	.406	103.886966667	436,325.26	436,942.80
10,000,000	UNITED STATES TREASURY NOTES	912828LZ	2.125	11/30/14	.205	102.712659600	10,271,265.96	10,266,000.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORP	3134G3Y6	.375	12/10/14	.380	100.000000000	10,000,000.00	10,002,700.00
77,546,000					.015		78,844,198.06	78,929,580.67
=> 0015 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <==								
20,940,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3NL	.500	2/24/15	.253	100.161494031	20,973,816.85	20,961,777.60
10,000,000	UNITED STATES TREASURY NOTES	912828UT	.250	3/31/15	.207	100.074791300	10,007,479.13	9,989,100.00
7,306,000	FINANCING-FED BK ENTY CPN STRP	31771JLV		4/06/15	.363	99.308000000	7,255,442.48	7,212,190.96
6,400,000	FEDERAL AGRICULTURAL MORTGAGE CO	31315PWM	.270	4/17/15	.292	99.967988594	6,397,951.27	6,380,736.00
5,888,000	FINANCING CORP CPN FICO STRIPS	31771CS5		6/06/15	.383	99.207000000	5,841,308.16	5,801,976.32
2,840,000	FINANCING CORP CPN FICO STRIPS	31771DKR		6/06/15	.383	99.207000000	2,817,478.80	2,798,507.60
900,000	ALBUQUERQUE NM GROSS RECPTS.TAX	01354PDX	2.000	7/01/15	.436	103.122364445	928,101.28	924,939.00
550,000	ALBUQUERQUE N MEX MUN SCH DIST	013595RS	2.000	8/01/15	.598	102.914432727	566,029.38	565,532.00
550,000	CLOUDCROFT N MEX MUN SCH DIST	189134EU	2.000	8/01/15	.497	103.125312727	567,189.22	564,613.50
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.119396000	15,017,909.40	15,009,750.00
10,000,000	UNITED STATES TREASURY NOTES	912828TP	.250	9/15/15	.278	99.938563500	9,993,856.35	9,959,400.00

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 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
10,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A4M	1.625	10/26/15	.318	103.026221500	10,302,622.15	10,247,900.00
10,000,000	FNMA	3135G0SB	.375	12/21/15	.457	99.813748500	9,981,374.85	9,944,100.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G32F	.520	12/28/15	.526	100.000000000	10,000,000.00	9,952,900.00
10,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	10,000,000.00	10,029,600.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	104.196899200	15,629,534.88	15,601,200.00
135,374,000					.009		136,280,094.20	135,944,222.98

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

10,000,000	UNITED STATES TREASURY NOTES	912828KS	2.625	2/29/16	.395	105.908618100	10,590,861.81	10,547,700.00
400,000	TORRANCE ETC CNTYS N MEX MUN S	891400NC	1.000	5/15/16	.560	101.275187500	405,100.75	401,556.00
1,220,000	RIO RANCHO N MEX WTR & WASTEW	767175GF	3.000	5/15/16	.558	106.971439344	1,305,051.56	1,291,711.60
1,225,000	SANTA FE N MEX GROSS RCPTS TAX	802072RG	2.000	6/01/16	.639	103.952431837	1,273,417.29	1,258,981.50
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.160	102.639701550	20,527,940.31	20,719,800.00
10,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	3135G0VF	.750	9/13/16	.265	100.097613600	10,009,761.36	9,931,800.00
10,000,000	UNITED STATES TREASURY NOTES	912828RM	1.000	10/31/16	.428	101.889465200	10,188,946.52	10,059,400.00
5,000,000	FEDERAL NATL MTG ASSN DEBS	3135G0ES	1.375	11/15/16	1.227	100.543670200	5,027,183.51	5,068,750.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,037,200.00
3,495,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	3,495,000.00	3,508,001.40
71,340,000					.016		72,823,263.11	72,824,900.50

==> 0010 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <==

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 ASIS: TRADE (SIC FROM SECURITY-MASTER)
 3-OF: 6/30/13
 RTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

QUANTITY-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,000,000	FEDERAL AGRICULTURAL MORTGAGE CO	31315PZT	.650	7/10/17	.874	99.163731000	4,958,186.55	4,869,000.00
5,000,000					.236		4,958,186.55	4,869,000.00

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

13,013,698 .003 466,664,611.08 466,328,818.74

=> 0049 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL1 TAX EX <

Portfolio Summary – Taxable Bond Proceeds Investment Pool

Summary

- The Taxable Bond Proceeds Investment Pool closed the month of June at \$700mil vs. \$539mil at the end of May 2013.
- The Pool paid out approximately \$12mil for capital spending in June 2013.
- The Pool received \$194mil in late June from sponge notes.

Portfolio Mix

- 99% of the Taxable BPIP portfolio was invested in fixed income securities and 1% in floating rate securities; 22% in US Treasuries, 41% in Agency securities, 2% in Supranational, 3% in NM municipal securities and the balance, approximately 32%, was held in cash equivalents and collateralized NM bank CDs.
- 47% of the portfolio was invested in securities that mature in one year, 27% in securities that mature from 1-2 years, 24% in securities that mature from 2-4 years and 2% in securities out to 5 years.
- The Taxable BPIP held positions in 66 securities.
- Weighted Average Life of the Taxable BPIP was 1.35 years. The Weighted Average duration was 1.24 years.
- The maximum security term for the BPIP portfolio is 5 years.

Investment Earnings

- The unrealized gains in the Taxable BPIP Portfolio were \$426,255 as of June 30th.
- Monthly earnings on the portfolio for June were \$310,950.
- For fiscal year 2013, the fund has earned \$4.5mil.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

Investment Highlights

- The duration of the Taxable BPIP at the end of June was 1.24 yrs. vs. 1.33 yrs. for month end May, and was shorter than the Benchmark.
- Maturities totaled \$21.2mil in the month of June 2013.
- \$194mil was received on June 27, 2013 from sponge notes.
- US Treasuries were purchased, \$130mil, in a laddered fashion to facilitate future capital project withdrawals.
- Nine month to 2 year Treasuries yielded between 0.19% and 0.35%.
- The Taxable BPIP was close to fully invested at the end of June with \$60mil remaining in cash equivalents following purchases made with sponge note proceeds.

Performance

- Purchase Yield at the end of June was 0.58%, lower than 0.68% reported for May.
- The Taxable BPIP returned (0.13) % for the month of June and (0.19) % for the three months ended June 30, 2013 vs. Index returns of (0.05) % and (0.07) % respectively. For the trailing 12 mos. the Pool returned 0.27% vs. 0.29% for the Benchmark.
- US Treasury yields were higher for two, three and five year maturities, rising 6, 16 and 38 basis points respectively. This represented a “steepening” of the yield curve.
- Interest rates continued to be under pressure as a result of the Federal Reserve hinting at “tapering” their quantitative easing security purchase strategy.
- All spread sectors were wider vs. US Treasuries, including US Government Agency securities, especially callables, and municipals.
- Cash flows have been the main driver of the portfolio’s structure and performance for year-to-date 2013.
- The Pool held maturities longer than three years that underperformed as the yield curve steepened. The Benchmark’s maximum maturity is three years.
- There was also a lengthening of Agency callable structures held in the Pool as interest rates rose. The Benchmark is not exposed to Agency callables.
- Widening of spreads for Agency and municipal bond sectors that the portfolio holds are also not represented in the Benchmark and put pressure on the Pool’s performance.
- The change in the Benchmark for the Taxable BPIP to all Treasuries (three year maturity maximum) from a Benchmark blend of Treasury and Agency bullet and callable securities (five year maturity maximum) had an impact on the Pool’s relative performance.

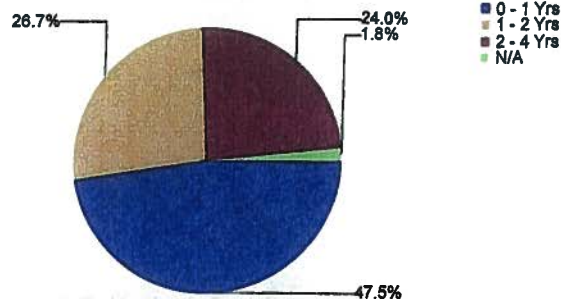
Investment Strategy

- The option adjusted duration of the portfolio is currently 1.34 yrs. vs. 1.39 yrs. for the Benchmark.
- The Pool has \$15.1mil in maturities scheduled for July.
- NM community bank CDs, \$5.1mil, have been reinvested for one year terms at 0.35% and 0.45%.
- Capital project withdrawals will total close to \$15mil in July.
- The Taxable BPIP has purchased \$40mil in US Treasury securities maturing in close to 2 yrs at 0.32%.
- The Pool purchased \$5mil FFCB 3mo. maturity at 0.10%, in every effort to reduce exposure to very low overnight repo rates.
- As maturities occur and liquidity needs materialize, the Pool will continue to ladder investments when excess cash is available.
- The Taxable BPIP will maintain its duration close to the benchmark.

