



STATE OF NEW MEXICO  
OFFICE OF THE TREASURER

**THE HONORABLE TIM EICHENBERG**  
State Treasurer

**SAMUEL K. COLLINS, JR.**  
Deputy State Treasurer

**STATE TREASURER'S  
INVESTMENT COMMITTEE**  
State Treasurer's Conference Room



*Bisti Badlands, courtesy of the New Mexico Tourism Department*

**Wednesday, November 13, 2019**  
**9:00 am**



1. Approval of November 13, 2019, Agenda



STATE OF NEW MEXICO  
OFFICE OF THE TREASURER

The Honorable Tim Eichenberg  
State Treasurer

Sam Collins  
Deputy State Treasurer

**STATE TREASURER’S INVESTMENT COMMITTEE**  
**Treasurer’s Conference Room**  
Wednesday, November 13, 2019, 9:00 am

**MEETING AGENDA (5 Minutes)**

- Roll Call
- 1. Approval of November 13, 2019, Agenda..... Action
- 2. Approval of October 9, 2019, Minutes ..... Action
- 3. Public Comments

**INVESTMENT REPORTS (45 minutes) for Month Ended September 30, 2019**

- 4. Executive Summary (Vikki Hanges) ..... Informational
- 5. Investment Policy Compliance Report (Arsenio Garduño) ..... Informational
- 6. Investment Accounting Report (David Mahooty) ..... Informational
- 7. Cash Projections (Arsenio Garduño) ..... Informational
- 8. Investment Advisor—September 2019 Quarterly Investment Report (Deanne Woodring) ..... Informational
- 9. Quarterly Investment Review (Vikki Hanges) ..... Informational
- 10. Portfolio Summary—General Fund Investment Pool (Vikki Hanges) ..... Informational
- 11. Portfolio Summary—Local Government Investment Pool (LGIP) (Anna Murphy) ..... Informational
- 12. Portfolio Summary—Tax-Exempt Bond Proceeds Investment Pool (Anna Murphy) ..... Informational
- 13. Portfolio Summary—Taxable Bond Proceeds Investment Pool (Anna Murphy) ..... Informational
- 14. Portfolio Summary—Severance Tax Bonding Fund (Vikki Hanges)..... Informational
- 15. Broker Dealer Activities (Charmaine Cook) ..... Informational
- 16. Credit (Vikki Hanges)..... Informational
- 17. Investment Policy Update (Vikki Hanges) ..... Informational
- 18. LGIP Investment Policy Update (Vikki Hanges) ..... Informational
- 19. Benchmark Review (Vikki Hanges) ..... Informational

**CASH MANAGEMENT & COLLATERAL REPORTS (10 Minutes) for Month Ended September 30, 2019**

- 20. State Agency Deposit Balances (Arsenio Garduño) ..... Informational
- 21. Collateral Report on Agency Deposits & CDs (Arsenio Garduño) ..... Informational

**COMMITTEE REPORTS (5 minutes)**

- 22. Next Meeting—Wednesday, December 11, 2019, 9:00 am
- 23. Adjournment



## 2. Approval of October 9, 2019, Minutes

**New Mexico State Treasurer's Office  
STIC Committee Meeting  
Meeting Minutes  
Wednesday, October 9, 2019**

**ROLL CALL:**

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:00 am in the conference room of the State Treasurer's Office (STO), 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505.

**Members Present**

Deputy State Treasurer Sam Collins (for State Treasurer Tim Eichenberg)  
Mr. Marcos Trujillo (for Ms. Ashley Leach), State Board of Finance  
Ms. Cilia Aglialoro, Public Member  
Mr. Mark Pike, Public Member (via phone)  
Ms. Charmaine Cook, Chair, State Cash Manager

**Members Absent**

State Treasurer Tim Eichenberg

**Staff Present**

Mr. David Mahooty, Chief Financial Officer  
Ms. Vikki Hanges, Chief Investment Office  
Ms. Anna Murphy, Portfolio Manager  
Mr. Arsenio Garduño, Collateral Manager  
Mr. Rich Chavez, Accountant & Auditor

**Guests Present**

Ms. Deanne Woodring, Government Portfolio Advisors (via phone)

Deputy Treasurer Sam Collins called the meeting to order.

**1. Approval of October 9, 2019, Agenda**

Member Cilia Aglialoro moved approval of the agenda. Motion was seconded by Member Marcos Trujillo and passed 4 to 0 by voice vote.

**2. Approval of September 11, 2019, Minutes**

Member Mark Pike moved approval of the minutes. Motion was seconded by Member Aglialoro and passed 4 to 0 by voice vote.

**3. Public Comments**

There were no public comments.

**4. Executive Summary**

Ms. Vikki Hanges presented highlights of the Executive Summary.

**5. Investment Policy Compliance Report**

Mr. Arsenio Garduño presented highlights of the Investment Policy Compliance Report. A discussion followed.

**6. Investment Accounting Report**

Mr. David Mahooty presented highlights of the Investment Accounting Reconciliation Report. A brief discussion followed.

**7. Cash Projections**

Mr. Garduño presented highlights of Cash Projections. A discussion followed.

**8. Portfolio Summary—General Fund Investment Pool**

Ms. Hanges presented highlights of the General Fund Investment Pool Portfolio Summary.

Ms. Charmaine Cook entered the meeting at 9:22 am and proceeded to chair the meeting.

**9. Portfolio Summary—Local Government Investment Pool**

Ms. Anna Murphy presented highlights of the Local Government Investment Pool Portfolio Summary. A brief discussion followed.

**10. Portfolio Summary—Tax-Exempt Bond Proceeds Investment Pool**

Ms. Murphy presented highlights of the Tax-Exempt Bond Proceeds Investment Pool Portfolio Summary.

**11. Portfolio Summary—Taxable Bond Proceeds Investment Pool**

Ms. Murphy presented highlights of the Taxable Bond Proceeds Investment Pool Portfolio Summary.

**12. Portfolio Summary—Severance Tax Bonding Fund**

Ms. Hanges presented highlights of the Severance Tax Bonding Fund Portfolio Summary.

**13. Broker-Dealer Activities**

Ms. Cook presented highlights of the Broker-Dealer activities. A brief discussion followed.

**14. Credit Investing**

Ms. Hanges presented highlights of Credit Investing. A discussion followed.

**15. State Agency Deposit Balances**

Mr. Rick Chavez presented highlights of the State Agency Deposit Balances. A discussion followed.

**16. Collateral Report on Agency Deposits & CDs**

Mr. Chavez presented highlights of the Collateral Report on Agency Deposits and CDs.

Ms. Deanne Woodring made a few remarks about the corporate market. A brief discussion followed.

**17. Next Meeting—Wednesday, November 13, 2019, 9:00 am.**

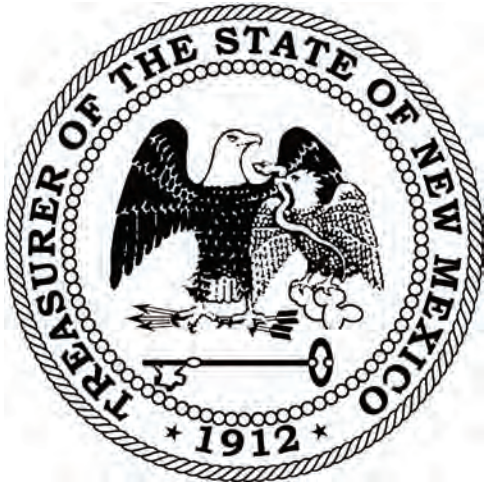
**18. Adjournment**

Meeting adjourned at 9:40 am.

*Minutes were taken by Ms. Julie Filatoff*



### 3. Public Comments



## 4. Executive Summary



## Executive Summary

- At the end of September, the State Treasurer managed \$6.0 billion in assets.
- During the month, the office earned approximately \$10.3 million on its investment positions.
- On an unrealized mark-to-market basis the portfolios decreased by \$9.6 million.
- US equity markets were higher in September with the S&P 500 Index up 1.7%, bringing the year-to-date return to 18.7%.
- The Federal Funds rate, reduced by 25 basis points in September, is now in the range of 1.75% – 2.00%.
- US Treasury yields, with maturities below 1 year, followed the Federal Funds rate lower, while longer maturities rose, as the yield curve steepened.
- The yield advantage between two and ten year US Treasuries grew to 4 basis points, as trade tensions eased. The magnitude of the yield inversion from the one year maturity vs. five years decreased to 20 basis points.
- The Fed’s preferred inflation indicator, the Core Personal Consumption Expenditure Index, was reported at an annual rate of 1.8%, slightly higher than a prior revised 1.7% .
- The US unemployment rate, reported in October, fell to 3.5%, with nonfarm payrolls rising 136,000 vs. an upwardly revised 219,000 for September, slightly lower than expectations.
- Oil prices were down 1.9% during the month of September to \$54.07.
- The US dollar rose 0.8% vs. the euro, 1.0899.

**Table 1 – Comparative Interest Rates**

*US Treasury Yields*

			<i>Monthly</i>
<i>Maturity</i>	<i>8/31/2019</i>	<i>9/30/2019</i>	<i>Change</i>
3-Month	1.98%	1.81%	-0.17%
6-Month	1.86%	1.81%	-0.05%
1-Year	1.76%	1.74%	-0.02%
2-Year	1.50%	1.62%	0.12%
3-Year	1.43%	1.56%	0.13%
5-Year	1.39%	1.54%	0.15%
10-Year	1.50%	1.66%	0.16%
30-Year	1.96%	2.11%	0.15%

*Source: Bloomberg LP*

### Portfolio Mark-to-Market and Monthly Change

With market yields mostly higher, the STO portfolios had negative results on a mark-to-market basis for the month of September.

**Table 2 - Unrealized Gains and Losses**

<u>Fund</u>	<u>Unrealized Gain/Loss<sup>1</sup></u>	<u>Monthly Change in Unrealized Gain/Loss<sup>2</sup></u>
General Funds	\$33.1 million	Decreased \$8.4 million
Bond Proceeds Funds	\$ 4.4 million	Decreased \$1.2 million
Local Government Investment Pool	Not Material	Not Material
Severance Tax Bonding Fund	Not Material	Not Material

Source: QED

### Portfolio Purchase Yields and Durations

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

**Table 3 - Portfolio Purchase Yields and Durations**

<u>Fund</u>	<u>Purchase Yield<sup>4</sup></u>	<u>Effective Duration<sup>3</sup></u>		
		<u>Portfolio</u>	<u>Benchmark</u>	<u>Percentage</u>
General Fund Liquidity	2.16%	0.01 Years		
General Fund CORE	2.34%	2.12 Years	2.10 Years	101%
Bond Proceeds – Tax Exempt	2.02%	0.83 Years	1.38 Years	60%
Bond Proceeds – Taxable	2.33%	1.33 Years	1.38 Years	96%
Local Government Investment Pool	2.13%	0.10 Years		
Severance Tax Bonding Fund	2.12%	0.09 Years		

<sup>1</sup> Calculated Unrealized Gains or Losses represent the “market value” of the portfolios as compared to their “net book value” as of the effective date of calculation. Net book value = original book value less amortization/plus accretion of premium/discount. As such, they approximate the values which could be realized/lost if the positions were to be liquidated at market prices 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.

<sup>2</sup> Unaudited. Change in Unrealized Gain/Loss from previous month. Mark-to-market values are calculated using the QED system and weekly securities pricing from IDC. Securities, such as Certificates of Deposits, for which there is no quoted market price, are carried at cost basis (amortized through the holding date).

<sup>3</sup> Effective Duration. Portfolio durations are calculated as of a moment in time, specifically at month end. Source: JP Morgan.

<sup>4</sup> Portfolio Purchase Yields are calculated at a moment in time, specifically at month end, reflecting the weighted average yield of all portfolio holdings at purchase.

## Benchmark Performance Comparisons

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

**Table 4 - Relative Performance of STO Funds**

<i>Fund</i>	<i>Performance<sup>5</sup></i>	
	<i>3 Months</i>	<i>12 Months</i>
<b>General Fund Liquidity</b>	0.61%	2.42%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	0.02%	0.01%
<b>General Fund CORE</b>	0.78%	4.70%
BAML 0-5 US Treasury	<u>0.72%</u>	<u>4.98%</u>
Relative Performance (BPs)	0.06%	(0.28)%
<b>Bond Proceeds - Tax Exempt</b>	0.57%	3.31%
BAML 0-3 US Treasury	<u>0.58%</u>	<u>3.83%</u>
Relative Performance (BPs)	(0.01)%	(0.52)%
<b>Bond Proceeds - Taxable</b>	0.68%	3.51%
BAML 0-3 US Treasury	<u>0.58%</u>	<u>3.83%</u>
Relative Performance (BPs)	0.10%	(0.32)%
<b>Local Government Investment Pool</b>	0.56%	2.39%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	(0.03)%	(0.02)%
<b>Severance Tax Bonding Fund</b>	0.59%	2.43%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	0.00%	0.02%

Source: JPMorgan, STO Calculations

In our management of the STO funds, we try and exceed benchmarks on a 3-month and 12-month basis. Monthly market swings will affect our performance more dramatically on a short-term basis than on a longer investment horizon. We feel that longer horizons keep our focus on the investment goal which is to meet or exceed our benchmark levels.

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<sup>5</sup> Relative performance is periodic total return compared to the return of the portfolio benchmarks.

## Earnings

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Investment net earnings for September are summarized in the table below.

**Table 5 - Investment Earnings – Periods ended September, 2019**

<i>Fund</i>	<i>Investment Net Earnings<sup>6</sup></i>		
	<i>September FY'20</i>	<i>FY'20 YTD</i>	<i>FY'19 YTD</i>
<i>General Funds</i>	\$6,796,035	\$21,819,539	\$12,644,897
<i>Bond Proceeds Funds</i>	\$1,680,309	\$5,026,272	\$4,345,753
<i>Local Government Investment Pool<sup>7</sup></i>	\$1,545,538	\$4,863,199	\$3,686,496
<i>Severance Tax Bonding Fund</i>	\$311,284	\$620,147	\$556,063

Source: QED

- The General Fund Pool's investment earnings were higher by more than \$9 million vs. the same period in FY'19, as a result of higher interest rates and larger balances. At the end of September 2019, the GF Pool market value was \$4.0 billion vs. \$3.0 billion at the end of September 2018, higher by \$1.0 billion.
- Bond Proceeds funds have exceeded investment earnings vs. FY'19 by almost \$600,000 as a result of higher interest rates and larger balances. The market values of the Pools ended the month collectively higher than the previous year by almost \$65 million.
- The LGIP increased investment earnings vs. the same period in FY'19 by almost \$1.2 million as a result of higher interest rates and higher fund balances. Fund balances were \$100 million higher vs. the end of September 2018
- The Severance Tax Bonding Fund earnings were \$60,000 higher vs. FY'19 as a result of higher interest rates and larger balances. The Fund was larger by \$30 million as tax receipts have been coming in higher than last year.

### *Compensating Balances at Fiscal Agent Bank*

During September, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$35 million. This balance earned a credit against processing fees assessed by the bank.

**Table 6 - Compensating Balances at Fiscal Agent Bank**

<i>Average Collected Balance</i>	\$34,779,433
<i>Earnings Credit Rate</i>	1.95%
<i>Monthly Earnings</i>	\$55,742
<i>Estimated Fiscal YTD Earnings</i>	\$225,704

Source: Wells, Fargo & Co.

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<sup>6</sup> 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. Investment Net Earnings = Accrued income + realized gains and losses net of amortization/accretion for premiums/discounts.

<sup>7</sup> Gross Earnings, Participant Earnings reflect 0.05% reduction for management fees.

US Treasury yields were mostly higher in September, as maturities longer than one year rose by 12 to 15 basis points. The Federal Reserve reduced short term interest rates by 25 basis points in mid-September, helping shorter maturities move lower in yield. The target Fed Funds rate range fell to 1.75% to 2.00%. US/China trade tensions thawed as each side made moves toward concessions, paving the way for markets to favor riskier assets. The pressure on yields continued into October as the trade meeting between the US and China brought perceived positive results. We await the completion of a Phase 1 pact that was agreed to in principle.