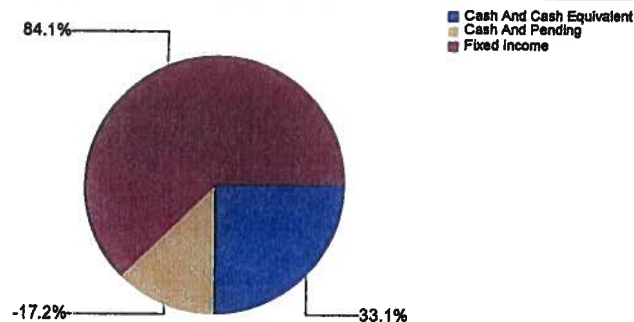
Portfolio Characteristics

Total Net Assets (Millions)	723.0
Weighted Average Life (Years)	1.35
Weighted Avg. Effective Duration (Years)	1.24
Weighted Average Coupon (%)	1.32
Weighted Average Current Yield (%)	0.45
Weighted Average Yield to Maturity (%)	0.45
Weighted Average Rating	AA-
Number of Holdings	72

Duration Mix



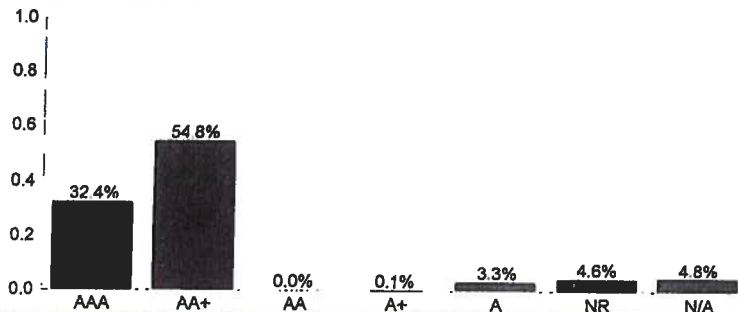
Asset Mix



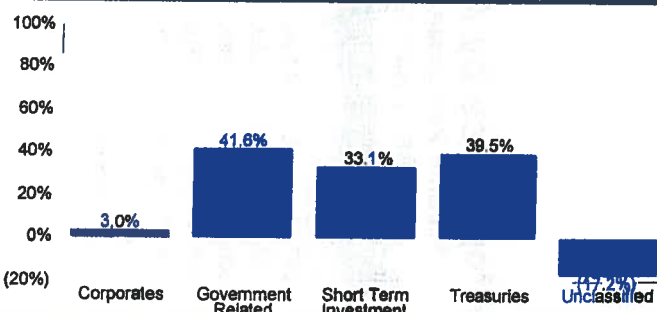
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
990H90076	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	5.47%	0.25	1/7/2013
990H90077	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	5.47%	0.25	1/7/2013
990H90074	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	5.47%	0.25	1/7/2013
990H90075	REPO MITSUBISHI UFJ SECURITIES (USA),INC.	5.47%	0.25	1/7/2013
9120284P8	UNITED STATES OF AMER TREAS NOTES 1.875% TB	4.80%	1.88	28/2/2014
9126284U0	UNITED STATES TREAS NTS 0.750% 15AUG/2013	3.55%	0.75	15/8/2013
3137EACW7	FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25AUG/2018	3.06%	2.00	25/8/2018
31339ATP8	FED NATL MTO ASSN 5.12% 05AUG/2014	2.61%	5.12	2/1/2014
990H90076	REPO BANK OF NEW YORK SOUTH STREET SECS	1.72%	0.27	1/7/2013
9126284U0	US 2.500000 '13	2.45%	2.50	30/4/2015

Quality/Rating Weightings

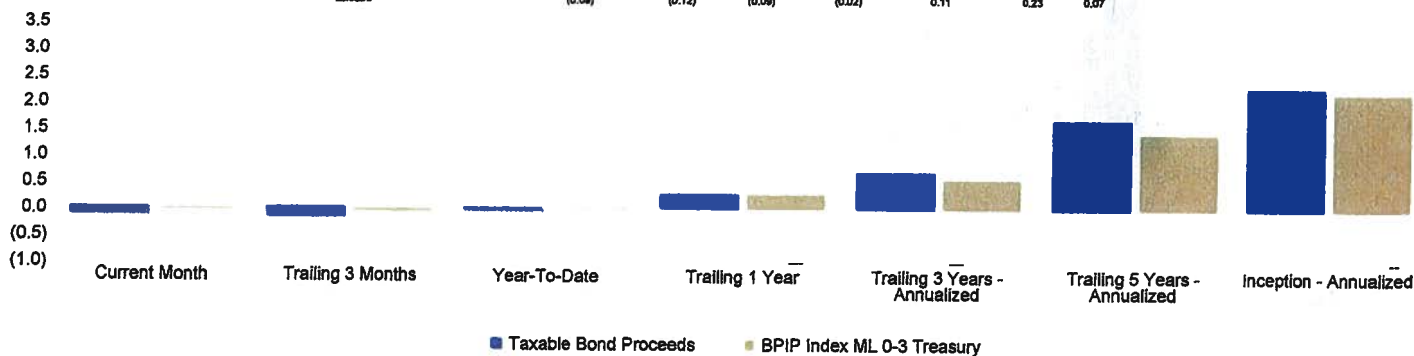


Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Taxable Bond Proceeds	(0.13)	(0.19)	(0.06)	0.27	0.69	1.67	2.31
BPIP Index ML 0-3 Treasury	(0.05)	(0.07)	0.03	0.26	0.56	1.46	2.23
Excess	(0.08)	(0.12)	(0.09)	(0.02)	0.11	0.23	0.07



Performance by Asset Class

Account Performance Results

As of June 2013

Asset Class	End Market Value	Weight	1 Month	3 Months	YTD	FYTD	1 Year
Taxable Bond Proceeds							
Fixed Income	607,988,028.90	84.09%	(0.15)	(0.21)	(0.07)	0.27	0.27
Corporates	22,051,533.49	3.05%	0.02	0.04	0.14	0.40	0.40
Government Related	300,609,232.54	41.58%	(0.24)	(0.33)	(0.15)	0.21	0.21
Treasuries	285,327,262.87	39.46%	(0.03)	(0.05)	0.04	0.35	0.35
Cash And Cash Equivalent	239,557,266.46	33.13%	0.02	0.07	0.13	0.31	0.31
Cash And Pending	(124,529,738.28)	(17.22%)	0.00	0.00	0.00	0.00	0.00
TOTAL	723,015,557.08	100.00%	(0.13)	(0.19)	(0.06)	0.27	0.27

STATE OF NEW MEXICO
BOND PROCEEDS INV POOL TAXABL (400)

Portfolio Classification Summary
 Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	2	.2557	.00270	208,315,981	208,315,981	208,315,981		
CERTIFICATES OF DEPOSIT	6	.4989	.41714	14,200,000	14,200,000	14,200,000		29.759
LINKED-CERTIFICATE OF DEPOSIT	2	.5000	.54520	4,000,000	4,000,000	4,000,000		2.029
US TREASURY NOTE ACT/ACT 2X	18	.5612	1.20730	280,000,000	284,362,876	284,814,650	451,774	40.688
AGENCY US BOND 30/360 2X	3	.5977	2.99864	50,000,000	50,049,086	49,643,400	-405,686	7.092
AGENCY US NOTES 30/360 2X	11	.6689	1.38110	173,510,000	174,679,647	174,802,605	122,958	24.972
FED NATL MORTGAGE ASSN DEBS	4	.9665	1.22267	55,000,000	55,420,991	55,702,200	281,209	7.957
AGENCY US VARIABLE ACT/360 4X	1	.2406	.88770	7,000,000	7,030,891	7,028,910	-1,981	1.004
MEDIUM-TERM NOTES	1	.3346	.08770	15,000,000	15,000,000	15,002,550	2,550	2.143
MUNI US 30/360 2X	24	.4398	.99849	29,940,000	30,371,738	30,347,289	-24,449	4.335
MUNICIPAL BOND REVENUE	1	.3552	.17260	540,000	541,481	541,361	-120	.077
UNITS - INVESTMENT POOL 1	1			1,307,441	1,307,441	1,307,441		.187
CASH ACCOUNT	1			-145,701,512	-145,701,512	-145,701,512		-20.814
	75	.6326	1.00422	693,111,910	699,578,620	700,004,875	426,255	100.000

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

SITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
45,701,512 (TD)	CASH KEY	CASHCASH				1.000000000	- 145701511.55	- 145701512.00
1,307,441	UNITS - INVESTMENT POOL 1	UNITS001				1.000000214	1,307,441.28	1,307,441.00
44,394,071					- .008		- 144394070.27	- 144394071.00

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

23,015,981	OVERNIGHT REPO	0701RP	.270	7/01/13	.274	99.999999435	23,015,980.87	23,015,980.87
85,300,000	OVERNIGHT REPO	0701RP	.250	7/01/13	.253	100.000000000	185,300,000.00	185,300,000.00
10,000,000	UNITED STATES TREASURY NOTES	912828NN	1.000	7/15/13	.914	100.003169200	10,000,316.92	10,003,500.00
600,000	WESTERN BANK CLOVIS	15894	.600	7/15/13	.600	100.000000000	600,000.00	600,000.00
2,000,000	WESTERN BANK CLOVIS	15957	.600	7/15/13	.600	100.000000000	2,000,000.00	2,000,000.00
1,000,000	WESTERN BANK ALAMOGORDO	81186647	.600	7/22/13	.600	100.000000000	1,000,000.00	1,000,000.00
1,500,000	WESTERN BANK ALAMOGORDO	81186647	.600	7/22/13	.600	100.000000000	1,500,000.00	1,500,000.00
15,000,000	INTL FINANCE CORP	45950VBW	.330	8/01/13	.335	100.000000000	15,000,000.00	15,002,550.00
785,000	LOS ALAMOS N MEX PUB SCH DIST	54422NDB	2.000	8/01/13	.407	100.132929936	786,043.50	786,044.05
1,700,000	SAN JUAN CNTY N MEX CENT CONS	798359JP	2.000	8/01/13	.407	100.132930588	1,702,259.82	1,702,261.00
440,000	RUIDOSO N MEX MUN SCH DIST NO	781338HW	2.000	8/01/13	.355	100.137179546	440,603.59	440,585.20
100,000	SANTA FE N MEX PUB SCH DIST FO	802088JB	4.125	8/01/13	.430	100.307740000	100,307.74	100,287.00
20,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.789	99.994873050	19,998,974.61	20,016,400.00
10,000,000	UNITED STATES TREASURY NOTES	912828NU	.750	8/15/13	.946	99.975342200	9,997,534.22	10,008,200.00
2,245,000	GADSDEN N MEX INDPT SCH DIST N	362550KT	2.000	8/15/13	.407	100.194981737	2,249,377.34	2,249,490.00
1,750,000	GADSDEN N MEX INDPT SCH DIST N	362550LL	1.000	8/15/13	.559	100.054597714	1,750,955.46	1,751,330.00
540,000	ESPANOLA N MEX PUB SCH DIST NO	29662RAQ	2.000	9/01/13	.355	100.274392593	541,481.72	541,360.80
20,000,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31398A2S	1.000	9/23/13	.572	100.098859700	20,019,771.94	20,038,200.00

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 AS-OF: 6/30/13
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STATE OF NEW MEXICO
 T R E A S U R E R ' S O F F I C E

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,000,000	UNITED STATES TREASURY NOTES	912828PB	.500	10/15/13	.575	99.978276200	4,998,913.81	5,005,650.00
8,000,000	CENTURY BANK SANTA FE	17099241	.400	12/30/13	.400	100.000000000	8,000,000.00	8,000,000.00
308,975,981					.004		309,002,521.54	309,061,838.92
==> 0020 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <===								

14,260,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.828	102.157303366	14,567,631.46	14,590,832.00
8,450,000	FEDERAL NATIONAL MORTGAGE ASSOCI	31359MTP	5.125	1/02/14	.854	102.144553728	8,631,214.79	8,646,040.00
2,000,000	WESTERN COMMERCE BANK	2012477	.500	1/15/14	.500	100.000000000	2,000,000.00	2,000,000.00
2,000,000	WESTERN COMMERCE BANK	2012634	.500	1/15/14	.500	100.000000000	2,000,000.00	2,000,000.00
20,000,000	FED NATIONAL MTG ASSN DEB	3135G0AP	1.250	2/27/14	.725	100.348724900	20,069,744.98	20,150,600.00
40,000,000	UNITED STATES TREASURY NOTES	912828KF	1.875	2/28/14	1.007	100.573867250	40,229,546.90	40,457,600.00
10,000,000	UNITED STATES TREASURY NOTES	912828KN	1.875	4/30/14	1.298	100.475377800	10,047,537.78	10,140,600.00
200,000	SANTA ROSA N MEX CONS SCH DIST	802751DL	1.000	5/15/14	.507	100.434440000	200,868.88	200,942.00
7,000,000	INTER-AMERICAN DEVELOPMENT BANK	45818WAE	.739	5/20/14	.240	100.441217000	7,030,885.19	7,028,910.00
10,000,000	UNITED STATES TREASURY NOTES	912828KV	2.250	5/31/14	1.346	100.818759000	10,081,875.90	10,187,500.00
1,325,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CV	2.000	6/01/14	.659	101.231333585	1,341,315.17	1,342,556.25
20,000,000	UNITED STATES TREASURY NOTES	912828KY	2.625	6/30/14	.189	102.425781250	20,485,156.25	20,482,800.00
350,000	SANTA FE CNTY N MEX	801889MX	2.000	7/01/14	.304	101.696094286	355,936.33	353,349.50
11,675,000	ALBUQUERQUE NM 2013C	ABQ2013C	.350	7/01/14	.355	100.000000000	11,675,000.00	11,675,000.00
10,000,000	UNITED STATES TREAS NTS	912828LC	2.625	7/31/14	.201	102.621093800	10,262,109.38	10,261,300.00
500,000	RIO RANCH NM PUBLIC SCH DIST 94	767171JU	3.000	8/01/14	.406	102.807294000	514,036.47	514,410.00
435,000	ALAMOGORDO NM MUNI SCH DIST #1	011464HB	2.000	8/01/14	.406	101.727395402	442,514.17	442,951.80
2,005,000	GADSDEN N MEX INDPT SCH DIST N	362550KU	2.000	8/15/14	.507	101.675913716	2,038,602.07	2,039,024.85

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 USER: WRIGHT
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STATE OF NEW MEXICO
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POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACV	1.000	8/27/14	.279	100.835507050	20,167,101.41	20,182,400.00
20,000,000	UNITED STATES TREASURY NOTES	912828TQ	.250	9/30/14	.216	100.042968750	20,008,593.75	20,007,000.00
20,000,000	UNITED STATES TREASURY NOTES	912828LS	2.375	10/31/14	.220	102.863281250	20,572,656.25	20,570,400.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORP	3134G3Y6	.375	12/10/14	.380	100.000000000	20,000,000.00	20,005,400.00
10,000,000	UNITED STATES TREAS NTS	912828RV	.250	12/15/14	.330	99.884380800	9,988,438.08	10,002,300.00
1,100,000	WESTERN BANK ALAMOGORDO	81185441	.750	12/31/14	.750	100.000000000	1,100,000.00	1,100,000.00
51,300,000					.005		253,810,765.21	254,381,916.40

=> 0024 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <==

20,000,000	UNITED STATES TREASURY NOTES	912828RZ	.250	1/15/15	.263	99.980468750	19,996,093.75	19,996,000.00
650,000	NEW MEXICO ST	647293NQ	5.000	3/01/15	.426	107.597963077	699,386.76	697,983.00
20,000,000	UNITED STATES TREASURY NOTES	912828MW	2.500	3/31/15	.316	103.804687500	20,760,937.50	20,761,800.00
20,000,000	UNITED STATES TREASURY NOTES	912828MZ	2.500	4/30/15	.346	103.929687500	20,785,937.50	20,788,200.00
225,000	SANTA ROSA N MEX CONS SCH DIST	802751DM	1.000	5/15/15	.659	100.649737778	226,461.91	226,062.00
1,350,000	CLOVIS N MEX GROSS RCPTS TAX R	189387CW	2.000	6/01/15	.760	102.373366667	1,382,040.45	1,380,658.50
500,000	SANTA FE CNTY N MEX	801889KB	5.500	7/01/15	.436	110.084818000	550,424.09	548,605.00
275,000	SANTA FE CNTY N MEX	801889MY	2.000	7/01/15	.406	103.183250909	283,753.94	278,561.25
405,000	RUIDOSO N MEX WASTEWATER REV	781324AB	2.000	7/01/15	.710	102.538000000	415,278.90	414,189.45
10,000,000	UNITED STATES TREAS NTS	912828NP	1.750	7/31/15	.453	102.685493400	10,268,549.34	10,282,800.00
400,000	RUIDOSO N MEX MUN SCH DIST NO	781338HY	2.000	8/01/15	.568	102.977772500	411,911.09	411,884.00
200,000	ALBUQUERQUE N MEX MUN SCH DIST	013595QU	5.000	8/01/15	.507	109.313620000	218,627.24	217,882.00
350,000	ALAMOGORDO NM MUNI SCH DIST #1	011464HC	2.000	8/01/15	.558	102.998685714	360,495.40	360,398.50
15,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3ZA	.500	8/28/15	.450	100.119396000	15,017,909.40	15,009,750.00