The Fed ultimately cut short term interest rates another 25 basis points at the end of October as investors expected. However, the additional 25 basis point reduction was priced out for the month of December. The Fed has made efforts to alleviate the recession worries of an inverted yield curve, and took steps to contain ballooning repo financing rates. The Fed jumped into action in mid-September conducting overnight and term repo operations to increase liquidity and boost excess banking reserves. In October the Fed announced and began the purchase of US Treasury bills, \$60 billion per month, a process that will continue through 2Q20. These steps have steepened the yield curve with longer maturities actually providing a pickup in yield vs. the overnight Fed Funds rate.

The STO portfolio durations will continue to be at or close to their benchmarks in portfolios where cash flows allow. The wild card continues to be the US/China trade negotiations, as the recent improved tone has opened the door for record levels to be reached in equity markets. As equity markets have performed well, fixed income securities have been a bit on the defensive, although October actually ended with positive returns for US Treasury securities. With the Fed indicating that they have not embarked on a prolonged easing cycle, Chairman Powell states that the path to higher rates hinges on inflation reaching, and potentially exceeding the Fed's 2% target, a less likely scenario in the near term. As always the investment philosophy employed is to maintain safety, liquidity and yield, in that order.

*Vikki Hanges*  
*Chief Investment Officer*

**New Mexico State Treasurer**  
 Monthly Fund Summary Report  
 (Unaudited)  
 As of September 30, 2019

General Fund	Holdings			Performance				Monthly Earnings			YTD Earnings		
	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Earnings	Change in Gain/Loss	Total	Earnings	Change in Gain/Loss	Total
<b>General Fund</b>													
Sub-Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Earnings	Change in Gain/Loss	Total	Earnings	Change in Gain/Loss	Total
Cash Balances	\$ 70,347,529	\$ 70,347,529	\$ -										
Liquidity	1,513,791,072	1,513,789,389	(1,683)	2.42%	S&P LGIP Gross	2.41%	0.01%	\$ 2,237,616	\$ (5,232)	\$ 2,232,384	\$ 7,787,992	\$ (1,683)	\$ 7,786,309
CORE	2,378,434,631	2,411,493,192	33,058,561	4.70%	ML Treasury 0-5	4.98%	-0.28%	4,558,419	\$ (8,372,814)	(3,814,395)	14,031,547	\$ 4,499,356	18,530,903
TRAN	-	-	-	0.00%	All-In Tran TIC	0.00%	0.00%	-	-	-	-	-	-
Totals	\$ 3,962,573,232	\$ 3,995,630,110	\$ 33,056,878	3.82%	Blended	3.99%	-0.17%	\$ 6,796,035	\$ (8,378,046)	\$ (1,582,011)	\$ 21,819,539	\$ 4,497,674	\$ 26,317,213
<b>Bond Proceeds Investment Pool (BPIP)</b>													
Sub-Account	Cost Basis	Market Value	Unrealized Gain/Loss	12-Month Total Return	Benchmark	Index Return	Relative Performance	Earnings	Change in Gain/Loss	Total	Earnings	Change in Gain/Loss	Total
Tax-Exempt	\$ 467,482,626	\$ 468,749,033	\$ 1,266,406	3.31%	ML Treasury 0-3	3.83%	-0.52%	\$ 788,809	\$ (352,560)	\$ 436,249	\$ 2,230,564	\$ 448,799	\$ 2,679,363
Taxable	462,485,798	465,634,658	3,148,859	3.51%	ML Treasury 0-3	3.83%	-0.32%	891,501	\$ (859,860)	31,641	\$ 2,795,708	\$ 569,934	3,365,642
Totals	\$ 929,968,424	\$ 934,383,690	\$ 4,415,266	3.41%	Blended	3.83%	-0.42%	\$ 1,680,309	\$ (1,212,420)	\$ 467,889	\$ 5,026,272	\$ 1,018,733	\$ 6,045,005
<b>Local Government Investment Pool (LGIP)</b>													
LGIP (See Note 5)	\$ 880,581,090	\$ 880,629,202	\$ 48,112	2.39%	S&P LGIP Gross	2.41%	-0.02%	\$ 1,545,538	\$ (5,703)	\$ 1,539,835	\$ 4,863,199	\$ (49,115)	\$ 4,814,084
<b>Severance Tax Bonding Fund</b>													
STBF	\$ 214,149,460	\$ 214,162,557	\$ 13,097	2.43%	S&P LGIP Gross	2.41%	0.02%	\$ 311,284	\$ 5,524	\$ 316,808	\$ 620,147	\$ 12,638	\$ 632,785
<i>Estimated Totals (all funds)</i>		\$ 6,024,805,560	\$ 37,533,353					\$ 10,333,167	\$ (9,590,645)	\$ 742,521	\$ 32,329,157	\$ 5,479,930	\$ 37,809,086

**Notes:**

- (1) These figures are generated using a combination of accrued earnings, realized gains and losses and unrealized gains and losses. 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) Holdings are reported on a "Trade Basis".
- (4) Cash Balances are month-end cash balances at Fiscal Agent Bank (Wells Fargo).
- (5) LGIP Conforms to GASB 31, as such accounting and earnings are reported to participants on an amortized basis.
- (6) Source: STO Records, Fiscal Agent Bank Statements, QED Financial Systems, JPMorgan Custody Reporting.



## 5. Investment Policy Compliance Report

## Investment Compliance Review

### **Primary and Secondary Bond Purchases/ Sales**

During the month of September

**Table 1 - Primary/Secondary Market Volume - September 2019**

Primary Bond Volume	\$132,121,000	26%
Secondary Bond Volume	<u>\$371,840,000</u>	<u>74%</u>
Total	\$503,961,000	100%

Source: QED

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

### **Commissions Paid**

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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**

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At the end of September, total holdings of Variable Rate Notes were \$293,338,000.

**Table 2 - Variable Rate Note Holdings - September, 2019**

General Fund	\$61,000,000
Tax Exempt BPIP	\$16,500,000
Taxable BPIP	\$14,463,000
LGIP	\$191,375,000
STBF	\$10,000,000
Total Holdings	\$293,338,000
Source: QED	

These positions are held in corporate and agency variable rate securities.

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

### **Transaction Variances and Inter-Portfolio Transactions**

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During September, there were no transaction variances which posed any potential compliance issues. All trade information was entered correctly in our internal systems and in the systems used by our custody bank and were promptly reconciled by the Investment Transactions Bureau.

There were no price discrepancies reported and no balances left at the Custodial Bank.

There were 0 inter-portfolio trades during the month.

### **Unrealized Gains and Losses**

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The STO Investment Policy requires security-by-security reporting of all investment mark-to-market gains and losses calculated versus book values during the period.



The Executive Summary of this report includes a tabular reference to the aggregate mark-to-market per portfolio. In the section detailing each specific portfolio, a further summary of mark to market calculations are included.

In the listing of the specific portfolio holdings, a position level mark-to market calculation is included.

### ***Realized Gains and Losses***

Realized gains/losses are a result of a difference between amortized cost and the sale proceeds for each position at the time of sale. This amount is booked against investment earnings in the respective accounting period. There were 3 sales which resulted in realized gains/losses.

**Table 3 - Realized Gains and Losses on Securities Sold – September 2019**

<b>Trade Date</b>	<b>Account</b>	<b>Par Amount</b>	<b>Security</b>	<b>Realized G/L</b>
9/4/2019	BPIP TX	4,000,000	T 1.6250 12/31/2019	8,387.24
9/4/2019	GF CORE	25,500,000	T 1.3750 04/30/2020	59,525.23
9/27/2019	GF CORE	5,000,000	EXXON 1.902 8/16/2022	23,650.00
<b>Total Realized gain (loss)</b>				<b>91,562.47</b>

### ***Trade Documentation***

#### ***Purchase/Sales Activity<sup>1</sup>***

There were a total of 42 security trades tracked during the month of September by the Trade Compliance Officer.

**Table 4 – Securities Trades – September 2019**

	<b>Quantity</b>	<b>Par-Value</b>	<b>Cost/Proceeds</b>	<b>Realized Gain/Loss</b>
Purchases	39	469,461,000	468,983,441	0
Sales	3	34,500,000	34,444,725	91,562
<b>Totals:</b>	<b>42</b>	<b>503,961,000</b>	<b>503,428,166</b>	<b>91,562</b>

#### ***Trade documentation and Investment Processing Compliance***

All trades have been accounted for and written documentation has been reviewed for complete compliance with internal procedures and policies.

During the month of September there were no noted violations or breaches. All investment activity is in compliance with applicable investment statutes and the STO Investment Policy.

<sup>1</sup> Excludes daily repurchase agreement transactions.

# New Mexico State Treasurer's Office

## Investment Policy Compliance

September 30, 2019

	Percentage	State General Fund	Bond Proceeds	Bond Proceeds	Severance Tax	Local Government
	Allowed	Investment Pool	Investment Pool Tax Exempt	Investment Pool Taxable	Bonding Fund	Investment Pool
US Treasury	100%	36%	46%	45%	9%	22%
US Agency	100%	22%	29%	46%	33%	61%
Primary						
FNMA	35%	6%	14%	20%	21%	14%
FHLMC	35%	0%	3%	2%	0%	6%
FFCB	35%	5%	1%	15%	0%	12%
FHLB	35%	6%	5%	6%	9%	29%
Secondary						
FAMAC	5%	3%	4%	3%	0%	0%
TVA	10%	0%	0%	0%	0%	0%
FICO	5%	0%	0%	0%	0%	0%
HUD	5%	0%	0%	0%	0%	0%
PEFCO	5%	0%	0%	0%	0%	0%
REFCORP	5%	1%	2%	0%	3%	0%
US Agency MBS	25%					
Bank Demand Deposits	100%	15%	0%	0%	24%	5%
Per Issuer						
Bank of the West	25%	8%	0%	0%	0%	2%
BBVA Compass	25%	5%	0%	0%	18%	2%
Wells Fargo Bank	25%	0%	0%	0%	0%	0%
Washington Federal	25%	1%	0%	0%	0%	0%
Certificate of Deposit	\$400mm					
Linked Deposit	\$40mm					
CP, Corp, & ABS	40%					
Commercial Paper		1%	2%	0%	7%	0%
Corporate Bonds		5%	6%	7%	2%	0%
Assest Backed		0%	0%	0%	0%	0%
NM LGIP	100%	0%	0%	0%	0%	0%
Municipal Securities	15%	0%	0%	0%	0%	0%
Repurchase Agreement	100%	20%	17%	0%	24%	12%
Per Counterparty	35%	or \$200 million				
Natwest		11%	6%	2%	21%	0%
Deutsche		0%	0%	0%	0%	0%
RBC Capital		0%	0%	0%	0%	3%
Mizuho		0%	0%	0%	0%	0%
HSBC		8%	0%	0%	0%	9%
BMO		0%	0%	0%	0%	0%
Mitsubishi		0%	0%	0%	0%	0%
Variable Rate Obligations	25%	2%	4%	3%	5%	22%
Per Issuer Non - Agency	5%					
Treasury		0%	0%	0%	0%	4%
FNMA		0%	0%	0%	0%	2%
FHLMC		0%	0%	0%	0%	0%
FFCB		1%	0%	0%	0%	11%
FHLB		0%	0%	0%	0%	5%
FAMAC		0%	3%	3%	0%	0%
WalMart		0%	1%	0%	0%	0%
Toyota		0%	0%	0%	0%	0%
BONY Mellon		0%	0%	0%	0%	0%
Wells Fargo		0%	0%	0%	0%	0%
Callable	25%	3%	2%	4%	0%	5%
Open Ended 2a-7 Rate Funds	100%	0%	0%	0%	0%	0%
Per Issuer	10%					

Total are limits on assets classes and same security could be in multiple asset classes

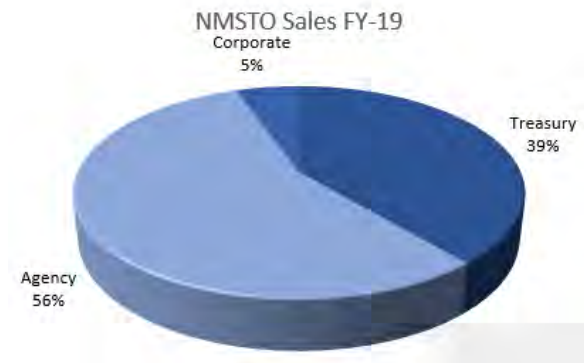
**STATE OF NEW MEXICO**  
**Summary of Fixed-Income Purchases and Sales**  
**TRADES During The Period 9/01/19 Through 9/30/19**