SOURCE: VisualQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
20,000,000	FED NATL MORTGAGE ASSN DEBS	31398A4M	1.625	10/26/15	.870	101.756227600	20,351,245.52	20,495,800.00
20,000,000	FNMA	3135G0SB	.375	12/21/15	.457	99.813748450	19,962,749.69	19,888,200.00
20,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G32F	.520	12/28/15	.526	100.000000000	20,000,000.00	19,905,800.00
7,300,000	FEDERAL HOME LOAN MORTGAGE CORPO	3134G3FA	1.100	12/30/15	1.115	100.000000000	7,300,000.00	7,321,608.00
15,000,000	UNITED STATES TREAS NTS	912828PM	2.125	12/31/15	.433	104.196899200	15,629,534.88	15,601,200.00
171,655,000					.007			
							174,621,337.36	174,587,381.70

==> 0019 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2015 <===

15,500,000	FEDERAL AGRICULTURAL MORTGAGE CO	31315PVS	.430	1/08/16	.470	99.915917161	15,486,967.16	15,412,425.00
15,000,000	FANNIE MAE	3135GOVA	.500	3/30/16	.544	99.899598467	14,984,939.77	14,916,000.00
1,000,000	NEW MEXICO FIN AUTH REV	64711NSK	4.000	6/01/16	.578	109.906382000	1,099,063.82	1,086,760.00
1,075,000	NEW MEXICO FIN AUTH ST TRANSN	64711RAZ	5.250	6/15/16	.234	104.788217675	1,126,473.34	1,126,073.25
10,000,000	UNITED STATES TREAS NTS	912828QR	1.500	6/30/16	.656	102.501662000	10,250,166.20	10,241,400.00
25,000,000	FEDERAL HOME LOAN MORTGAGE CORPO	3137EACW	2.000	8/25/16	1.295	102.223831960	25,555,957.99	25,899,750.00
10,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	10,000,000.00	10,037,200.00
5,000,000	FED NATL MORTGAGE ASSN DEBS	3136FTUZ	1.400	12/30/16	1.419	100.000000000	5,000,000.00	5,018,600.00
82,575,000					.014			
							83,503,568.28	83,738,208.25

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

JRCE: VisualQED
)DEL: INVENTORY
)SER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
)SIS: TRADE (SIC FROM SECURITY-MASTER)
)-OF: 6/30/13
)TZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

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

QUANTITY-SIZE	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
5,000,000	FEDERAL HOME LOAN BANKS	313379FW	1.000	6/09/17	.836	100.675974867	15,101,396.23	14,839,200.00
8,000,000	FEDERAL AGRICULTURAL MORTGAGE CO	31315PZT	.650	7/10/17	.874	99.163731125	7,933,098.49	7,790,400.00
13,000,000					.051		23,034,494.72	22,629,600.00

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

13,111,910					.002		699,578,616.84	700,004,874.27
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> 0075 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL2 TAXABL <

Portfolio Summary – Severance Tax Bonding Fund

Summary

- The Severance Tax Bonding Fund⁹ closed the month of June at \$16 Million.
- The Severance Tax Bonding Fund earned over \$18,000 during June.
- The Severance Tax Bonding Fund earned over \$296,000 during FY2013.

Portfolio Mix

- Severance Tax Bonding Fund Proceeds are primarily invested in the overnight repurchase agreement pool.
- Severance Tax Bonding Fund holdings are pledged and used to pay debt service on Severance Tax and Supplemental Severance Tax Bonds.
- Once debt service needs are met, the balance in the Severance Tax Bonding Fund is transferred to the Severance Tax Permanent Fund.
- Severance Taxes are remitted to the Treasury on a monthly basis and range between \$30 and \$35MM per month.
- On January 1st, the STBF will transfer available balances, in excess of debt service needs, to the Severance Tax Permanent Fund.

Investment Strategy

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

⁹ The Severance Tax Bonding Fund as included in this report excludes debt service fund amounts on outstanding Severance Tax and Supplemental Severance Tax Bonds and Notes. Such debt service balances are included in, and reported on, the Tax-Exempt Bond Purchase Investment Pool.

STATE OF NEW MEXICO
STB FUND (4001)
Portfolio Classification Summary
Positions Held as of 6/30/13 (TRADE Basis)

AMTZ ADDED: NO

ASSET CLASSIFICATION	ITEMS	YIELD	AVG-TERM	PRINCIPAL	COST-BASIS	MARKET-VALUE	GAIN/LOSS	%MARKET
REPURCHASE AGREEMENTS (O/N)	1	.2738	.00270	16,845,760	16,845,760	16,845,760		99.992
UNITS - INVESTMENT POOL 1	1			1,319	1,319	1,319		.008
	<u>2</u>	<u>.2737</u>	<u>.00270</u>	<u>16,847,079</u>	<u>16,847,079</u>	<u>16,847,079</u>		<u>100.000</u>

SOURCE: VISUALQED
 MODEL: INVENTORY
 USER: WRIGHT
 RUN: 7/27/13 @ 06:57:35
 BASIS: TRADE (SIC FROM SECURITY-MASTER)
 AS-OF: 6/30/13
 AMRTZD: BOOK VALUES AMORTIZED THROUGH 6/30/13

STATE OF NEW MEXICO
 TREASURER'S OFFICE

POSITION-SIZ	DESCRIPTION	CUSIP#	RATE	MATURITY	YIELD	UNIT-BOOK	CURRENT BK	LOC-MKT-VALUE
1,319	UNITS - INVESTMENT POOL 1	UNITS001				.999689159	1,318.59	1,319.00
1,319					887.12		1,318.59	1,319.00

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

16,845,760	OVERNIGHT REPO	.20701RP	.270	7/01/13	.274	100.000001069	16,845,760.18	16,845,760.18
16,845,760					.069		16,845,760.18	16,845,760.18

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

16,847,079					.069		16,847,078.77	16,847,079.18
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====> 0002 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> STB FUND <====



Broker-Dealer Activities

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

STO is in the process of collecting New Mexico registrations for those brokers who were conditionally approved in June. At the August STIC meeting, there will be an update to that approval process.

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

Volume at Par (\$ in thousands)

Broker/Dealer:	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	YTD Total	YTD Percent
Arbor Research and Trading	-	-	-	-	-	-	10,000	-	-	-	-	-	10,420	0.3%
Bank of America/MLPFS	25,000	-	25,000	-	20,000	7,500	20,000	-	-	-	420	-	242,500	5.9%
Bank of Oklahoma (Bk ABC)	-	-	760	-	-	-	-	-	35,000	25,000	38,000	47,000	1,560	0.0%
Barclays	41,790	7,500	30,000	13,000	28,200	55,000	388,000	20,200	17,000	800	-	-	698,939	17.0%
BB&T/Scott & Stringfellow	-	-	-	-	-	-	-	-	-	-	69,320	3,630	-	0.0%
BNP Paribas	101,100	66,000	26,000	-	10,000	50,000	139,000	21,000	-	-	-	-	-	0.0%
Cantor Fitzgerald	-	-	-	-	-	-	-	-	-	-	21,800	-	434,900	10.6%
Citigroup	25,000	-	2,970	10,000	55,750	-	-	15,000	-	-	-	-	-	0.0%
Credit Suisse Securities	-	20,000	-	-	-	-	23,800	-	-	-	20,940	40,000	169,660	4.1%
Deutsche Bank	90,000	-	-	19,050	30,000	-	388,000	307,000	-	-	-	3,000	46,800	1.1%
FTN Financial	-	-	1,760	-	20,000	7,000	-	15,000	-	-	-	60,000	894,050	21.7%
George K. Baum & Company	8,400	-	1,550	-	-	-	-	-	-	-	11,125	-	54,885	1.3%
Goldman Sachs	-	-	-	30,200	10,000	20,000	5,700	24,860	-	1,000	18,619	-	110,389	2.7%
Great Pacific Securities	-	-	-	-	-	-	14,300	-	-	-	-	-	14,300	0.3%
HSBC	60,000	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Jefferies	20,000	-	21,690	58,000	20,000	10,000	12,000	10,000	-	5,500	10,000	10,000	85,500	2.1%
Lawson Financial	-	-	-	-	-	-	-	-	10,000	10,000	28,000	27,100	216,790	5.3%
Loop Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Mitsubishi UFJ (Repo)	-	-	-	-	20,000	-	-	-	-	-	10,000	-	30,000	0.7%
Morgan Keegan	-	3,225	-	-	-	-	-	-	-	-	-	-	-	0.0%
Morgan Stanley	10,000	14,250	-	15,000	-	-	70,000	-	38,238	35,000	27,918	18,945	3,225	0.1%
Muriel Siebert & Co.	-	-	-	-	-	-	-	-	-	-	-	-	227,349	5.5%
Nomura Securities	10,500	18,000	24,250	-	20,000	20,000	-	19,283	10,000	14,400	17,300	20,000	173,733	4.2%
Northern Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Piper Jaffrey	-	11,280	2,800	-	-	10,000	-	-	-	-	-	-	-	0.0%
RW Pressprich	-	-	-	-	-	-	-	-	-	9,585	-	-	33,475	0.8%
Raymond James & Associates	-	-	875	-	-	-	-	-	-	-	-	-	-	0.0%
Robert W. Baird & Co.	5,000	-	4,225	-	-	10,000	1,380	-	-	1,075	-	-	1,850	0.0%
South Street (Repo Only)	-	-	-	-	-	-	-	-	900	2,410	1,535	405	25,855	0.6%
Southwest Securities	-	4,825	-	-	-	-	-	785	-	-	180	-	5,790	0.1%
Stifel Financial	100	2,195	375	-	1,750	15,000	-	700	12,000	-	-	-	32,120	0.8%
UBS Financial Services	40,000	-	-	-	20,000	-	17,950	34,000	20,000	20,000	10,000	1,420	163,370	4.0%
Vining Sparks	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Wedbush Securities	6,470	-	-	-	-	-	-	-	-	-	-	-	6,470	0.2%
Williams Capital Group	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	0.4%
Direct Purchase	12,100	4,000	-	15,000	-	94,765	-	-	-	-	-	-	357,539	8.7%
Interfund	-	37,670	-	14,720	-	-	-	-	26,012	3,000	-	202,682	52,380	1.3%
Total	455,460	188,945	142,055	174,970	270,700	299,285	1,088,930	467,618	157,148	152,004	287,857	434,182	4,119,914	100.0%