TXN-DATE	CUSIP#	ASSET-TYPE	INVT#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
<b>PURCHASE TRANSACTIONS</b>													
9/20/19	30229BXU	COMMERCIAL PAPE	33799	EXXON MOBIL CORP - CP		10/28/19	2.0340	ISSUER DIRECT	4001	7,500,000.00	7,485,197.92		
9/20/19	89233GCJ	COMMERCIAL PAPE	33800	TOYOTA MOTOR CREDIT COR		3/18/20	2.0607	ISSUER DIRECT	4001	1,600,000.00	1,583,952.00		
9/03/19	912796RN	U.S. TREASURY B	33676	UNITED STATES TREASURY		12/05/19	1.9395	MIZUHO SECURITI	4101	6,021,000.00	5,991,625.89		
9/16/19	912796SX	U.S. TREASURY B	33760	UNITED STATES TREASURY		12/19/19	1.9546	TD SECURITIES	4101	20,000,000.00	19,901,669.40		
9/19/19	912796WE	U.S. TREASURY B	33789	UNITED STATES TREASURY		11/19/19	1.9559	HSBC	4101	20,000,000.00	19,939,333.40		
9/10/19	9128283Q	US TREASURY NOT	33723	UNITED STATES TREASURY	2.000	1/15/21	1.8144	WELLS FARGO SEC	4000	20,000,000.00	20,049,218.75		
9/13/19	912828M9	US TREASURY NOT	33751	UNITED STATES TREASURY	1.625	11/30/20	1.8845	HSBC	4000	20,000,000.00	19,938,281.25		
9/27/19	9128287C	US TREASURY NOT	33656	UNITED STATES TREASURY	1.750	7/15/22	1.6078	HSBC	1001	10,000,000.00	10,038,671.88		
9/30/19	912828XR	US TREASURY NOT	28158	UNITED STATES TREASURY	1.750	5/31/22	1.5893	WELLS FARGO SEC	1001	23,000,000.00	23,096,132.81		
9/24/19	89236TGH	CORPORATE BONDS	33818	TOYOTA MOTOR CREDIT COR	2.150	9/27/24	2.1500	BARCLAYS	1001	980,000.00	980,000.00		9/27/21
9/24/19	89236TGH	CORPORATE BONDS	33818	TOYOTA MOTOR CREDIT COR	2.150	9/27/24	2.1500	BARCLAYS	1001	5,000,000.00	5,000,000.00		9/27/21
9/04/19	94988J6A	CORPORATE BONDS	33702	Wells Fargo Bank NA	2.082	9/09/22	2.0800	WELLS FARGO SEC	1001	20,000,000.00	20,000,000.00		9/09/21
9/04/19	94988J6A	CORPORATE BONDS	33702	Wells Fargo Bank NA	2.082	9/09/22	2.0800	CASTLEOAK SECUR	1001	3,000,000.00	3,000,000.00		9/09/21
9/24/19	3130AFAF	AGENCY US BOND	33817	FEDERAL HOME LOAN BANKS	2.760	1/30/20	1.9509	BB&T CAPITAL MA	4101	6,970,000.00	6,989,251.14		
9/30/19	3130ABZV	AGENCY US BOND	33859	FEDERAL HOME LOAN BANKS	1.455	12/30/19	1.9417	BB&T CAPITAL MA	4101	10,000,000.00	9,987,850.00		
9/03/19	313384QB	AGENCY US DISC	33677	FEDERAL HOME LOAN BANKS		12/04/19	1.9738	TD SECURITIES	4001	4,000,000.00	3,980,141.76		
9/10/19	313384NX	AGENCY US DISC	33724	FEDERAL HOME LOAN BANKS		11/06/19	2.0012	CASTLEOAK SECUR	4101	10,000,000.00	9,968,966.67		
9/10/19	313384QJ	AGENCY US DISC	33725	FEDERAL HOME LOAN BANKS		12/11/19	1.9506	CASTLEOAK SECUR	4101	10,000,000.00	9,950,935.83		
9/17/19	313384QL	AGENCY US DISC	33770	FEDERAL HOME LOAN BANKS		12/13/19	2.0096	DAIWA CAPITAL M	4001	10,000,000.00	9,952,222.22		
9/17/19	313384QL	AGENCY US DISC	33769	FEDERAL HOME LOAN BANKS		12/13/19	2.0096	BARCLAYS	4101	10,000,000.00	9,952,222.22		
9/17/19	313384QT	AGENCY US DISC	33771	FEDERAL HOME LOAN BANKS		12/20/19	2.0104	MIZUHO SECURITI	4000	10,000,000.00	9,948,333.33		
9/18/19	31315K0T	AGENCY US DISC	33779	FEDERAL AGRICULTURAL MO		12/20/19	1.9699	CASTLEOAK SECUR	4001	8,000,000.00	7,959,928.89		
9/20/19	313384MB	AGENCY US DISC	33792	FEDERAL HOME LOAN BANKS		9/23/19	1.8503	BMO CAPTIAL MAR	4101	25,000,000.00	24,996,145.83		
9/24/19	880592MT	AGENCY US DISC	33810	TENNESSEE VALLEY AUTHOR		10/09/19	1.9516	FTN FINANCIAL S	4101	15,000,000.00	14,987,812.50		
9/19/19	76116FAA	AGENCY US BOND	33657	RESOLUTION FUNDING CORP		10/15/19	2.1488	KEYBANC CAPITAL	1000	20,000,000.00	19,970,200.00		
9/19/19	76116FAA	AGENCY US BOND	33403	RESOLUTION FUNDING CORP		10/15/19	2.1488	KEYBANC CAPITAL	4001	3,300,000.00	3,295,083.00		
9/27/19	313586RC	AGENCY US BOND	33850	FEDERAL NATIONAL MORTGA		10/09/19	2.0302	CASTLEOAK SECUR	1000	70,000,000.00	69,964,489.00		
9/09/19	3130AH2K	AGENCY US NOTES	33715	FEDERAL HOME LOAN BANK	2.050	3/10/20	2.0500	WILLIAMS CAPITA	4101	10,000,000.00	10,000,000.00		
9/27/19	3134GBET	AGENCY US NOTES	32893	FEDERAL HOME LOAN MORTG	1.800	4/13/20	1.9905	BANK OF OKLAHOM	4101	1,000,000.00	998,989.26		
9/03/19	3130AFHY	AGENCY US VARIA	33679	FEDERAL HOME LOAN BANKS	1.902	12/03/19	1.9491	TD SECURITIES	1000	35,000,000.00	34,994,050.00		
9/03/19	3130AFHY	AGENCY US VARIA	33678	FEDERAL HOME LOAN BANKS	1.902	12/03/19	1.9491	TD SECURITIES	4001	10,000,000.00	9,998,300.00		
9/05/19	3134GT6K	AGENCY US VARIA	33706	FREDDIE MAC	2.250	9/10/20	2.2437	LOOP CAPITAL MA	4101	10,000,000.00	10,000,000.00		
9/09/19	3130AFHZ	AGENCY US VARIA	33714	FEDERAL HOME LOAN BANKS	1.902	12/03/19	1.9561	TD SECURITIES	4101	5,000,000.00	4,999,100.00		
9/16/19	3133EKR7	AGENCY US VARIA	33761	FEDERAL FARM CREDIT BAN		9/23/21	2.1489	MIZUHO SECURITI	4101	10,000,000.00	10,000,000.00		
9/04/19	037833DL	CORP US NOTE 30	33704	APPLE INC.	1.700	9/11/22	1.7058	DEUTSCHE BANK S	1001	5,000,000.00	4,999,150.00		
9/04/19	037833DM	CORP US NOTE 30	33705	APPLE INC.	1.800	9/11/24	1.8487	DEUTSCHE BANK S	4002	5,000,000.00	4,988,600.00		8/11/24
9/18/19	94988J5L	CORP US NOTE 30	33781	WELLS FARGO BANK, NATIO	2.400	1/15/20	2.0539	INCAPITAL LLC	4000	4,000,000.00	4,004,280.00		
9/18/19	94988J5L	CORP US NOTE 30	33780	WELLS FARGO BANK, NATIO	2.400	1/15/20	2.0539	INCAPITAL LLC	4001	3,090,000.00	3,093,306.30		

**STATE OF NEW MEXICO**  
**Summary of Fixed-Income Purchases and Sales**  
**TRADES During The Period 9/01/19 Through 9/30/19**

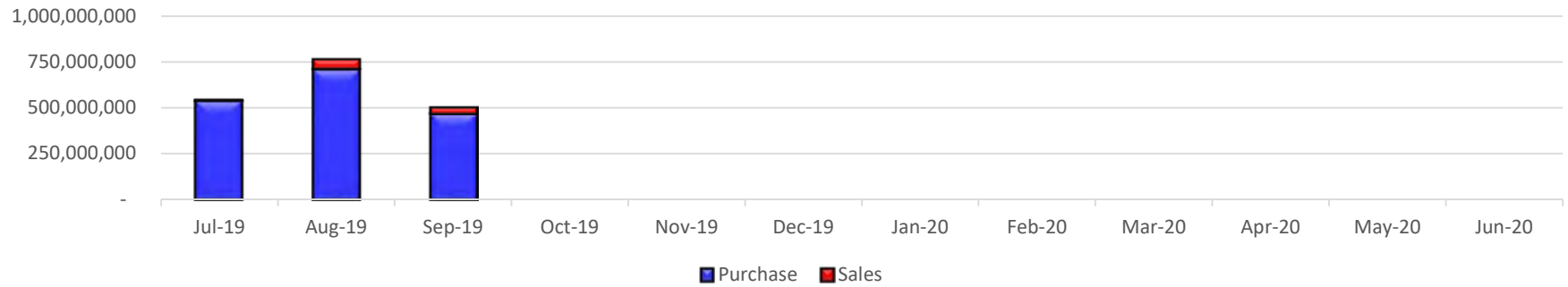
TXN-DATE	CUSIP#	ASSET-TYPE	INVST#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
9/16/19	GISD2019	MUNICIPAL BOND	33759	GADSDEN ISD GO BOND SER	2.162	10/10/19	2.1390	ISSUER DIRECT	1000	2,000,000.00	2,000,000.00		
<b>39 PURCHASES DURING PERIOD TOTAL.....</b>										<b>469,461,000.00</b>	<b>468,983,441.25</b>		
<b>SALE TRANSACTIONS</b>													
9/04/19	912828G9	US TREASURY NOT	31923	UNITED STATES TREASURY	1.625	12/31/19		BARCLAYS	4002	4,000,000.00	3,995,781.25	8,387.24	
9/04/19	912828K5	US TREASURY NOT	23356	UNITED STATES TREASURY	1.375	4/30/20		BROKER DIRECT	1001	25,500,000.00	25,425,292.97	59,525.23	
9/27/19	30231GBB	CORPORATE BONDS	33540	EXXON MOBIL CORPORATION	1.902	8/16/22		INCAPITAL LLC	1001	5,000,000.00	5,023,650.00	23,650.00	
<b>3 SALES DURING PERIOD TOTAL.....</b>										<b>34,500,000.00</b>	<b>34,444,724.22</b>	<b>91,562.47</b>	
<b>== GRAND-TOTAL ==&gt;</b>										<b>503,961,000.00</b>	<b>503,428,165.47</b>	<b>91,562.47</b>	
<b>*** END-OF-REPORT ***</b>													

<b>NM STO Trade Activity FY 2020</b>			<b>Sep-19</b>	
<b>Purchase</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>
Treasury	514,797,000	38	119,021,000	7
Agency	987,128,000	73	283,270,000	20
Callable	23,830,000	2	10,000,000	1
CP	55,900,000	9	9,100,000	2
Corporate	131,474,000	18	46,070,000	8
CD's	3,750,000	2		
Muni	3,110,000	3	2,000,000	1
<b>Total Purchase</b>	<b>1,719,989,000</b>	<b>145</b>	<b>469,461,000</b>	<b>39</b>
<b>Sale</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>
Treasury	35,500,000	4	29,500,000	2
Agency	51,004,000	1		
Callable				
CP				
Corporate	5,000,000	1	5,000,000	1
Muni				
<b>Total Sale</b>	<b>91,504,000</b>	<b>6</b>	<b>34,500,000</b>	<b>3</b>
<b>Total Volume</b>	<b>1,811,493,000</b>	<b>151</b>	<b>503,961,000</b>	<b>42</b>
<b>LGIP Repo</b>			<b>LGIP Repo</b>	
Overnight	7,307,000,000	78	1,313,000,000	20
Term	1,060,000,000	18	100,000,000	4
	8,367,000,000	96	1,413,000,000	24



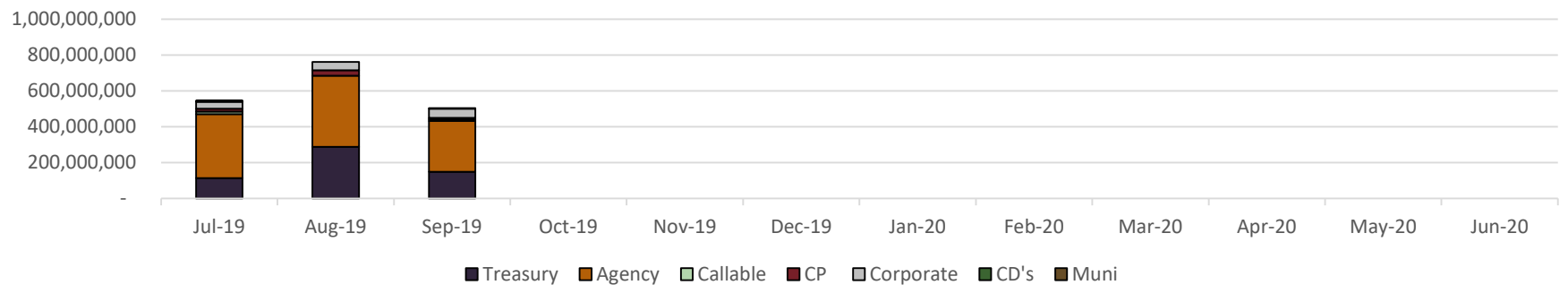
Purchase	GF LIQUIDITY (1000)		GF CORE (1001)		BPIP TE (4000)		BPIP TX (4002)		STB (4001)		LGIP (4101)	
	Volume	Trades	Volume	Trades	Volume	Trades	Volume	Trades	Volume	Trades	Volume	Trades
Treasury			33,000,000	2	40,000,000	2					46,021,000	3
Agency	125,000,000	3							35,300,000	5	122,970,000	12
Callable					10,000,000	1						
CP									9,100,000	2		
Corporate			33,980,000	5	4,000,000	1	5,000,000	1	3,090,000	1		
CD's												
Muni	2,000,000	1										
<b>Total Purchase</b>	<b>127,000,000</b>	<b>4</b>	<b>66,980,000</b>	<b>7</b>	<b>54,000,000</b>	<b>4</b>	<b>5,000,000</b>	<b>1</b>	<b>47,490,000</b>	<b>8</b>	<b>168,991,000</b>	<b>15</b>
<b>Sale</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>	<b>Volume</b>	<b>Trades</b>
Treasury			25,500,000	1			4,000,000	1				
Agency												
Callable												
CP												
Corporate			5,000,000	1								
Muni												
<b>Total Sale</b>	<b>-</b>	<b>-</b>	<b>30,500,000</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Volume</b>	<b>127,000,000</b>	<b>4</b>	<b>66,980,000</b>	<b>7</b>	<b>54,000,000</b>	<b>4</b>	<b>9,000,000</b>	<b>2</b>	<b>47,490,000</b>	<b>8</b>	<b>168,991,000</b>	<b>15</b>
LGIP												
Overnight											1,313,000,000	20
Term	600,000,000	4							20,000,000	1	100,000,000	4
	600,000,000	4	-	-	-	-	-	-	20,000,000	1	1,413,000,000	24

### Fiscal Year 20 Trade Volume by Month



	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Treasury	113,800,000	287,976,000	148,521,000									
Agency	357,904,000	396,958,000	283,270,000									
Callable	13,830,000		10,000,000									
CP	16,000,000	30,800,000	9,100,000									
Corporate	38,625,000	46,779,000	51,070,000									
CD's	3,750,000		-									
Muni	1,110,000		2,000,000									
	545,019,000	762,513,000	503,961,000	-	-	-	-	-	-	-	-	-

### Fiscal Year 20 Trade Asset Allocation by Month

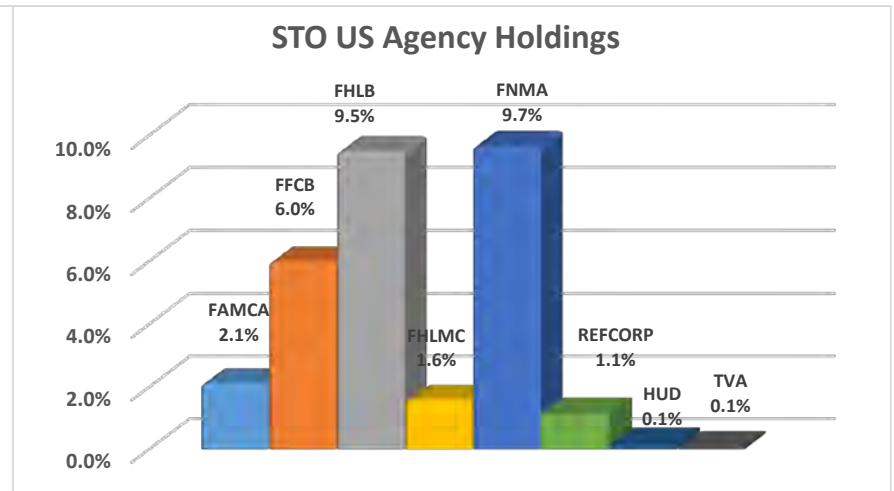
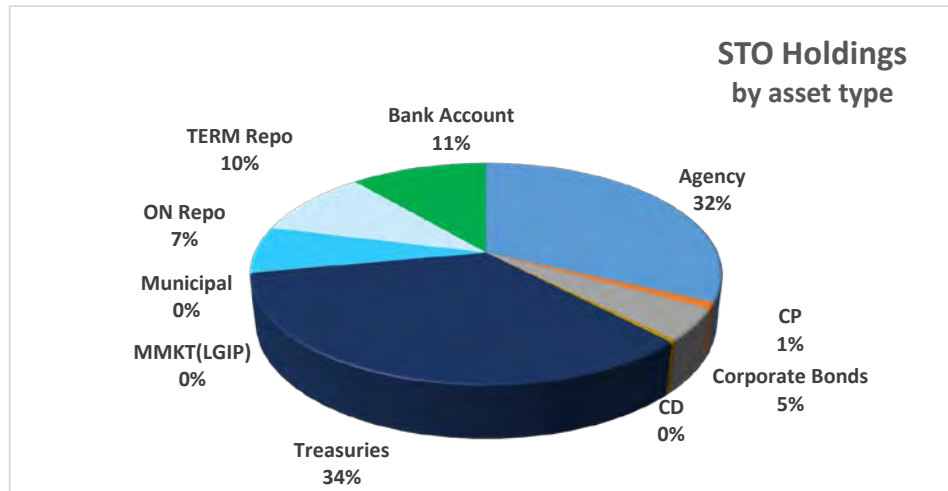