Market type:	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
Primary Market	6,470	66,000	29,035	15,000	81,760	104,765	1,038,380	425,618	36,182	47,670	130,886	246,697	2,227,445	-	54.1%
Secondary Market	448,990	122,945	113,020	159,970	188,950	194,500	51,550	42,000	121,886	104,334	158,759	187,465	1,992,469	-	45.9%
Total	455,460	188,945	142,055	174,970	270,700	299,285	1,088,930	467,618	157,148	152,004	287,857	434,182	4,119,914	100.0%	

Security type:	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
CD's	12,100	4,000	-	15,000	-	8,100	-	-	-	8,250	3,000	-	8,600	58,960	1.5%
Corporate Bonds	-	-	2,250	3,000	15,000	35,000	-	-	-	-	-	-	3,630	58,880	1.4%
TLGP	-	-	-	25,000	30,000	-	-	-	-	-	-	-	-	55,000	1.3%
Agencies	236,790	39,750	25,000	58,200	203,950	130,000	57,000	109,483	130,236	40,800	198,497	40,485	1,270,171	30.8%	
Commercial Paper	140,000	66,000	25,000	-	-	-	960,000	307,000	-	38,266	17,000	40,000	1,823,266	39.4%	
MBS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Treasuries	51,600	20,000	75,250	59,050	20,000	39,500	41,550	49,000	-	63,534	65,600	147,000	632,084	15.3%	
Municipal/Sponge	14,970	59,195	14,555	14,720	1,750	85,665	1,380	2,135	18,662	6,405	6,560	194,567	420,564	10.2%	
ABS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Money Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total	455,460	188,945	142,055	174,970	270,700	299,285	1,088,930	467,618	157,148	152,004	287,857	434,182	4,119,914	100.0%	

STATE OF NEW MEXICO
Summary of Fixed-Income Purchases and Sales
 TRADES During The Period 5/31/13 Through 6/30/13

TXN-DATE	CUSIP#	ASSET-TYPE	INVT#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NET-CALL
PURCHASE TRANSACTIONS													
6/05/13	86257YNG	COMMERCIAL PAPER	19318	STRAIGHT A FUNDING LLC	.120	6/21/13	.1200	MERRILL LYNCH	4000	15,000,000.00	14,999,200.00		
6/05/13	86257YNG	COMMERCIAL PAPER	19317	STRAIGHT A FUNDING LLC	.120	6/21/13	.1200	MERRILL LYNCH	4002	20,000,000.00	19,998,933.33		
6/05/13	86257YNG	COMMERCIAL PAPER	19316	STRAIGHT A FUNDING LLC	.120	6/21/13	.1200	MERRILL LYNCH	4101	5,000,000.00	4,999,733.33		
6/06/13	0.515981	CERTIFICATES OF	19326	WESTERN BANK CLOVIS	.500	6/03/15	.5000	SYSTEM - UNIDEN	1000	500,000.00	500,000.00		
6/28/13	17099247	CERTIFICATES OF	19464	CENTURY BANK SANTA FE	.300	10/31/13	.3000	SYSTEM - UNIDEN	1000	8,000,000.00	8,000,000.00		
5/31/13	912828RW	US TREASURY NOTE	19130	UNITED STATES TREASURY	.125	12/31/13	.1114	BANK OF AMERICA	4101	7,000,000.00	7,000,546.88		
6/28/13	912828KY	US TREASURY NOTE	19473	UNITED STATES TREASURY	2.625	6/30/14	.1892	DEUTSCHE BANK S	4002	20,000,000.00	20,485,156.25		
6/28/13	912828LC	US TREASURY NOTE	19470	UNITED STATES TREAS NTS	2.625	7/31/14	.2006	HSBC	4002	10,000,000.00	10,262,109.38		
6/28/13	912828LS	US TREASURY NOTE	19468	UNITED STATES TREASURY	2.375	10/31/14	.2202	NOMURA	4002	20,000,000.00	20,572,656.25		
6/28/13	912828MH	US TREASURY NOTE	19466	UNITED STATES TREASURY	2.500	3/31/15	.3163	CITY GROUP	4002	20,000,000.00	20,760,937.50		
6/28/13	912828MZ	US TREASURY NOTE	19465	UNITED STATES TREASURY	2.500	4/30/15	.3456	CITY GROUP	4002	20,000,000.00	20,785,937.50		
6/28/13	912828RW	US TREASURY NOTE	19130	UNITED STATES TREASURY	.125	12/31/13	.1250	DEUTSCHE BANK S	4101	10,000,000.00	10,000,000.00		
6/28/13	912828RZ	US TREASURY NOTE	19467	UNITED STATES TREASURY	.250	1/15/15	.2627	DEUTSCHE BANK S	4002	20,000,000.00	19,996,093.75		
6/28/13	912828TQ	US TREASURY NOTE	19469	UNITED STATES TREASURY	.250	9/30/14	.2155	JEFFRIES & CO	4002	20,000,000.00	20,008,593.75		
6/10/13	3133LIBV	AGENCY US BOND	19177	FEDERAL HOME LOAN BANKS	4.500	9/16/13	.1021	MORGAN STANLEY	4101	440,000.00	445,103.81		
6/10/13	3133IBV	AGENCY US BOND	19177	FEDERAL HOME LOAN BANKS	4.500	9/16/13	.1000	JEFFRIES & CO	4101	7,100,000.00	7,182,397.24		
6/10/13	3133LSAE	AGENCY US BOND	19338	FEDERAL HOME LOAN BANKS	3.625	10/18/13	.1117	MORGAN STANLEY	4101	7,155,000.00	7,242,931.09		
6/10/13	3133SAE	AGENCY US BOND	19338	FEDERAL HOME LOAN BANKS	3.625	10/18/13	.1117	CREDIT SUISSE	4101	3,000,000.00	3,037,161.00		
6/10/13	3137EAC	AGENCY US NOTES	18383	FEDERAL HOME LOAN MORTG	.375	10/30/13	.1114	UBS	4101	1,420,000.00	1,421,434.20		
6/10/13	3137EAC	AGENCY US NOTES	18383	FEDERAL HOME LOAN MORTG	.375	10/30/13	.1116	MORGAN STANLEY	4101	3,450,000.00	3,453,481.40		
6/11/13	3135G0BQ	AGENCY US VARIA	19237	FEDERAL NATIONAL MORTGA	.360	6/23/14	.1755	MORGAN STANLEY	4101	3,900,000.00	3,907,328.18		
6/24/13	3135G0BQ	AGENCY US VARIA	19237	FEDERAL NATIONAL MORTGA	.360	6/23/14	.1861	MORGAN STANLEY	4101	4,000,000.00	4,006,866.08		
6/12/13	781324AB	MUNI US 30/360	19371	RUIDOSO N MEL WASTEWATE	2.000	7/01/15	.7001	ROBERT W BAIRD	4002	405,000.00	415,278.90		
6/14/13	STB13SA	MUNI US 30/360	19428	SEVERANCE TAL NOTES 201	.240	6/28/13	.2397	BROKER DIRECT	1000	73,829,335.37	73,829,335.37		
6/14/13	STB13SB	MUNI US 30/360	19429	SEVERANCE TAL NOTES 201	.240	6/28/13	.2397	BROKER DIRECT	1000	120,333,100.00	120,333,100.00		
6/28/13	2208TWAC	CORP US DISC AC	17754	CORUS CONSTRUCTION VENT		10/25/13	.2035	BARCLAYS	4101	3,630,000.00	3,627,662.17		
26 PURCHASES DURING PERIOD TOTAL.....										424,162,435.37	427,271,977.36		
SALE TRANSACTIONS													
6/18/13	313379FW	AGENCY US BOND	17059	FEDERAL HOME LOAN BANKS	1.000	6/09/17	.9722	DEUTSCHE BANK S	4000	5,000,000.00	5,005,400.00	-28,039.32	
6/18/13	3135G0ES	FED NATL MORTGA	15737	FEDERAL NATL MTG ASSN D	1.375	11/15/16		DEUTSCHE BANK S	4000	5,000,000.00	5,104,945.00	77,494.23	
2 SALES DURING PERIOD TOTAL.....										10,000,000.00	10,110,345.00	49,454.91	
== GRAND-TOTAL ==>										434,162,435.37	437,382,322.36	49,454.91	
*** END-OF-REPORT ***													

THE UNIVERSITY OF CHICAGO

OFFICE OF THE DEAN OF FACULTY

CHICAGO, ILLINOIS

STATE OF ILLINOIS

IN SENATE, January 10, 1956.