## NM State Treasurer Office Security Holding by Portfolio

September 30, 2019

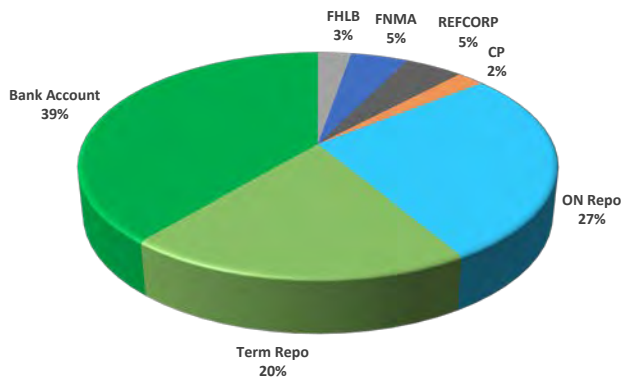
*Values are based on position holdings*

	<u>GF LIQ</u>	<u>GF CORE</u>	<u>BPIP TE</u>	<u>BPIP TX</u>	<u>STB</u>	<u>LGIP</u>	<u>STO Holdings</u>	
<b>Portfolio Balance</b>	<b>1,513,991,417</b>	<b>2,383,511,071</b>	<b>467,956,290</b>	<b>463,955,094</b>	<b>214,454,123</b>	<b>881,424,828</b>	<b>5,925,292,824</b>	
<b>Agency</b>	<b>181,804,000</b>	<b>752,896,000</b>	<b>141,080,000</b>	<b>196,177,000</b>	<b>87,390,000</b>	<b>536,384,000</b>	<b>1,895,731,000</b>	<b>32.0%</b>
FAMCA	-	82,000,000	17,500,000	12,500,000	8,000,000	-	125,000,000	2.1%
FFCB	-	171,678,000	-	72,882,000	-	112,105,000	354,365,000	6.0%
FHLB	40,800,000	226,480,000	30,000,000	28,500,000	39,000,000	235,540,000	561,850,000	9.5%
FHLMC	-	16,070,000	13,750,000	9,745,000	-	54,845,000	93,410,000	1.6%
FNMA	70,000,000	245,668,000	69,830,000	72,550,000	32,990,000	118,894,000	572,287,000	9.7%
REFCORP	71,004,000	-	10,000,000	-	7,400,000	-	65,104,000	1.1%
HUD	-	8,000,000	-	-	-	-	8,000,000	0.1%
TVA	-	3,000,000	-	-	-	15,000,000	3,000,000	0.1%
CP	33,500,000	-	10,000,000	-	20,900,000	-	55,300,000	0.9%
Corporate Bonds	-	220,084,000	23,944,000	40,616,000	6,090,000	-	270,664,000	4.6%
CD	-	16,000,000	-	6,200,000	-	-	22,200,000	0.4%
Treasuries	-	1,372,850,000	265,000,000	212,000,000	15,000,000	201,197,000	2,022,726,000	34.1%
Municipal	-	3,340,000	-	-	-	-	3,340,000	0.1%
MMKT(LGIP)	-	-	-	-	794,019	-	792,577	0.0%
ON Repo	411,387,943	18,341,071	27,932,290	8,962,094	45,681,247	53,000,000	400,678,786	6.8%
TERM Repo	300,000,000	-	-	-	-	50,000,000	585,000,000	9.9%
Bank Account	587,299,474	-	-	-	38,598,857	40,843,828	667,061,876	11.3%

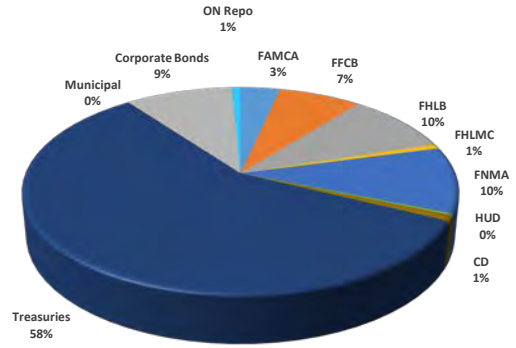




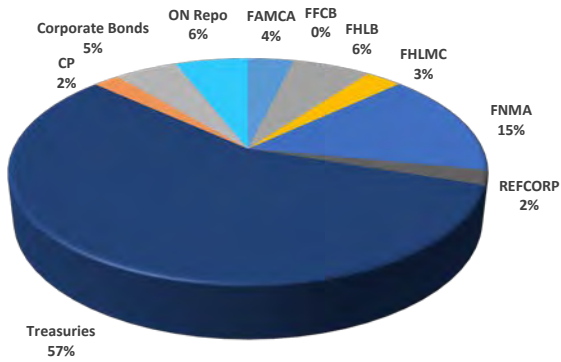
GF Liquidity Holdings  
September 30, 2019



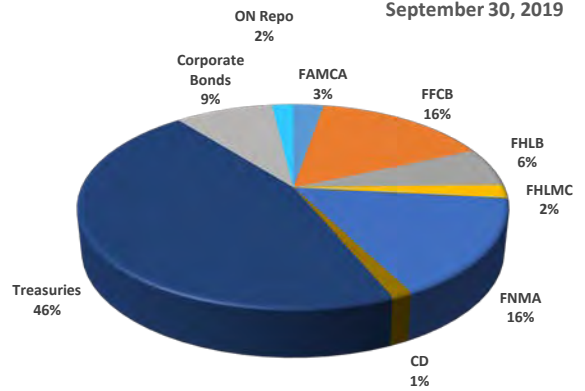
GF CORE Holdings  
September 30, 2019



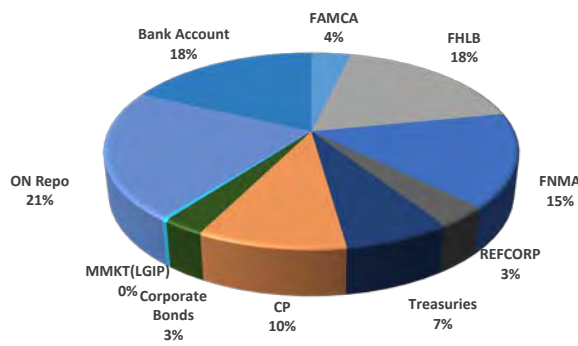
BPIP Tax-Exempt Holdings  
September 30, 2019



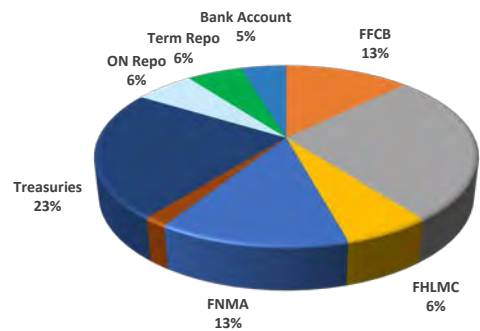
BPIP Taxable Holdings  
September 30, 2019



STB Holdings  
September 30, 2019



LGIP Holdings  
September 30, 2019





## 6. Investment Accounting Report

# Interoffice Memorandum

**Date:** October 18, 2019  
**To:** Sam Collins, Deputy Treasurer  
**From:** David Mahooty, STO Chief Financial Officer  
**CC:** STO Investments Division  
**Subject:** September 2019 Investment Reconciliation & State General Fund Distribution

The September 2019 investment reconciliation included the following to verify the completeness and accuracy of the JP Morgan reporting:

1. Net asset values of all investment accounts.
2. Change in transaction activity between August 31 and September 30.
3. Cash transaction activity proofs.
4. Earned income proofs.
5. Proof of change in cost.
6. Duplicate cash activity.
7. JP Morgan to QED inventory reconciliation.
8. JP Morgan to Deal Management position reconciliation.
9. JP Morgan to QED income reconciliation.

Note, commencing with the September 2018 investment recon, reporting from Deal Management (DM) is being included for the Cost and Position Reconciliation.

Below is the reconciliation for September 2019. The differences that exceed the BPS Dollar Threshold are explained below:

## Inventory Holdings:

- P09337/1001 GF Core – A \$5,000,000 Exxon Mobil callable note, CUSIP #30231GBB7 with a trade date of 9/27/19 and a settlement date of 10/1/19 was recorded in DM but not in JP Morgan as DM uses the trade date to record the asset whereas JPM utilizes the settlement date to record.
- P09337/1001 GF Core – A \$23,000,000 US Treasury Note, CUSIP #912828XR6 with a trade date of 9/30/19 and a settlement date of 10/1/19 was recorded in QED but not in JP Morgan as QED uses the trade date to record the asset whereas JPM utilizes the settlement date to record
- P09334/1101 Repo – The Overnight Repo income distribution of \$69,042.25 for the investing agencies is not recorded in JPM but does get recorded in QED, hence the difference

## Income Reconciliation

- There are no variations that exceeded the BPS dollar threshold for September.

Market Value Reconciliation						
Account	Market Value			JPM to		
	JPM	QED	SHARE GL	QED Variance	SHARE GL Variance	BPS Dollar Threshold
P 09336/1000 GF LIQ	1,515,789,389.38	1,515,661,176.64		128,212.74		757,894.69
P 09337/1001 GF CORE	2,406,469,541.97	2,429,583,549.57		(23,114,007.60)		1,203,234.77
P 09334/1101 REPO	132,695,354.49	132,764,396.74		(69,042.25)		66,347.68
P 89523/4001 STBF	214,162,556.89	214,124,958.60		37,598.29		107,081.28
<b>Fund 10099 Subtotal</b>	<b>4,269,116,842.73</b>	<b>4,292,134,081.55</b>	<b>4,269,116,842.73</b>		-	
P 09335/4000 BPIP TE	468,749,032.84	468,705,022.30		44,010.54		234,374.52
P 09339/4002 BPIP TA	465,634,657.54	465,647,312.15		(12,654.61)		232,817.33
<b>Fund 10199 Subtotal</b>	<b>934,383,690.38</b>	<b>934,352,334.45</b>	<b>934,383,690.38</b>		-	
P 09333/4101/68599 LGIP	890,617,052.11	890,617,224.16	890,617,052.11	(172.05)		445,308.53
<b>Total</b>	<b>6,094,117,585.22</b>	<b>6,117,103,640.16</b>	<b>6,094,117,585.22</b>	<b>(22,986,054.94)</b>	-	<b>3,047,058.79</b>

Cost Reconciliation						
Account	Cost			JPM to		
	JPM	QED	SHARE DM	QED Variance	SHARE DM Variance	BPS Dollar Threshold
P 09336/1000 GF LIQ	1,515,536,590.61	1,515,536,590.61	1,515,536,590.61	-	-	757,768.30
P 09337/1001 GF CORE	2,366,036,319.41	2,389,068,220.97	2,394,139,462.33	(23,031,901.56)	(28,103,142.92)	1,183,018.16
P 09334/1101 REPO	132,695,354.49	132,764,396.74	132,695,354.49	(69,042.25)	-	66,347.68
P 89523/4001 STBF	213,927,343.34	213,927,343.33	213,927,343.33	0.01	0.01	106,963.67
P 09335/4000 BPIP TE	465,856,465.36	465,856,465.36	465,751,902.49	-	104,562.87	232,928.23
P 09339/4002 BPIP TA	460,636,046.87	460,636,046.87	460,636,046.87	-	-	230,318.02
P 09333/4101 LGIP	889,485,405.58	889,485,405.57	889,485,405.53	0.01	0.05	444,742.70
<b>Total</b>	<b>6,044,173,525.66</b>	<b>6,067,274,469.45</b>	<b>6,072,172,105.65</b>	<b>(23,100,943.79)</b>	<b>(27,998,579.99)</b>	<b>3,022,086.76</b>

Position Reconciliation						
Account	Position Size			JPM to		
	JPM	QED	SHARE DM	QED Variance	SHARE DM Variance	BPS Dollar Threshold
P 09336/1000 GF LIQ	1,515,991,417.39	1,515,991,417.39	1,515,991,417.39	-	-	757,995.71
P 09337/1001 GF CORE	2,378,540,070.85	2,401,511,070.85	2,406,511,070.85	(22,971,000.00)	(27,971,000.00)	1,189,270.04
P 09334/1101 REPO	132,695,354.49	132,764,396.74	132,695,354.49	(69,042.25)	-	66,347.68
P 89523/4001 STBF	214,454,123.18	214,454,123.17	214,454,123.17	0.01	0.01	107,227.06
P 09335/4000 BPIP TE	467,956,290.37	467,956,290.37	467,956,290.37	-	-	233,978.15
P 09339/4002 BPIP TA	463,955,094.28	463,955,094.28	463,955,094.28	-	-	231,977.55
P 09333/4101 LGIP	891,424,828.12	891,424,828.12	891,424,828.12	-	-	445,712.41
<b>Total</b>	<b>6,065,017,178.68</b>	<b>6,088,057,220.92</b>	<b>6,092,988,178.67</b>	<b>(23,040,042.24)</b>	<b>(27,970,999.99)</b>	<b>3,032,508.59</b>

\*Basis Point (BPS) Dollar Threshold

JPM Market Value x 5 BPS

JPM Cost x 5 BPS

JPM Position Size x 5 BPS

0.0005

Income Reconciliation						
Account	JPM	QED	SHARE GL	JPM to		
	Earned Interest	Earned Interest	Earned Interest	QED	SHARE GL	BPS Dollar Threshold *
P 09336/1000 GF LIQ	2,060,778.47	2,061,562.39		(783.92)		75,789.47
P 09337/1001 GF CORE	4,060,703.10	4,064,360.08		(3,656.98)		120,323.48
P 09334/1101 REPO	164,002.90	164,002.91		(0.01)		6,634.77
P 89523/4001 STBF	154,187.09	152,830.68		1,356.41		10,708.13
Fund 10099 Subtotal	6,439,671.56	6,442,756.06	6,439,671.56		-	
P 09335/4000 BPIP TE	673,191.85	672,967.13		224.72		23,437.45
P 09339/4002 BPIP TA	745,171.18	743,434.08		1,737.10		23,281.73
Fund 10199 Subtotal	1,418,363.03	1,416,401.21	1,418,363.03		-	
P 09333/4101/68599 LGIP	742,457.50	746,313.47	742,457.50	(3,855.97)		44,530.85
<b>Total</b>	<b>8,600,492.09</b>	<b>8,605,470.74</b>	<b>8,600,492.09</b>	<b>(4,978.65)</b>	<b>-</b>	<b>304,705.88</b>

Amortization / Accretion Reconciliation					
Account	JPM	QED	SHARE GL	JPM to	
	Amortization/Accretion	Amortization/Accretion	Amortization Accretion	QED	SHARE GL
P 09336/1000 GF LIQ	176,837.41	177,425.90		(588.49)	
P 09337/1001 GF CORE	497,716.00	477,008.88		20,707.12	
P 09334/1101 REPO	-	-		-	
P 89523/4001 STBF	157,097.06	158,321.37		(1,224.31)	
Fund 10099 Subtotal	831,650.47	812,756.15	831,650.47		-
P 09335/4000 BPIP TE	115,616.86	111,806.33		3,810.53	
P 09339/4002 BPIP TA	146,329.60	145,487.38		842.22	
Fund 10199 Subtotal	261,946.46	257,293.71	261,946.46		-
P 09333/4101/68599 LGIP	803,080.70	819,492.57	803,080.70	(16,411.87)	
<b>Total</b>	<b>1,896,677.63</b>	<b>1,889,542.43</b>	<b>1,896,677.63</b>	<b>7,135.20</b>	<b>-</b>

\* BPS Dollar Threshold

JP Morgan Market Value x 0.5 Basis Points (BPS)

0.00005

**Note:** QED uses multiple methods (referenced below) to compute amortization/accretion where the configuration is matched with an asset type. JP Morgan uses, but is not limited to, the pro rata, straight line, and level yield methods for amortization/accretion.