REPORT OF THE DEAN OF FACULTY

TO THE SENATE

1. **Faculty Composition:** The total number of full-time faculty members is 1,234. This includes 876 men and 358 women. The number of full-time faculty members has increased by 12% since 1950.

2. **Faculty Salaries:** The average salary for full-time faculty members is \$12,500 per year. This is a 15% increase since 1950. The highest salary is \$25,000 and the lowest is \$6,000.

3. **Faculty Research:** The total amount of research grants received by the faculty is \$1,500,000. This is a 20% increase since 1950. The number of research articles published by the faculty is 1,200. This is a 10% increase since 1950.

4. **Faculty Teaching:** The total number of courses taught by the faculty is 1,500. This is a 5% increase since 1950. The number of students enrolled in these courses is 15,000. This is a 10% increase since 1950.

5. **Faculty Service:** The total number of hours spent by the faculty on service activities is 1,500,000. This is a 10% increase since 1950. The number of committees served by the faculty is 1,200. This is a 5% increase since 1950.

6. **Faculty Development:** The total number of faculty members who have received advanced degrees since 1950 is 1,200. This is a 10% increase since 1950. The number of faculty members who have received honorary degrees is 12. This is a 5% increase since 1950.

7. **Faculty Retirement:** The total amount of money set aside for faculty retirement is \$1,500,000. This is a 10% increase since 1950. The number of faculty members who have retired since 1950 is 120. This is a 5% increase since 1950.

8. **Faculty Health:** The total number of faculty members who are members of the faculty health plan is 1,200. This is a 10% increase since 1950. The number of faculty members who have been hospitalized since 1950 is 120. This is a 5% increase since 1950.

9. **Faculty Housing:** The total number of faculty members who own their own homes is 1,200. This is a 10% increase since 1950. The number of faculty members who are renting is 120. This is a 5% increase since 1950.

10. **Faculty Transportation:** The total number of faculty members who own their own cars is 1,200. This is a 10% increase since 1950. The number of faculty members who are using public transportation is 120. This is a 5% increase since 1950.

APPROVED: _____

DEAN OF FACULTY

CHICAGO, ILLINOIS

JANUARY 10, 1956

STATE OF ILLINOIS

STATE OF ILLINOIS

OFFICE OF THE DEAN OF FACULTY

CHICAGO, ILLINOIS






James B. Lewis
State Treasurer

STATE OF NEW MEXICO
OFFICE OF THE TREASURER

Marilyn Hill
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: July 30, 2013
To: James B. Lewis, State Treasurer
For: Governor Martinez and Members of the State Board of Finance
From: Samuel K. Collins, Jr., State Cash Manager 
Subject: State Fund Deposit Activity for the month ending June 30, 2013

Pursuant to section 8-6-3.1 NMSA 1978, the State Cash Manager shall submit to the State Board of Finance a report showing state fund balances in each Financial Institution. Attached for your review is a summary of State fund balances in each institution through June 30, 2013.

Additionally, the State Treasurer's Office is required to report to the State Board of Finance any Financial Institution that exceeds certain equity capital and deposit ratios and notify all state agencies who maintain State fund deposits within those institutions of the violation. Agencies are also advised not to make any new deposits until the violations are corrected. Pursuant to section 6-10-24.1 NMSA 1978 there were no Financial Institutions exceeding the statutory limitations on equity capital and deposit ratios for the month ending June 30, 2013

(Attachments)

Depository Account Summary by Agency

June 2013

STATE FUNDS

NON-STATE FUNDS

AGENCY	# OF ACCTS.	BALANCE
AOC (fines, fees etc.)	51	\$2,813,384
BERN. CO. METRO COURT	2	\$91,313
1-13 DISTRICT ATTORNEY	5	\$41,853
EDUCATION RETIREMENT BOARD	1	\$23,872
TAXATION & REVENUE DEPT.	31	\$135,654
PUBLIC SCHOOL INS. AUTHORITY	6	\$52,967,657
NMRHCA		\$0
PUBLIC DEFENDER	1	\$565
SECRETARY OF STATE	1	\$0
STATE TREASURER (JDC)	36	\$376,113
STATE TREASURER (OTHER INVEST)	0	\$0
NM RACING COMMISSION	7	\$62,774
SPACEPORT AUTHORITY	1	\$0
DEPT. OF GAME & FISH	2	\$90,068
SOUTHWEST REGION ED.	1	\$1,928,187
ENERGY & MINERALS	4	\$299,594
COMMISSION PUBLIC LAND	2	\$13,406
STATE ENGINEER'S OFFICE	4	\$379,507
IRRG WKS CONST	1	\$252,337
COMMISSION FOR THE BLIND	0	\$0
HUMAN SERVICES DEPT.	5	\$28,221
WORKFORCE SOLUTIONS	5	\$848,347
DIVISION OF VOCATIONAL REHAB	1	\$42,334
MINER'S HOSPITAL	1	\$3,609,899
DEPARTMENT OF HEALTH	39	\$693,283
ENVIRONMENT DEPARTMENT	1	\$0
CORRECTIONS DEPARTMENT	5	\$1,049
DEPT. OF PUBLIC SAFETY	2	\$12,443
HIGHWAY & TRANSPORTATION	4	\$1,002
CENTRAL REGIONAL CO-OP	1	\$402,370

AGENCY	# OF ACCTS.	BALANCE
AOC (Bonds)	50	
1ST JUDICIAL DIST. COURT	3	\$1,117,842
2ND JUDICIAL DIST. COURT	2	\$1,121,111
3RD JUDICIAL DIST. COURT	2	\$1,633,057
4TH JUDICIAL DIST. COURT	4	\$76,096
5TH JUDICIAL DIST. COURT	3	\$1,118,238
6TH JUDICIAL DIST. COURT	3	\$563,284
7TH JUDICIAL DIST. COURT	4	\$153,879
8TH JUDICIAL DIST. COURT	4	\$331,836
9TH JUDICIAL DIST. COURT	2	\$541,517
10TH JUDICIAL DIST. COURT	2	\$468,752
11TH JUDICIAL DIST. COURT	10	\$859,500
12TH JUDICIAL DIST. COURT	4	\$1,187,709
13TH JUDICIAL DIST. COURT	68	\$12,750,827
BERNALILLO CO. METRO COURT	2	\$614,176
6TH DISTRICT ATTORNEY	3	\$25,717
7TH DISTRICT ATTORNEY	1	\$1,831
10TH DISTRICT ATTORNEY	1	\$75
11TH JUDICIAL DIST. ATTORNEY	1	\$11,174
ATTORNEY GENERAL	1	\$2,886
LGIP	4	\$218,092,366
PUBLIC REG. COMMISSION	2	\$628,350
NM STATE FAIR	5	\$2,292,387
SOUTHWEST REGION ED.	1	\$15
COMM STATUS OF WOMEN	0	\$0
COMM FOR THE BLIND	2	\$249,741
WORKFORCE SOLUTIONS	0	\$0
MINER'S HOSPITAL	1	\$1,512
DEPARTMENT OF HEALTH	11	\$796,486
CHILDREN, YOUTH & FAMILIES	6	\$93,182
CORRECTIONS DEPARTMENT	12	\$1,786,300
DEPT. OF PUBLIC SAFETY	2	\$25,939
CENTRAL REGION CO-OP	1	\$271,579