- 0 No Amortization (System Config Table Default)
- 1 Straight Line
- 2 Scientific, Simple Approximation
- 3 Constant Yield, Iterative with PSI effect
- 4 Level Yield, Smoothed
- 5 Cash Basis, Premium Offset by interest-rcvd
- 6 Sum of Years Digits
- 7 Straight Line Prem, Disc=Interest
- 8 Mod'd Cash Basis: Straight-Line-Prem up to Int-sold/rcvd
- 9 No Amortization (Explicit)

September 2019 SGF Distribution

Bing Maps

+ Get more

Mark -

The State Treasurer's Office will not make a distribution to the State General Fund nor to the Self-Earning accounts for September 2019. This is primarily based on the \$8.4 million unrealized losses in the General Fund Core portfolio as seen below:

**September 2019  
State General Fund Distribution Worksheet  
Section 6-10-2.1 Distribution Methodology**

(Includes Accretion/Amortization) Component	General Fund Liquidity Amount	General Fund Core Amount	Self-Earnings Amount	Total
Earned Income*	\$ 2,237,615.88	\$ 4,558,419.10	-	\$ 6,796,034.98
Realized Gains/(Losses)	-	86,057.54	-	\$ 86,057.54
Unrealized Gains/(Losses)	(5,231.83)	(8,372,813.95)	-	\$ (8,378,045.78)
<b>Distribution Total</b>	<b>\$ 2,232,384.05</b>	<b>\$ (3,728,337.31)</b>	<b>\$ -</b>	<b>\$ (1,495,953.26)</b>

\* Earned Income is accrued investment income +/- accretion/amortization

Self-Earning Interest Rate Determination	GFL	GFC	Total
Beginning Cost Balance	1,414,339,122.68	2,384,327,571.75	3,798,666,694.43
Ending Cost Balance	1,514,326,195.69	2,388,938,159.01	3,903,264,354.70
Average Cost Balance	1,464,332,659.19	2,386,632,865.38	3,850,965,524.57
Combined GFL & GFC Earnings			(1,495,953.26)
Total Return for the Current Month			-0.466154%
Offsetting Prior Accumulated Negative Returns to Balance Distribution			0.000000%
Applicable Self-Earning Interest Rate			<b>-0.466154%</b>

Below is the year-to-date FY20 distribution summary:

Month	General Fund	Self-Earnings
July 2019	1,267,913.87	482,435.49
August 2019	18,112,421.93	8,069,995.61
September 2019	(1,495,953.26)	-
October 2019	-	-
November 2019	-	-
December 2019	-	-
January 2020	-	-
February 2020	-	-
March 2020	-	-
April 2020	-	-
May 2020	-	-
June 2020	-	-
<b>Total</b>	<b>17,884,382.54</b>	<b>8,552,431.10</b>

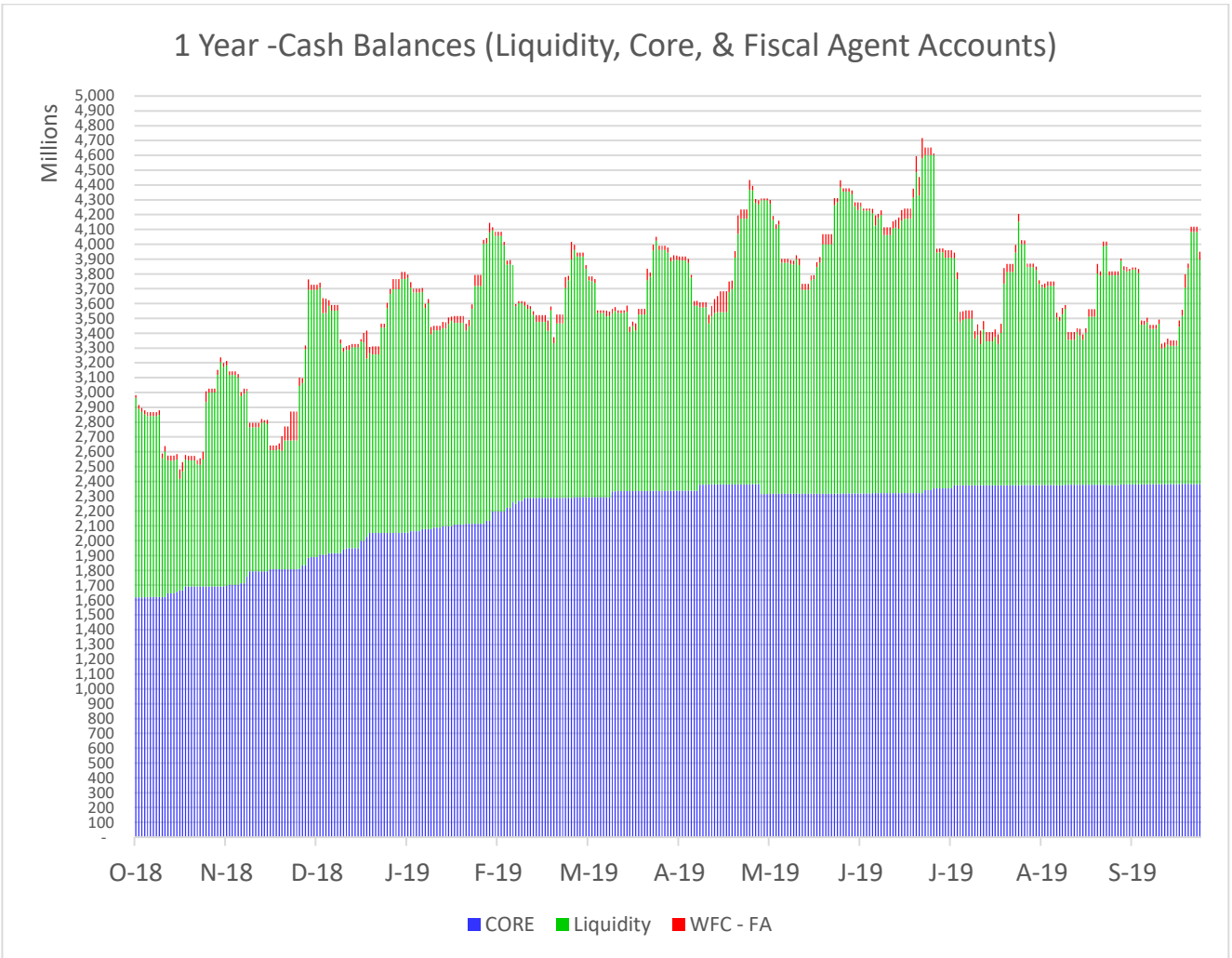
Please let me know if there are any questions.

David Mahooty  
Chief Financial Officer  
New Mexico State Treasurer's Office  
2055 S Pacheco St | Suite 100 | Santa Fe, NM 87505  
Direct: 505.955.1189 | Email: [david.mahooty@state.nm.us](mailto:david.mahooty@state.nm.us)

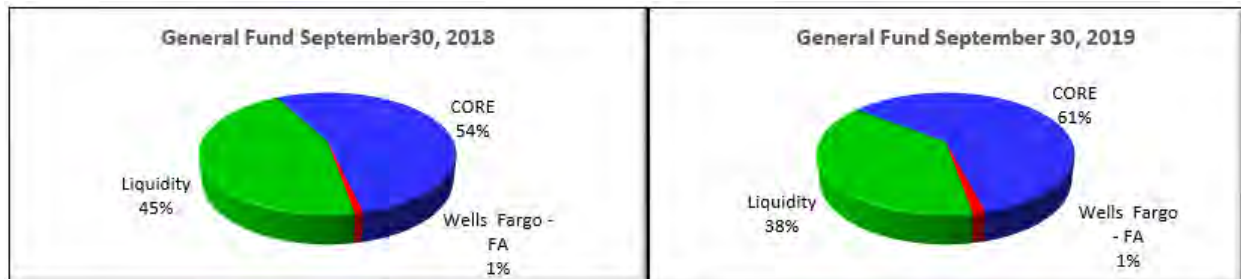


## 7. Cash Projections

# SGFIP Cash Flows

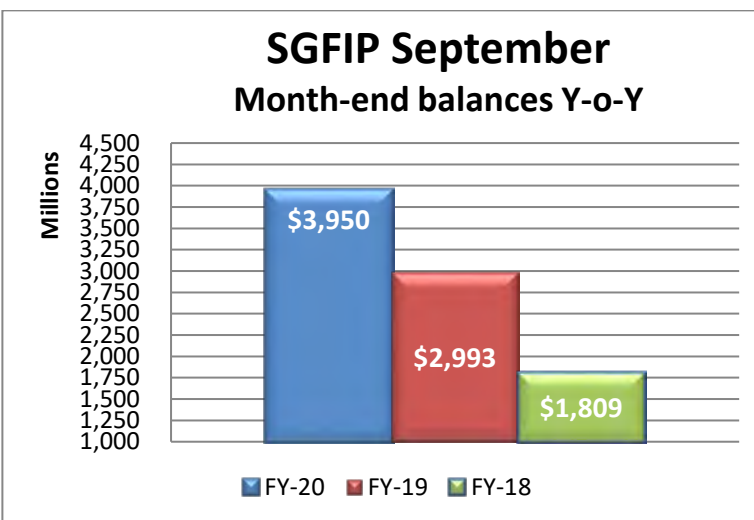
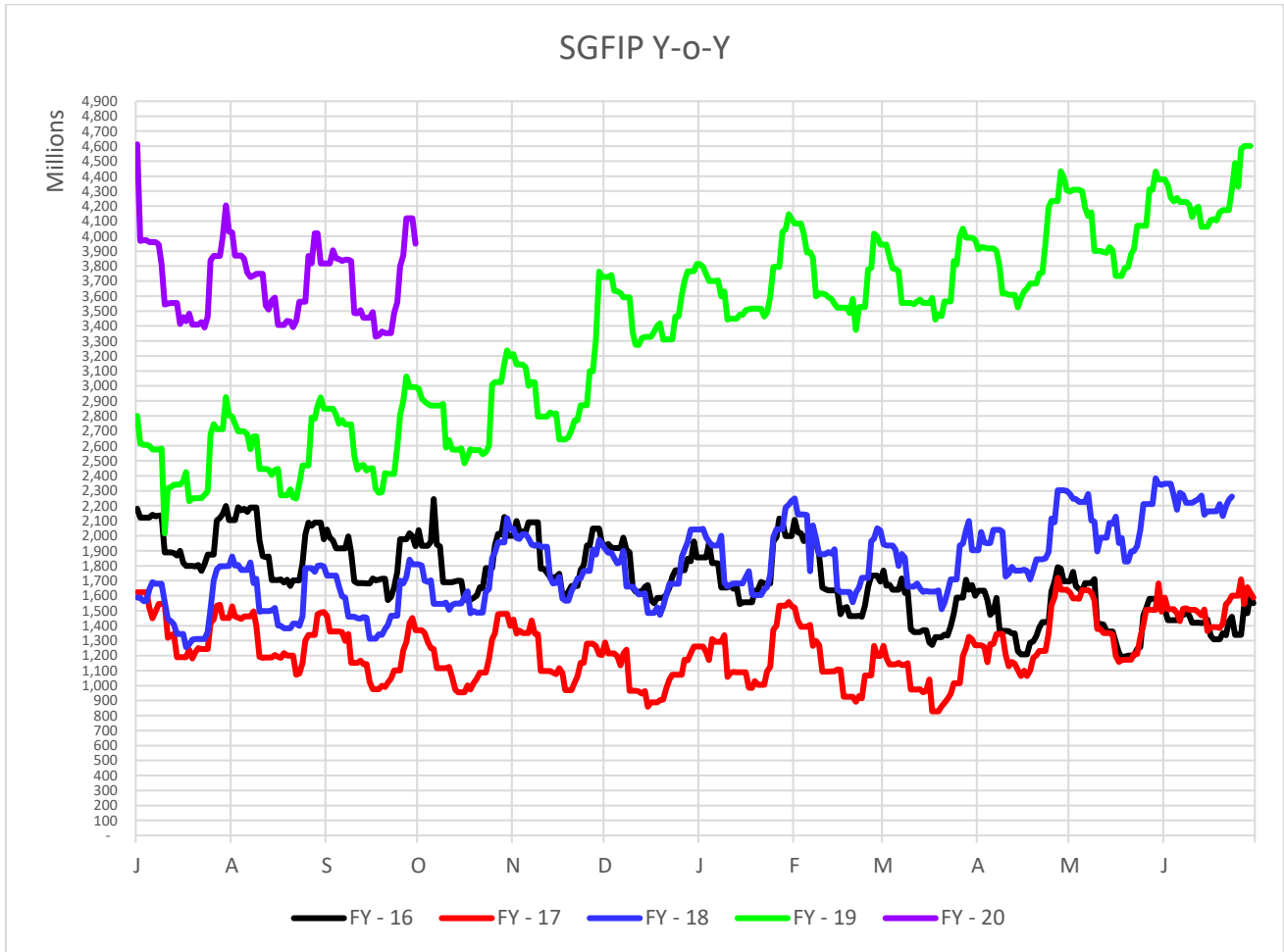


GENERAL FUND	Sep-18	Aug-19	Sep-19	Y-o-Y Change	M-o-M Change
Liquidity	1,347,757,461	1,414,748,583	1,513,991,417	166,233,956	99,242,834
CORE	1,618,285,507	2,376,112,643	2,383,511,071	765,225,564	7,398,428
Wells Fargo - FA	26,539,529	25,817,616	52,683,696	26,144,167	26,866,080
(Closed Collected Balance)					
	2,992,582,497	3,816,678,842	3,950,186,185	957,603,687	133,507,342





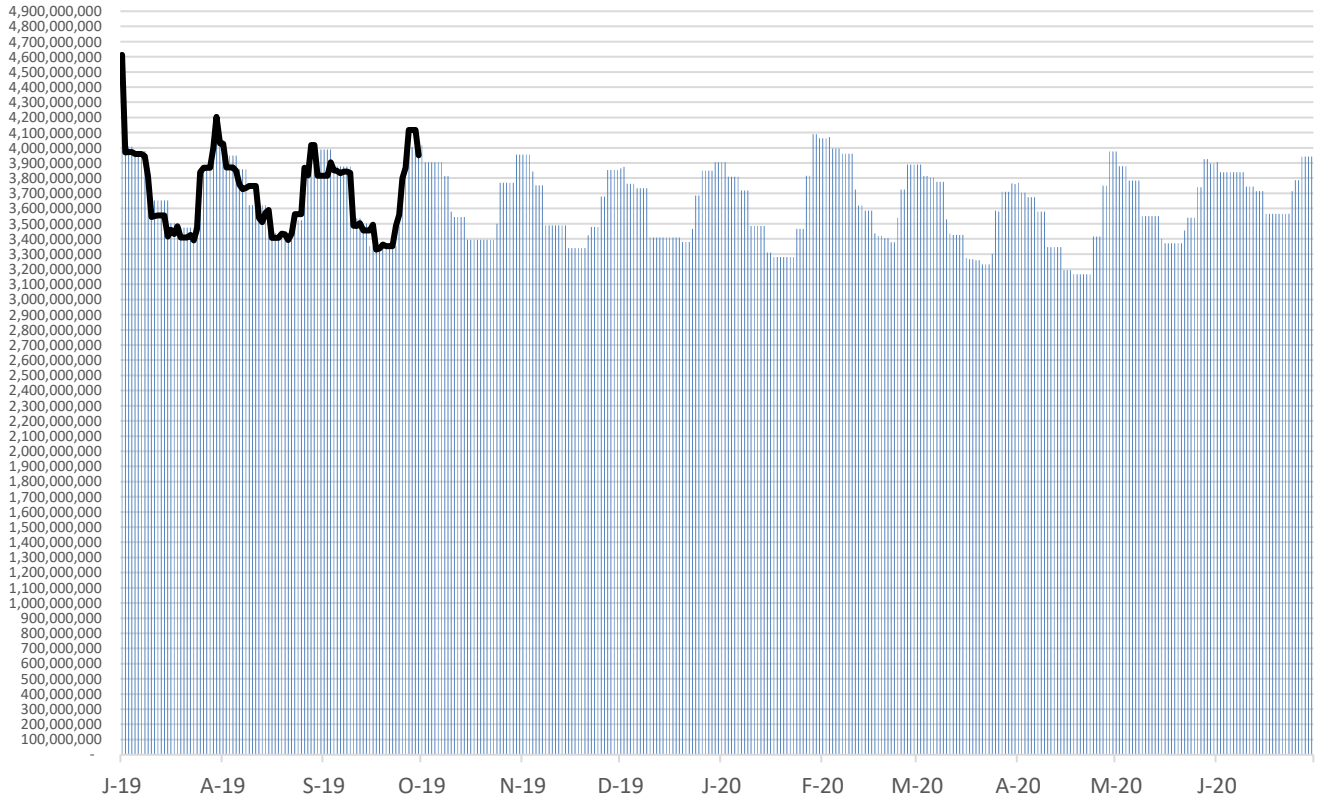
# SGFIP Cash Flows



The balance as of September 30, 2019 of the State General Fund Investments Pool (SGFIP) Y-o-Y has increased 32.0% from September 30, 2018 and 118.3% from September 30, 2017 . M-o-M SGFIP balances increased to \$3.950 billion at September 30, 2019 from \$3.817 billion at August 31, 2019 a increase of \$134 million or 3.5%.

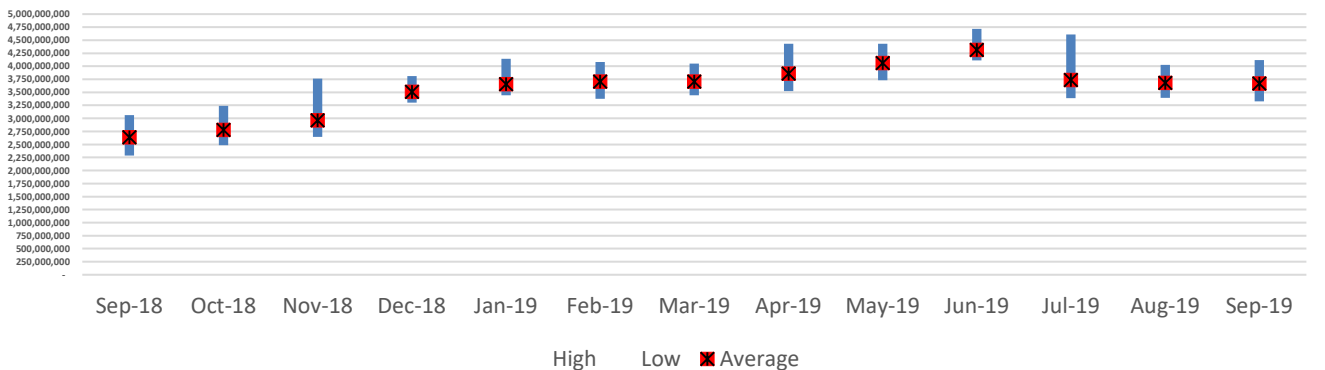
# SGFIP Cash Flows

FY - 20 SGFIP Projections vs FY - 20 Actuals



	Sep-18	Sep-17	Change
High	4,117,955,740.46	3,062,710,616.05	34.45%
Low	3,328,914,728.45	2,286,696,848.44	45.58%
Average	3,667,383,156.23	2,641,308,634.24	38.85%

SGFIP High & Lows





## 8. Investment Advisor—September 2019 Quarterly Investment Report



STATE TREASURERS OFFICE  
STIC COMMITTEE MEETING  
Quarter End Report  
September 30, 2019

Investment Consultant  
Deanne Woodring, CFA  
President and Senior Portfolio Advisor  
Government Portfolio Advisors  
503-248-9973

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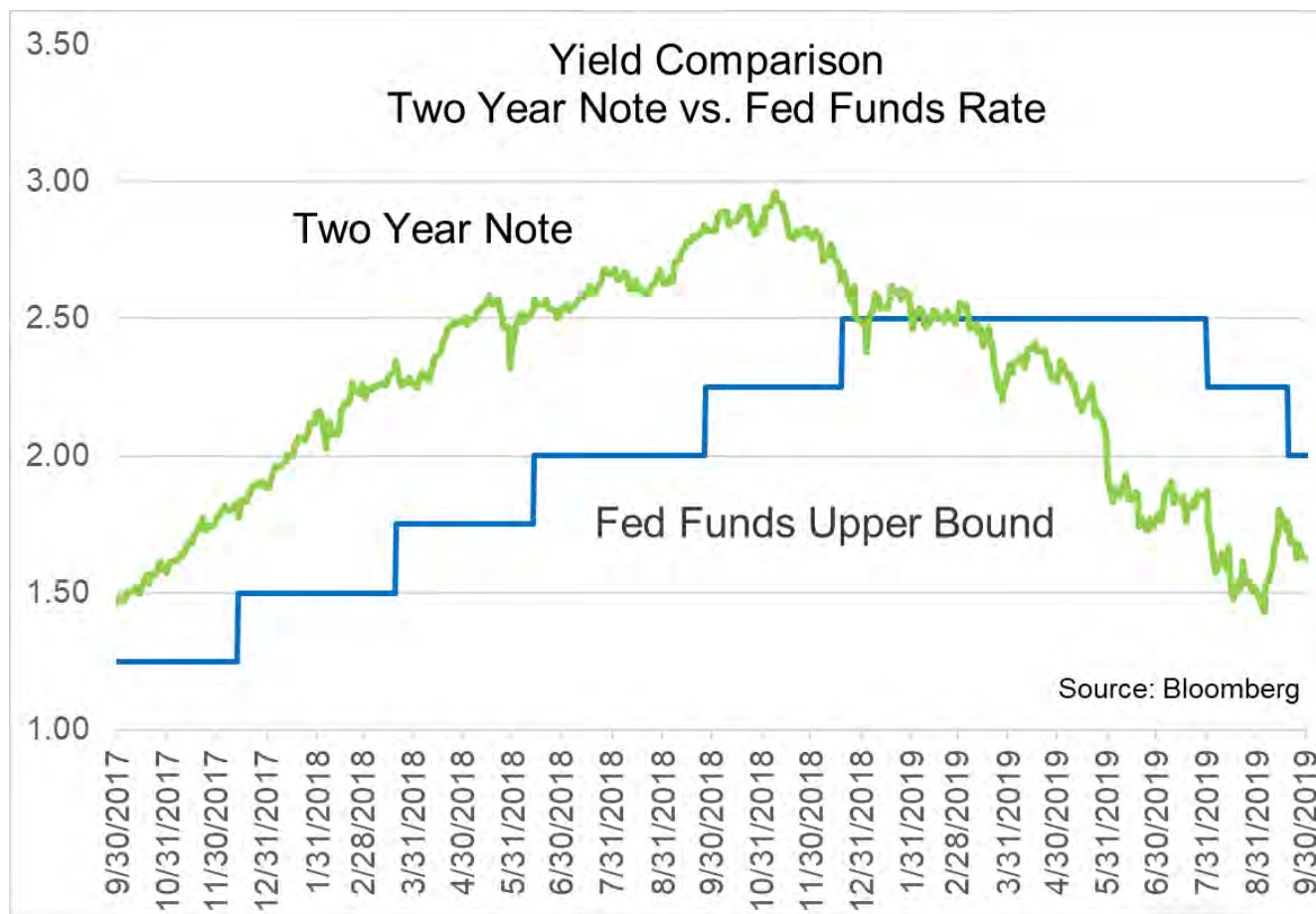
# Q3 Economic and Market Overview

- Interest rates declined during Q3 2019, with the two-year Treasury note falling from a yield of 1.75% to 1.62%. As of September 30, 2019, the consensus expectation by Bloomberg economists is for the two-year note to yield 1.55% at the end of Q3 2019. GPA is forecasting a 1.40% yield for the two-year Treasury at the end of Q4 2019.
- The Fed Funds rate was cut twice during Q3 2019 from a range of 2.25%-2.50% to a range of 1.75% to 2%. The Fed is expected to lower the range to 1.50% to 1.75%% at their meeting on October 30. The market is pricing in a 40% probability of another 25-basis point cut at their December 11, meeting to a target range of 1.25%-1.50%.
- During Q4 2019, GPA is expecting short duration Treasury notes to trade lower in yield. Economic conditions, both globally and in the U.S., are slowing and the momentum towards additional monetary easing is growing. We are recommending that portfolios maintain a neutral to overweight duration posture in this environment and manage durations at 100% to 110% of their respective benchmark duration.

# Market Rate Overview

<b>Quarterly Yield Change</b>				
	<b>12/18</b>	<b>03/19</b>	<b>06/19</b>	<b>09/19</b>
3 month Bill	2.36	2.38	2.09	1.81
2-year note	2.49	2.26	1.76	1.62
5-year note	2.51	2.23	1.77	1.54
10 year note	2.68	2.41	2.01	1.67
<b>Economist's Survey Projections</b>				
	<b>Q4-19</b>	<b>Q1-20</b>	<b>Q2-20</b>	<b>Q3-20</b>
Real GDP	1.7	1.7	1.8	1.8
CPI (YOY%)	1.8	2.0	2.0	2.0
Unemployment	3.7	3.8	3.8	3.9
<b>Economist's Survey Projections for Rates</b>				
	<b>Q4-19</b>	<b>Q1-20</b>	<b>Q2-20</b>	<b>Q3-20</b>
Fed Funds	1.75	1.65	1.6	1.6
2 Year	1.55	1.56	1.57	1.62
10 Year	1.69	1.76	1.82	1.89

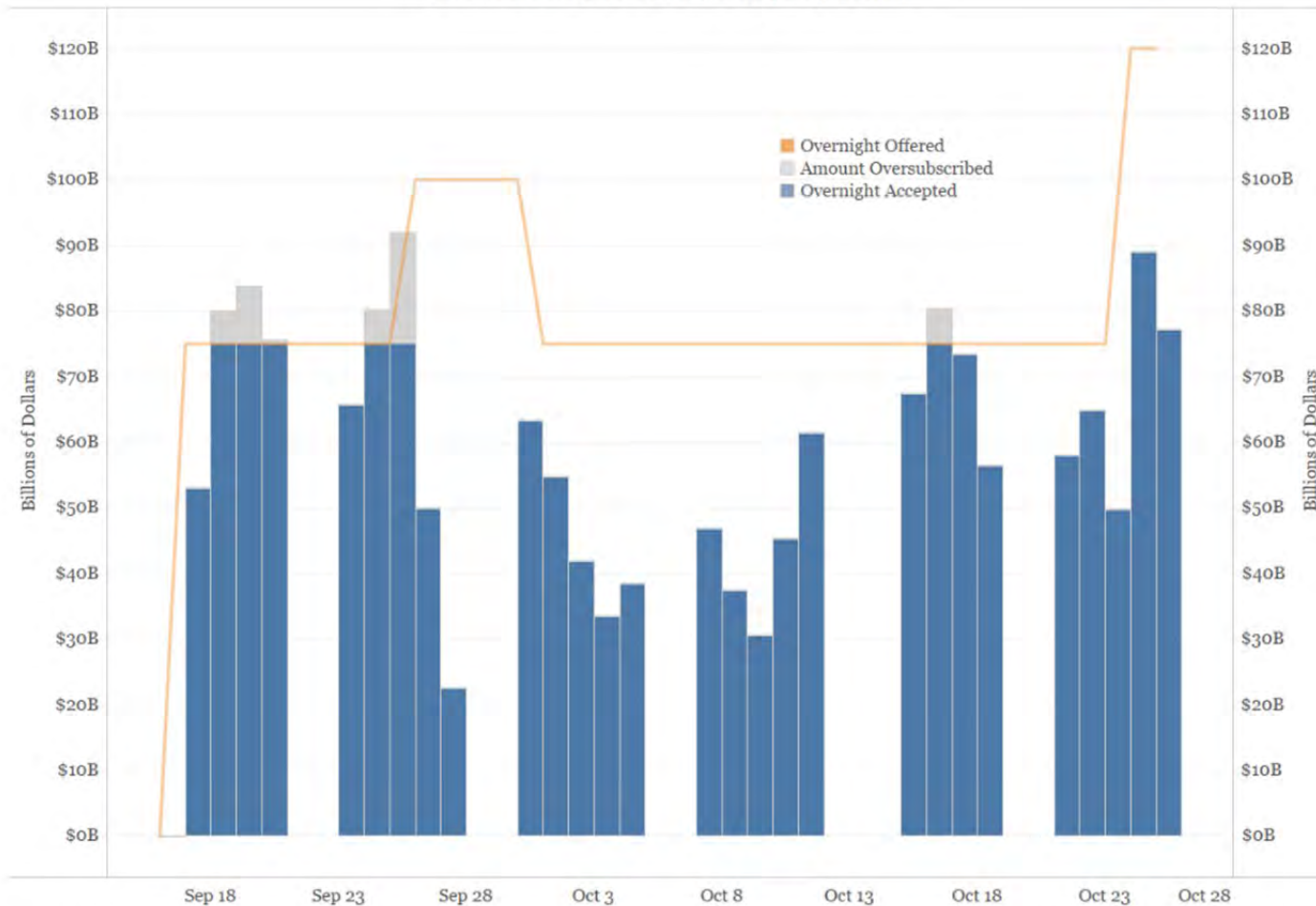
# Rates continue to decline – Comparison of the Fed Funds Rate to the two-year Treasury yield





# Overnight repo market had volatile rates this quarter due to low capital flows

A Look at the Fed's Overnight Repo Operations

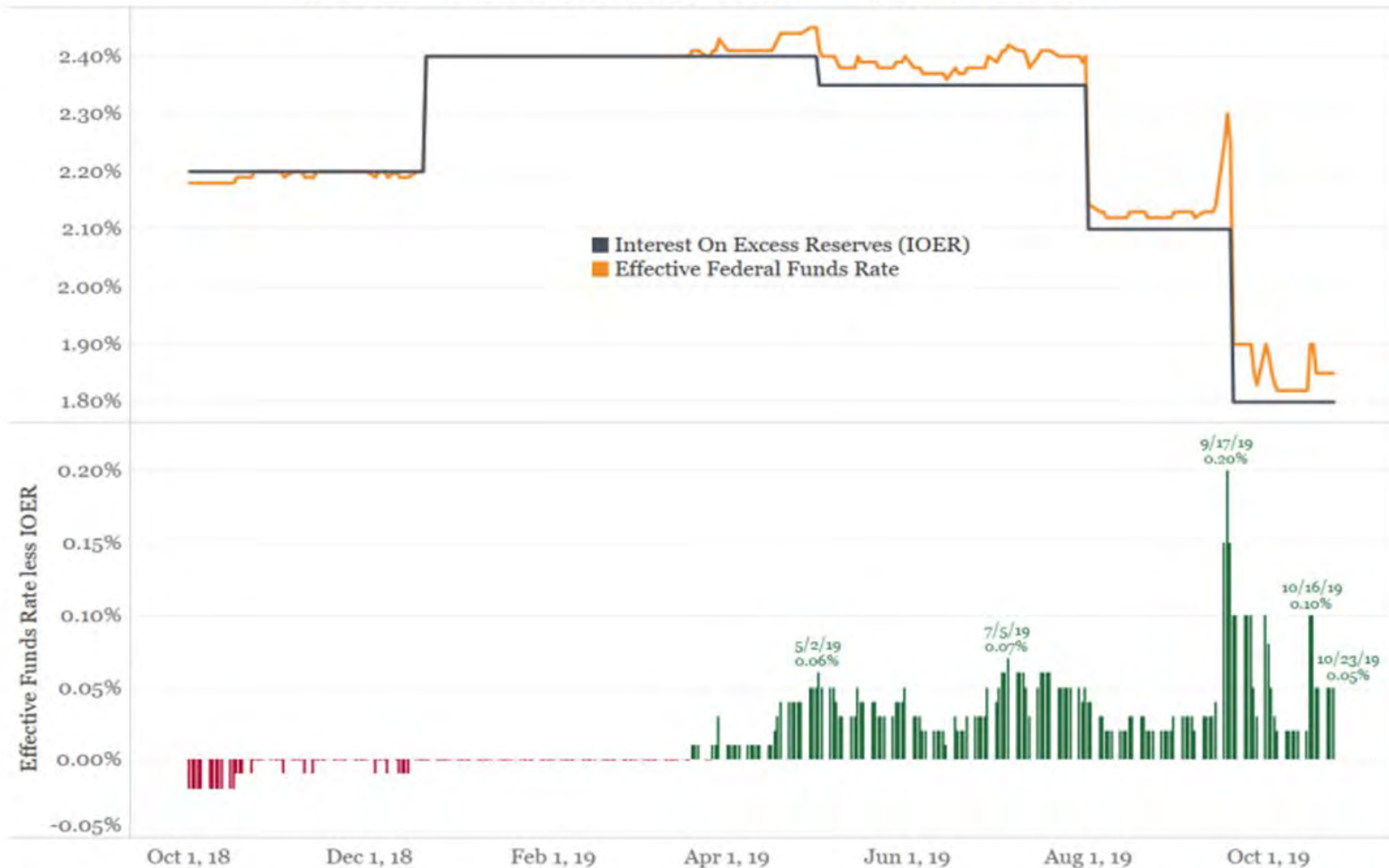


Source: NY Federal Reserve

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# NMSTO benefited from the higher rate while it lasted