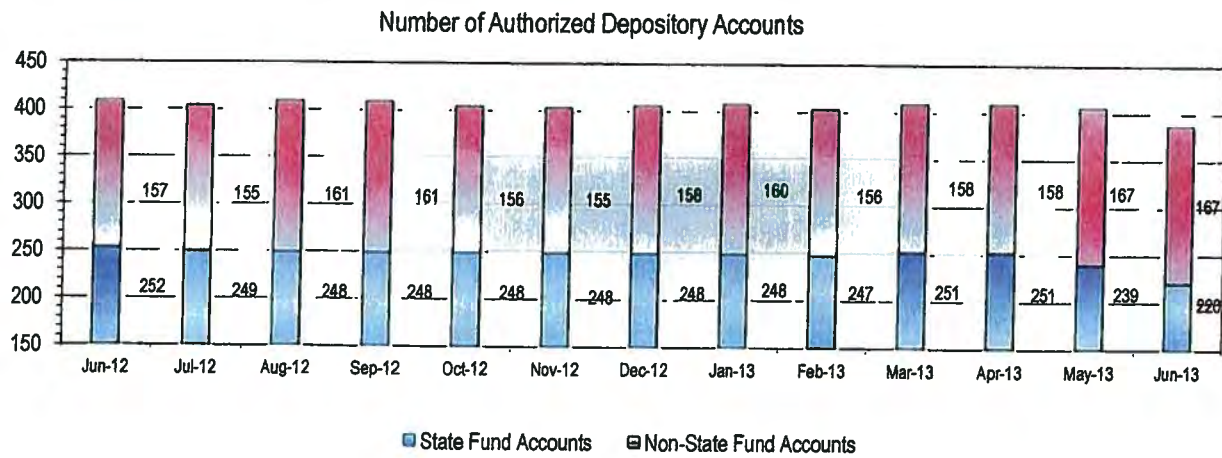
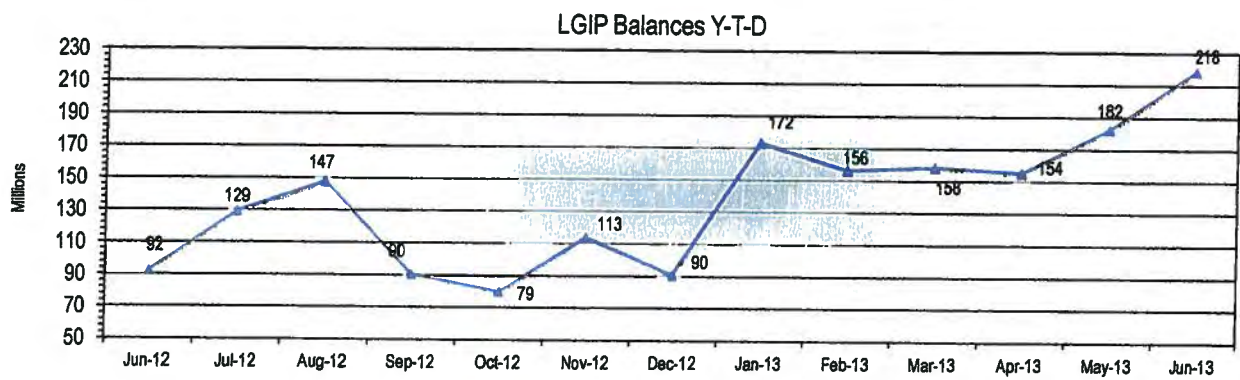
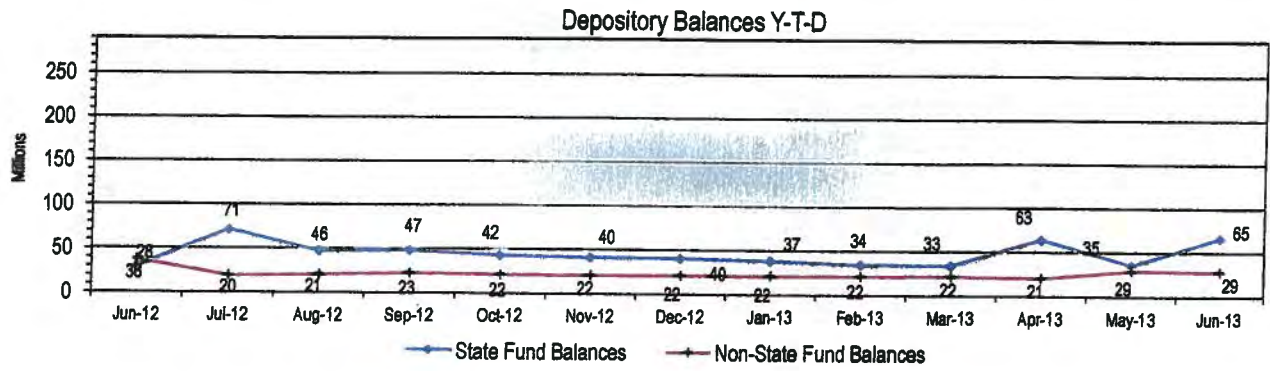
Total: 220 \$65,115,232

Total: 167 \$246,817,364

Total Depository Balances: \$311,932,596

Total Depository Accounts: 387

Depository Account Summary - June 2013



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

- | | |
|---|--------------------------------|
| Depository accounts opened in June 2013 | 4 13th Judicial District Court |
| | 1 Office of State Engineers |
| Depository accounts closed in June 2013 | 2 13th District Court |
| | 23 Health Department |

State Fund Balances by Financial Institution

June-2013

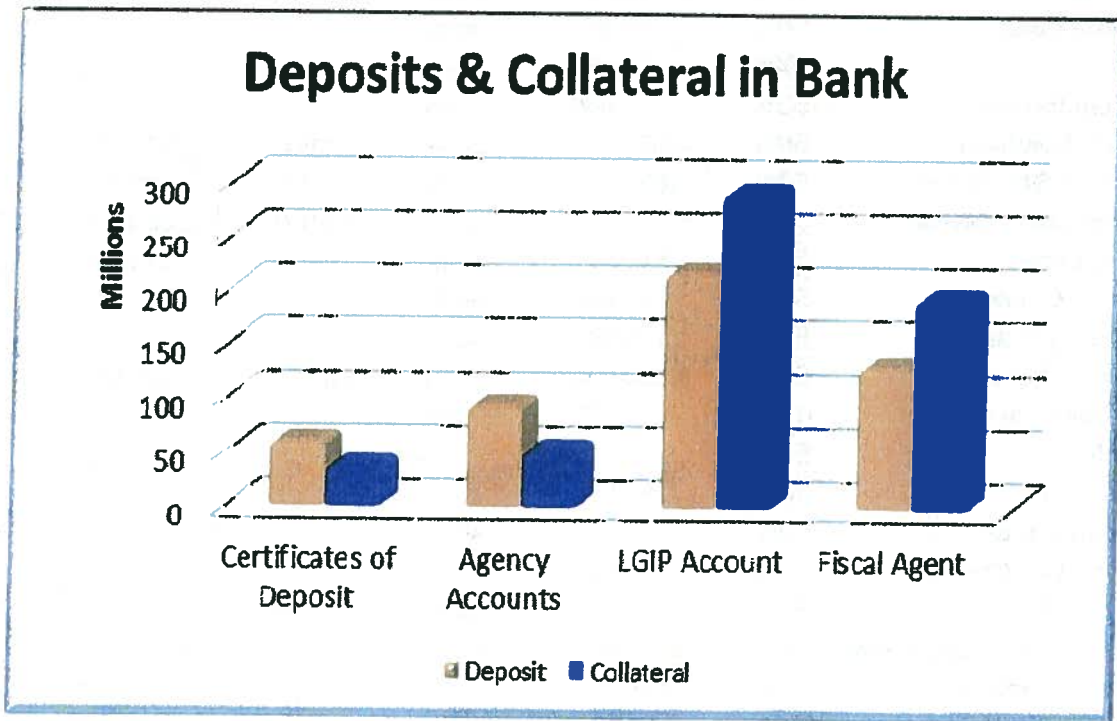
Bank 34/Alamogordo	0
Century Bank/Santa Fe	5,263
First National Bank/Alamogordo	136,481
Bank of America/Albuquerque	781,060
Wells Fargo Bank/Albuquerque	56,726,626
Compass Bank/Albuquerque	1,977,169
Bank of the West/Albuquerque	637
First American Bank/Artesia	57,973
My Bank/Belen	6,052
Carlsbad National Bank/Carlsbad	800
Western Commerce Bank/Carlsbad	75,472
Farmers/Stockmens Bank/Clayton	26,559
First National Bank/Clayton	3,621,452
Bank of Clovis/Clovis	0
Citizens Bank/Clovis	129,685
NM Bank & Trust/Albuquerque	170,635
Community Bank/Santa Fe	1,511
Valley National Bank/Espanola	500
Pinnacle Bank/Gallup	0
Grants State Bank/Grants	100
Lea County State Bank/Hobbs	149,117
Citizens Bank/Las Cruces	0
Southwest Capitol/Las Vegas	158,043
Community 1st Bank/Las Vegas	493,922
Western Bank/Lordsburg	87,272
Los Alamos National Bank/Los Alamos	29,799
James Polk Stone National Bank/Portales	425
International Bank/Raton	49,693
Valley Bank of Commerce/Roswell	66,363
First National Bank of Santa Fe/Santa Fe	0
First State Bank/Socorro	20,528
Centinel Bank/Taos	84,506
US Bank/Albuquerque	98,541
Bank of the Southwest/Roswell	119,842
People's Bank	15,056
AmBank	24,150
Total:	<u>65,115,232</u>