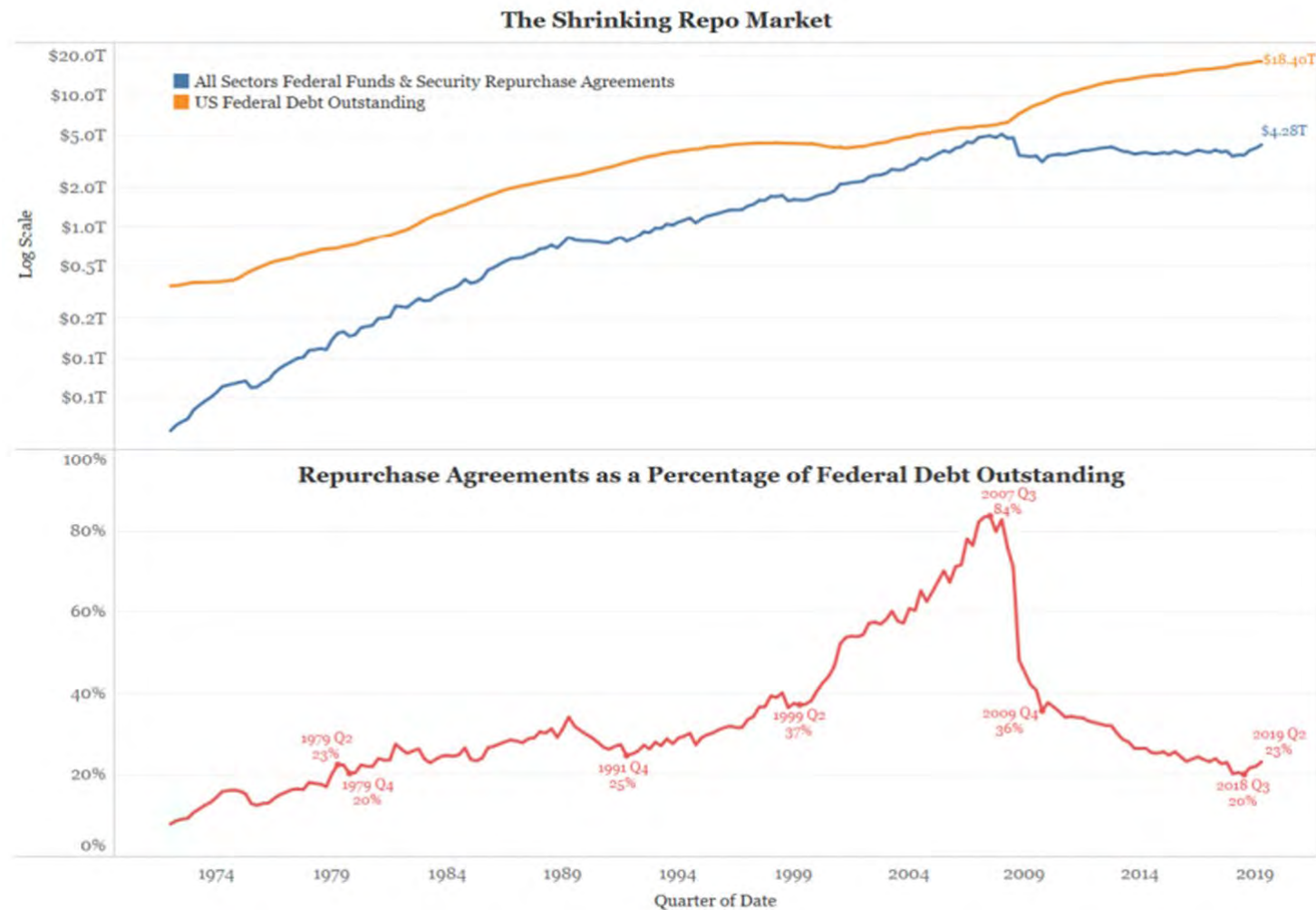
**Effective Funds Normally Trades Tighter To IOER**



Data Source: The New York Federal Reserve

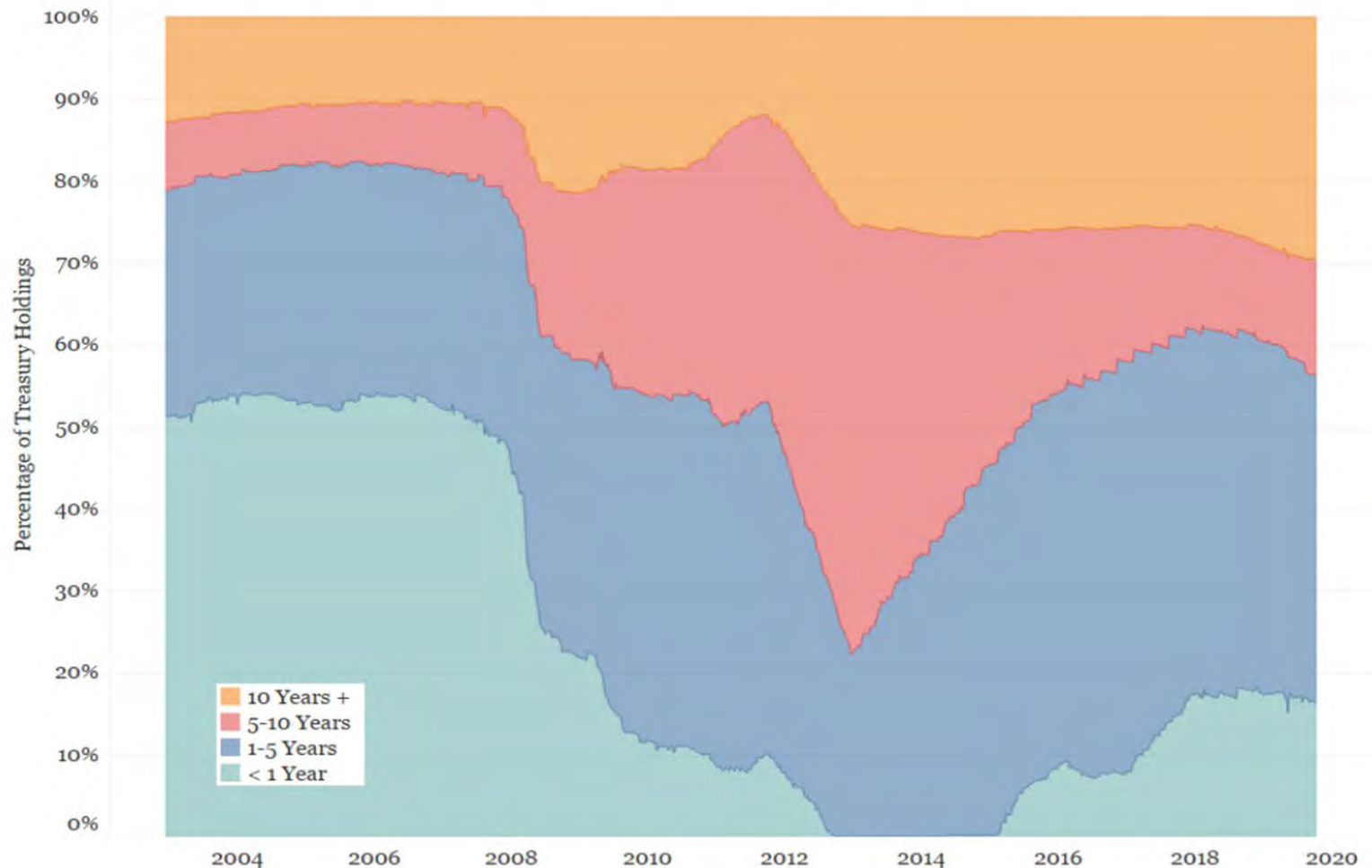
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<https://www.biancoresearch.com/>

# Causes of volatility: less participants? Excess reserve rates paid by fed?



# Fed is injecting liquidity into the markets through their purchase of securities

Breaking Down the Fed's Treasury Portfolio by Maturity



Source: The Federal Reserve

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# Potential future trends for the Repo Market

- The amount of reserves required to maintain an orderly Repo market may need to grow causing other unforeseen impacts on financial markets. The Fed has now injected \$254 billion in liquidity since September 16<sup>th</sup>.
- The Fed is buying bills and has steepened the yield curve from the short end. The Treasury curve is flat from one year to five years.
- There is still a small inversion in the one year and other markets. The problem will most likely be exacerbated by year-end funding challenges.

# Maturity Benchmark Returns through 9/30/19

Annualized Returns (%) Benchmark	Duration	\$ 100,000,000 Last Quarter	Last Year	3 Year	5 Year	9/30/2019 10 year
US Treasury 0-1 Year	0.50	0.572%	2.670%	1.622%	1.103%	0.673%
US Treasury 0-3 Year	1.44	0.583%	3.832%	1.565%	1.256%	1.029%
US Treasury 0-5 Year	2.16	0.720%	4.985%	1.627%	1.577%	1.476%
US Treasury 1-10 Year	3.72	1.151%	7.425%	1.800%	2.203%	2.414%

Historical Returns for Invested Core Portfolio Benchmark	Duration	Last Quarter	Last Year	3 Year	5 Year	9/30/2019 10 year
US Treasury 0-1 Year	0.50	\$ 572,197	\$ 2,670,329	\$ 4,946,798	\$ 5,640,382	\$ 6,942,161
US Treasury 0-3 Year	1.44	\$ 582,538	\$ 3,832,182	\$ 4,768,258	\$ 6,440,225	\$ 10,777,587
US Treasury 0-5 Year	2.16	\$ 719,768	\$ 4,984,521	\$ 4,961,660	\$ 8,138,035	\$ 15,781,076
US Treasury 1-10 Year	3.72	\$ 1,151,436	\$ 7,424,991	\$ 5,496,446	\$ 11,512,202	\$ 26,941,279

Source: Bloomberg, LP

# Asset Class Benchmark Returns through 9/30/19

Annualized Returns (%) Benchmark	Duration	\$ 100,000,000 Last Quarter	Last Year	3 Year	5 Year	9/30/2019 10 year
US Treasury 1-3 Year	1.88	0.576%	4.358%	1.524%	1.322%	1.176%
US Agency 1-3 Year Callable	0.79	0.538%	3.692%	1.656%	1.455%	1.121%
US Agency 1-3 Year Bullet	1.76	0.647%	4.323%	1.661%	1.437%	1.343%
TIPS 1-3 Year	1.42	0.205%	2.722%	1.518%	0.956%	1.272%
1-3 Year AAA US Supranational	1.89	0.675%	4.667%	1.783%	1.529%	1.479%
1-3 Year Corp AA-AAA	1.799	0.897%	4.986%	2.241%	1.967%	2.111%

Historical Returns for Invested Core Portfolio Benchmark	Duration	Last Quarter	Last Year	3 Year	5 Year	9/30/2019 10 year
US Treasury 1-3 Year	1.88	\$ 576,018	\$ 4,357,580	\$ 4,642,847	\$ 6,789,629	\$ 12,402,703
US Agency 1-3 Year Callable	0.79	\$ 537,770	\$ 3,691,981	\$ 5,049,808	\$ 7,488,048	\$ 11,795,255
US Agency 1-3 Year Bullet	1.76	\$ 646,728	\$ 4,322,781	\$ 5,067,296	\$ 7,394,587	\$ 14,270,452
TIPS 1-3 Year	1.42	\$ 204,657	\$ 2,721,603	\$ 4,622,389	\$ 4,871,119	\$ 13,471,111
1-3 Year AAA US Supranational	1.89	\$675,227	\$4,666,871	\$5,446,188	\$7,881,306	\$15,810,181
1-3 Year Corp AA-AAA	1.80	\$897,287	\$4,985,668	\$6,875,873	\$10,231,805	\$23,228,758

Source: Bloomberg, LP

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# Executive Summary

The purpose of this review is to provide a fixed income investment analysis to the Treasurer of New Mexico, the State Treasurer's Investment Council ("STIC") and the State Treasurer's investment team. The analysis will include risk and return components of the investment funds of the New Mexico State Treasurer's Office ("STO") and an overview of performance measurements, asset allocation and investment strategy for the period.

STO's investment strategy is specific to each fund based on the objectives of the funds. The four primary investment funds are the LGIP, General Fund Core, BPIP taxable and BPIP tax exempt. The remaining funds provide for liquidity and specific cash requirements. The key points of reference throughout this analysis will be on three specific strategies: 1) Management strategies to ensure that the policy objectives are being met, 2) Risk strategies to protect the market value of the funds, and 3) Investment strategy considerations based on the current rate environment.

## ***GPA observations and considerations:***

- 1) General Fund balances ended the quarter at a historical high balance of \$3,969 BLN at quarter end versus last quarter at of \$3,757BLN. The liquidity component ended the year at \$1.6BLN as funds were moved to the core. NMSTO is reviewing the amount that should remain in the liquidity fund as a minimum target.
- 2) The two-year treasury dropped 10 which resulted in price appreciation in the portfolio. The yield curve flattened and market signs are showing rate decline fatigue. Market consensus is still expecting rates to be lower into 2020, but the decline will likely be at a slower pace than the last 12 months.
- 3) GPA is recommending to maintain neutral durations to the benchmark through the end of the year.
- 4) GPA and the NMSTO investment team had a meeting and discussed investment policy and benchmark reviews.



# Quarterly Changes in Balances

## Quarterly Statistics:

Overall total balances ended the quarter at \$5.221 BLN.

The LGIP increased to \$881MM.

The General Fund liquidity fund declined as expected.

The BPIP Tax-Exempt portfolio continues to have outflows and is being managed to the uncertainty in cash flows.

The BPIP Taxable portfolio declined in balances. The strategy is stabilizing due to a better understanding of cash needs.

## STO Fund Balances

<u>STO Total Ex. LGIP</u>	Quarter Change	<u>STO Total</u>	Fiscal Change
6/30/2019	6,045,342,721	6/30/2019	6,045,342,721
9/30/2019	5,221,433,615	9/30/2019	5,221,433,615
Change	(823,909,106)	Change	(823,909,106)

<u>General Core Fund</u>	Quarter Change	<u>General Core Fund</u>	Fiscal Change
6/30/2019	2,372,336,244	6/30/2019	2,372,336,244
9/30/2019	2,421,996,720	9/30/2019	2,421,996,720
Change	49,660,476	Change	49,660,476

<u>General Fund Liquidity</u>	Quarter Change	<u>General Fund Liquidity</u>	Fiscal Change
6/30/2019	2,261,607,719	6/30/2019	2,261,607,719
9/30/2019	1,514,324,513	9/30/2019	1,514,324,513
Change	(747,283,206)	Change	(747,283,206)

<u>BPIP Combined Funds</u>	Quarter Change	<u>BPIP Combined Funds</u>	Fiscal Change
6/30/2019	1,045,211,383	6/30/2019	1,045,211,383
9/30/2019	938,119,637	9/30/2019	938,119,637
Change	(107,091,747)	Change	(107,091,747)

## LGIP Fund Balance

<u>LGIP Fund</u>	Quarter Change	<u>LGIP Balances</u>	Fiscal Change
6/30/2019	802,132,876	6/30/2019	802,132,876
9/30/2019	881,772,396	9/30/2019	881,772,396
Change	79,639,520	Change	79,639,520

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# Key Points of Focus for the NMSTO

GPA is reporting on the following key measures:

Asset Allocation:

- 1) Present the current asset allocation by funds.
- 2) Present the changes in asset allocation over the quarter.
- 3) Present asset allocation change on a fiscal year to date basis.

Performance Measurement and Risk Management:

- 1) Provide a comparison of the duration targets for each investment fund relative to the established benchmark duration.
- 2) Provide a return comparison over the last quarter, fiscal year and rolling one-year period on the investment relative to the established benchmark.
- 3) Potential price changes on the portfolio given changes in interest rates – Shock Analysis for the invested funds and the LGIP.

Investment Strategy Review:

- 1) Provide an analysis on the current strategy.
- 2) Considerations based on market outlook and fund objectives.

*GPA relies on the performance data and information provided from STO's custodial bank JP Morgan, and STO's internal reporting system.*

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# Key Points of Focus for the NMSTO Investment Program

## 1. Objectives: Safety, Liquidity and Return

The investment policy objectives of safety, liquidity and return are used as the framework for this oversight report. Safety is addressed through asset diversification and credit quality. Liquidity is addressed through maturity distribution, cash flow analysis and overnight investments. Return is achieved through the selection of securities in the credit sector and maturity/duration management.