Office of the Treasurer

Collateral Summary Review

June 30, 2013

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



Balances

	<u>Deposit</u>	<u>Collateral</u>	<u>Percentage</u>
Certificate of Deposit	\$ 60.0 Million	\$ 36.2 Million	60.4%
Agency Deposit	93.2 Million	51.0 Million	54.8%
LGIP Deposits	218.1 Million	290.3 Million	133.1%
Fiscal Agent	131.4 Million	193.5 Million	147.4%
Totals →	502.6 Million	571.1 Million	113.6%

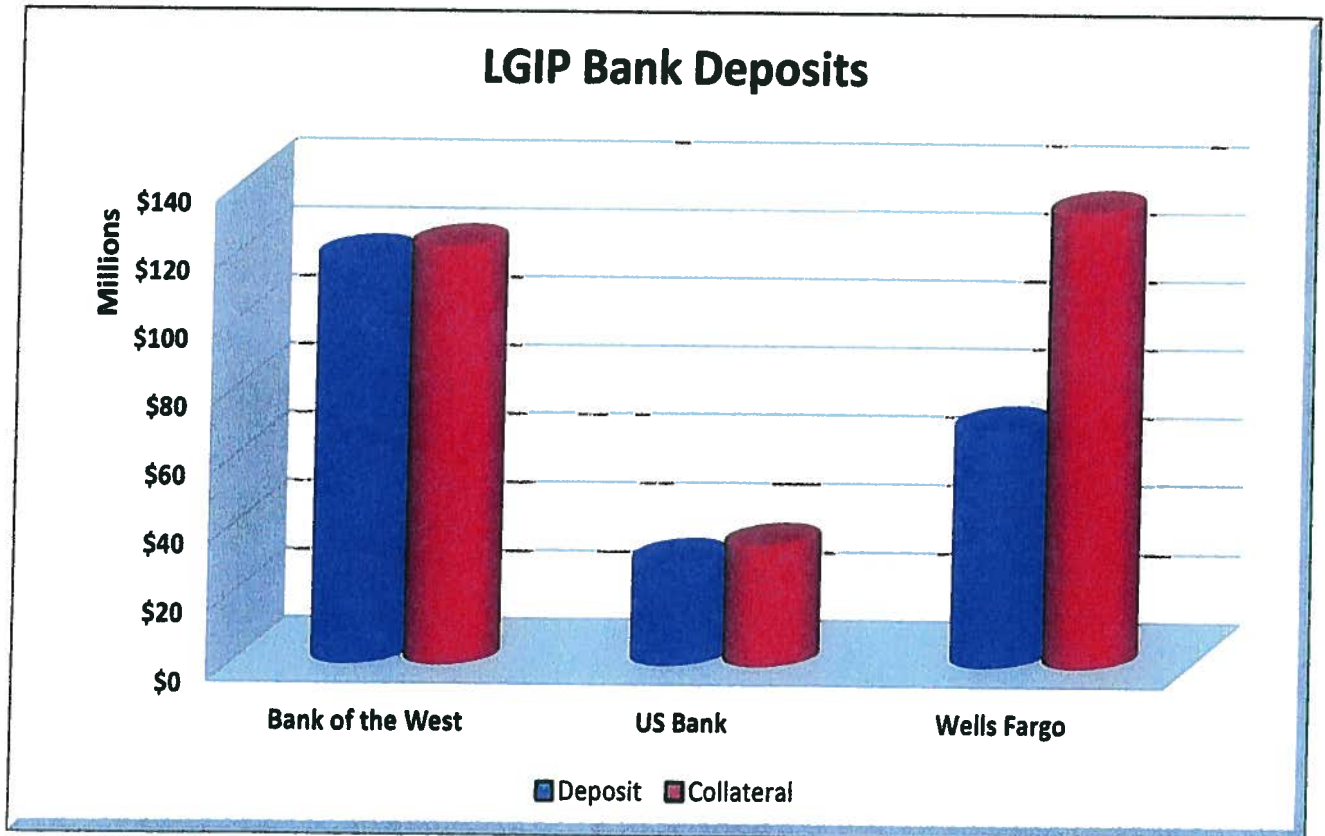


Office of the Treasurer
Collateral Review
 Accumulated Total by Institution
 June 30, 2013

FINANCIAL INSTITUTION	%	TOTAL DEPOSITS	EDIC / NCUA INSURANCE	LESS INSURANCE COVERAGE	SUBJECT TO BE COLLATERALIZED	COLLATERAL PLEDGED	EXCESS (UNDER)
First National - Alamogordo	50%	503,384	250,000	253,384	126,692	278,569	151,1
Western - Alamogordo	75%	3,600,000	250,000	3,350,000	2,512,500	3,327,741	815,0
Bank of America	50%	1,114,203	250,000	864,203	432,102	4,385,953	3,953,1
Bank of the West	50%	120,168,697	250,000	119,918,697	59,959,349	123,066,317	63,106,9
BBVA Compass	50%	1,977,187	250,000	1,727,187	863,594	4,881,882	4,018,0
US Bank	50%	31,202,523	250,000	30,952,523	15,476,262	35,000,000	19,523,0
Wells Fargo	50%	148,178,566	250,000	147,928,566	73,964,283	168,244,709	94,280,4
First American	50%	57,973	57,973	0	0	0	
My Bank	102%	210,955	210,955	0	0	0	
Carlsbad National	50%	800	800	0	0	0	
Western Commerce	50%	4,075,472	250,000	3,825,472	1,912,736	2,317,549	404,8
Farmers & Stockmen	50%	6,051,505	250,000	5,801,505	2,900,753	3,425,610	524,8
First National - Clayton	50%	3,621,452	250,000	3,371,452	1,685,726	2,215,023	529,2
Bank of Clovis	50%	541,517	250,000	291,517	145,759	541,517	395,7
Citizens - Clovis	50%	129,685	129,685	0	0	0	
NM Bank & Trust	50%	170,635	170,635	0	0	272,190	
Western - Clovis	50%	3,100,000	250,000	2,850,000	1,425,000	2,077,829	652,8
Valley National	102%	500	500	0	0	0	
Pinnacle	50%	0	0	0	0	0	
Grants State	50%	89,515	89,515	0	0	0	
Lea County State	50%	149,117	149,117	0	0	100,000	100,0
Citizens - Las Cruces	50%	3,593	3,593	0	0	0	
Southwest Capital	50%	710,923	250,000	460,923	230,462	740,660	510,1
Community 1st - Las Vegas	102%	493,922	493,922	0	0	705,042	705,0
Western - Lordsburg	50%	145,267	145,267	0	0	0	
Los Alamos National	102%	29,799	29,799	0	0	0	
James Polk Stone Communi	50%	272,005	250,000	22,005	11,003	153,416	142,4
International	50%	201,502	201,502	0	0	0	
Bank of the Southwest	50%	365,896	250,000	115,896	57,948	251,400	193,4
Valley Commerce	50%	66,363	66,363	0	0	0	
Century	50%	24,633,613	250,000	24,383,613	12,191,807	13,391,180	1,199,3
Community	102%	176,501	176,501	0	0	0	
First National - Santa Fe	50%	15,000,000	250,000	14,750,000	7,375,000	7,757,733	382,7
First State	50%	75,919	75,919	0	0	0	
AM	50%	24,150	24,150	0	0	0	
Centinel	50%	84,506	84,506	0	0	0	
Peoples	50%	15,056	15,056	0	0	0	
BANK'34	102%	2,389,969	250,000	2,139,969	2,182,768	2,330,951	148,18
Union Savings	102%	2,000,000	250,000	1,750,000	1,785,000	2,348,699	563,69
Guadalupe Credit	50%	250,000	250,000	0	0	0	
371,882,669		7,125,758	364,756,912	185,238,740	377,813,971	192,5	106

LGIP Bank Deposits June 30, 2013

<u>Financial Insitution</u>	<u>Percentage</u>	<u>Deposit</u>	<u>Collateral</u>
Bank of the West	102.9%	118,538,596	122,017,240
US Bank	116.3%	30,101,243	35,000,000
Wells Fargo	191.9%	69,452,526	133,273,551



Financial Institution

Financial Institution	Parent/Child	Deposit	Collateral
Bank of the West	100.0%	17,838,888	120,017,349
US Bank	100.0%	30,104,360	38,079,939
Wells Fargo	100.0%	82,442,529	133,273,631