## 2. Risk: Credit Risk and Interest Rate Risk

The risks associated with STO's investment funds are: 1) Interest rate risk, which represents the negative impact on market value if interest rates move up. This is controlled by the overall maturity of the portfolio. 2) Credit risk, which is the risk associated with the ability of the issuers to pay their debt obligations. 3) Reinvestment rate risk, which is the risk associated with maturities and short-term securities that are coming due and are then reinvested at lower rates during declining interest rate cycles. The LGIP pool remains within the policy constraints of a weighted average maturity under 60 days.

Ranking on Interest rate risk: **LOW**

Interest rate risk is directly correlated to average duration of each fund and articulates the amount of price movement that will occur given interest rate changes. Market benchmarks have been established for each of the investment funds to create discipline in market and interest rate exposure. The investment funds were aligned with the durations of the benchmarks with the exception of the BPIP tax-exempt fund which was shorter in duration.

Ranking on Credit risk: **LOW**

The portfolio continues to be invested in high quality securities with the majority of investments held in US Treasury and Agency securities. Corporate securities were added this quarter and issuer purchased included: Exxon Mobil, Toyota Motor Credit, Wells Fargo Bank, Apple and Procter and Gamble.

Ranking on Reinvestment Rate risk: **LOW-MEDIUM**

Reinvestment risk is the opportunity risk of having too much held in liquidity or being exposed to higher concentrations of callable securities in a declining market. The liquidity balances remain high at \$1.5 billion and are being evaluated to deploy to the investment portfolio or maintain for possible drawdowns on the general fund

# Asset Allocation Report 9/30/19

GPA has compiled a table that provides a summary of the asset allocation in each fund.

## ***Change in the Quarter by Fund***

**General Fund:** The overweight position in US Treasury securities has provided value to the core fund and the allocation to US Treasuries increased from 55% to 58%. Agency positions were slightly reduced from 37% last quarter 31% this quarter. The corporate allocation increased from 6% last quarter to 9% this quarter.

**BPIP Funds:** The Taxable fund declined by \$73MM and cash was pulled primarily from the repo positions. The Tax-exempt fund declined by \$33MM and funds were also drawn down from repo.

**LGIP Fund:** The LGIP fund, reduced the exposure in repo by nearly 16% and fund were allocated to Agency securities. The pool ended the quarter with 62% in Agency securities 22% in Treasury securities and 11.7% in US Treasury collateralized Repo.

## **Asset Allocations**

### General Core Fund

Agency	31.82%
Treasury	58.37%
Corporate	9.00%
Muni	0.14%
Repo/Cash	0.67%

### BPIP Tax Exempt

Agency	30.18%
Treasury	56.61%
Corporate CP	7.25%
Muni	
Repo/Cash	5.96%
LGIP	0.00%

### BPIP Taxable

Agency	42.34%
Treasury	45.66%
Corporate	8.75%
Muni	0.00%
Repo and Cash	3.26%
LGIP	

## **Asset Allocations**

### LGIP Pool

Agency	62.01%
Treasury	22.80%
Bank Deposits	3.50%
Repo	11.70%
Other	0.00%

# All Portfolios – Asset Allocation as of 9/30/19

Portfolio Name	Market Value+Int	% Fund	Repo	Bank Deposits	Treasury	Agency	Corp/CP	Muni	Other	Cash
<b>Total LGIP</b>	\$ 881,772,396	100%	11.70%	3.50%	22.80%	62.01%	0.00%	0.00%	0.00%	0.00%
Liquidity	\$ 539,004,876	61%	11.70%	3.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investments	\$ 342,767,520	39%	0.00%	0.00%	22.80%	62.01%	0.00%	0.00%	0.00%	0.00%
LGIP GIP Index Benchmark			31.97%	9.89%	22.69%	34.14%	0.00%	0.00%	1.31%	
Portfolio Name	Market Value+Int	% Fund	Repo	CD/Bank	Treasury	Agency	Corp/CP	Misc/LGIP	Cash	Muni
<b>Total General Fund</b>	\$ 3,936,321,233	100%								
Liquidity	\$ 1,514,324,513	38%	46.99%	38.66%	0.00%	12.00%	2.21%	0.00%	0.00%	0.13%
Investment Core	\$ 2,421,996,720	62%	0.761%	0.66%	58.37%	31.82%	9.00%	0.00%	-0.76%	0.14%
Portfolio Name	Market Value+Int	% Fund	Repo	CD/Bank	Treasury	Agency	Corp/CP	Cash	LGIP	Muni
<b>Total Tax Exempt</b>	\$ 470,489,861	100%	5.96%	0.00%	56.61%	30.18%	7.25%	0.00%	0.00%	
Liquidity	\$ 47,828,585	10%	5.96%	0.00%	0.00%	0.00%	0.00%	0.00%		
Investments	\$ 422,661,276	90%	0.00%	0.00%	56.61%	30.27%	7.25%	0.00%		
Portfolio Name	Market Value+Int	% Fund	Repo	CD/Bank	Treasury	Agency	Corp/CP	Cash	LGIP	Muni
<b>Total Taxable</b>	\$ 467,629,776	100%	1.93%	1.33%	45.66%	42.34%	8.75%	0.00%		0.00%
Liquidity	\$ 15,174,502	3%	1.93%	1.33%	0.00%	0.00%	0.00%	0.00%		
Investments	\$ 452,455,274	97%	0.00%	0.00%	45.66%	42.34%	8.75%	0.00%		
Portfolio Name	Market Value+Int	% Fund	Repo	CD/Bank	Treasury	Agency	Corp/CP	LGIP	STIF/Other	Muni
<b>Overnight Repo Pool</b>	\$ 132,704,127	100%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Liquidity	\$ 132,704,127	100%								
Investments		0%								
Portfolio Name	Market Value+Int	% Fund	Repo	CD/Bank	Treasury	Agency	Cash	LGIP	CP/CORP	Muni
<b>Severance Tax Bonding</b>	\$ 214,288,618	100%	21.33%	0.00%	6.99%	40.73%	18.02%	0.37%	12.57%	
Liquidity	\$ 182,766,557	85%								
Investments	\$ 31,522,061	15%	0.00%	0.00%						
TOTAL STO FUNDS Ex LGIP	\$ 5,221,433,615									
TOTAL STO WTIH LGIP	\$ 6,103,206,011									

Source: JP Morgan Reports - Balances -Trade Date

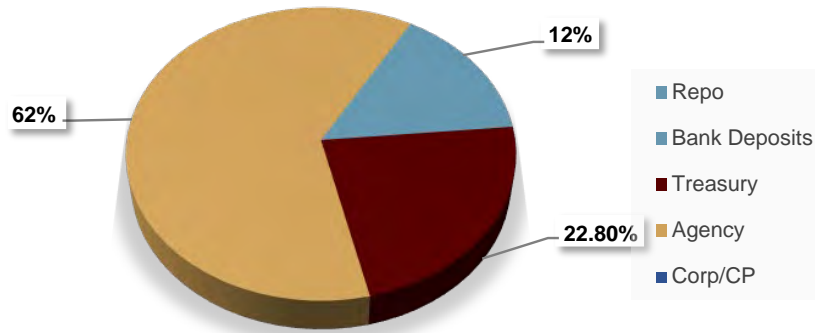
Asset Allocation STO - JP Morgan Reports

The benchmarks for STO Funds are 100% US Treasury Securities

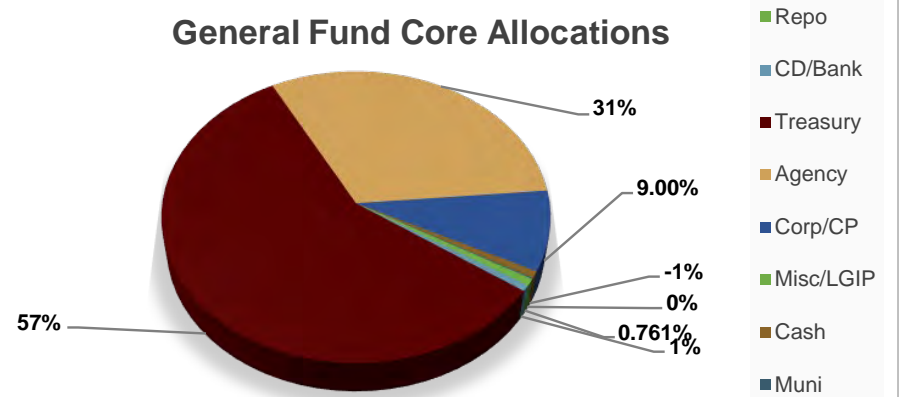
Assumption: QED is trade date accounting, therefore, negative cash balances were reduced from Repo or bank deposits

# Asset Allocation By Fund 9/30/19

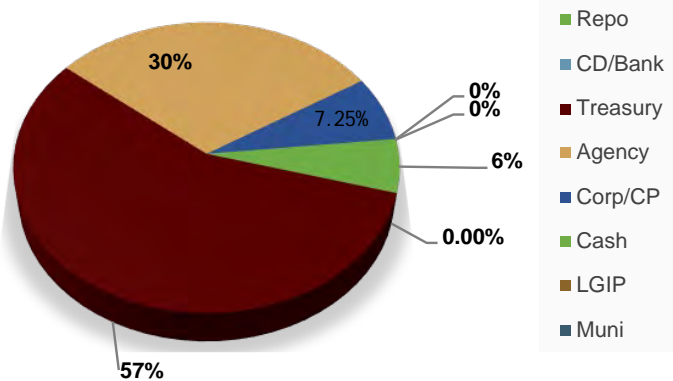
## Total LGIP Allocation



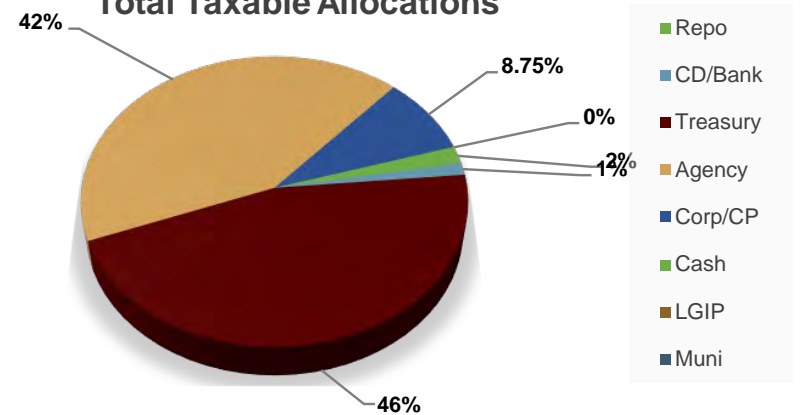
## General Fund Core Allocations



## Total Tax Exempt Allocations



## Total Taxable Allocations



# Change in Portfolio from 6/30/19 – 9/30/19

## CHANGE IN PORTFOLIO FROM 6/30/19 to 9/30/19

LGIP Fund	Market Value+int	Repo	Bank	Treasury	Agency	Corp/CP	STIF	Other	Muni
9/30/2019	\$ 881,772,396	11.70%	3.50%	22.80%	62.01%	0.00%	0.00%	0.00%	0.00%
6/30/2019	\$ 802,132,876	27.69%	4.79%	20.58%	45.04%	0.00%	0.00%	1.90%	0.00%
Change over Period	The	-15.99%	-1.29%	2.22%	16.97%	0.00%	0.00%	-1.90%	0.00%
General Fund Liquidity	Market Value+Int	Repo	CD/Bank	Treasury	Agency	Corp/CP	STIF/Bank	LGIP	Muni
9/30/2019	\$ 1,514,324,513	46.99%	38.66%	0.00%	12.00%	2.21%	0.00%	0.00%	0.13%
6/30/2019	\$ 2,261,607,719	73.49%	26.19%	0.00%	0.00%	0.00%	-0.66%	0.00%	0.98%
Change over Period	\$ (747,283,206)	-26.50%	12.47%	0.00%	12.00%	2.21%	0.66%	0.00%	-0.85%
General Fund Core	Market Value+Int	Repo	CD/Bank	Treasury	Agency	Corp/CP	STIF/Other	LGIP	Muni
9/30/2019	\$ 2,421,996,720	0.761%	0.66%	58.37%	31.82%	9.00%	0.00%	-0.76%	0.14%
6/30/2019	\$ 2,372,336,244	0.03%	1.15%	55.34%	37.52%	6.35%	-0.43%	0.00%	0.04%
Change over Period	\$ 49,660,476	0.73%	-0.49%	3.03%	-5.70%	2.65%	0.43%	-0.76%	0.10%
BPIP Tax Exempt	Market Value+Int	Repo	CD/Other	Treasury	Agency	Corp/CP	Cash	LGIP	Muni
9/30/2019	\$ 470,489,861	5.96%	0.00%	56.61%	30.18%	7.25%	0.00%	0.00%	0.00%
6/30/2019	\$ 504,272,327	27.20%	0.01%	21.00%	48.66%	3.05%	0.08%	0.00%	0.00%
Change over Period	\$ (33,782,466)	-21.24%	-0.01%	35.61%	-18.48%	4.20%	-0.08%	0.00%	0.00%
BPIP Taxable	Market Value+Int	Repo	CD/Other	Treasury	Agency	Corp/CP	Cash	LGIP	Muni
9/30/2019	\$ 467,629,776	1.93%	1.33%	45.66%	42.34%	8.75%	0.00%	0.00%	0.00%
6/30/2019	\$ 540,939,056	14.55%	1.43%	40.36%	42.70%	4.40%	-3.60%	0.00%	0.16%
Change over Period	\$ (73,309,281)	-12.63%	-0.10%	5.30%	-0.36%	4.35%	3.60%	0.00%	-0.16%
Overnight Repo Pool	Market Value+Int	Repo	CD/Other	Treasury	Agency	Corp/CP	STIF	LGIP	Muni
9/30/2019	\$ 132,704,127	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6/30/2019	\$ 347,666,951	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Change over Period	\$ (214,962,824)								
Severance Tax Bonding	Market Value+Int	Repo	Corp	Treasury	Agency	Cash	STIF/CP	LGIP	Muni
9/30/2019	\$ 214,288,618	21.33%	0.00%	6.99%	40.73%	18.02%	0.37%	12.57%	0.00%
6/30/2019	\$ 18,520,424	87.24%	0.00%	0.00%	5.41%	0.00%	3.08%	4.27%	0.00%
Change over Period	\$ 195,768,194	-65.91%	0.00%	0.00%	35.32%	18.02%	-2.71%	8.30%	0.00%
TOTAL STO FUNDS ex LGIP 9/30/19	\$ 5,221,433,615								
TOTAL STO FUNDS ex LGIP 6/30/19	\$ 6,045,342,721								
Total Change	\$ (823,909,106)								
TOTAL FUND W/LGIP 9/30/19	\$ 6,103,206,011								

Source: JP Morgan Reports - Balances Asset Allocation STO - QED Reports

Assumption: QED is trade date accounting, therefore, if there is a negative cash balance that will be taken from cash

# Performance Report

## Performance Report

The following performance report compares the total return of each portfolio relative to the established benchmark. The LGIP portfolio is reported on a book yield basis. The only funds that utilize total return tracking are the General Fund Core and the two BPIP Funds.

## Quarter Performance

All three total return investment portfolios performed well this quarter as price appreciation contributed significantly to returns. The General Core fund outperformed by six basis points and ended the quarter with a book yield of 2.43%. The Tax-Exempt fund was short in duration by only gave up one basis point in return for the quarter. The Taxable Fund outperformed the benchmark by ten basis points for the quarter.

## Attribution Analysis

The portfolios performed well across all sectors this quarter and the portfolio managers worked to get durations closer to the benchmarks which provided value this quarter.

## Observations and Considerations

Continue to maintain duration in the portfolios.

## Total Return Performance 9/30/19

<u>General Fund Core</u>	Quarter	Fiscal YTD
Portfolio	0.78%	0.78%
Benchmark	0.72%	0.72%
Book Yield	2.43%	
<u>BPIP Tax Exempt</u>	Quarter	Fiscal YTD
Portfolio	0.57%	0.57%
Benchmark	0.58%	0.58%
Book Yield	2.04%	
<u>BPIP Taxable</u>	Quarter	Fiscal YTD
Portfolio	0.68%	0.68%
Benchmark	0.58%	0.58%
Book Yield	2.41%	
<u>NM Investment Funds</u>	Quarter	Fiscal YTD
Portfolio	0.93%	0.70%
Benchmark	0.65%	0.65%
Book Yield	2.37%	
<u>LGIP</u>	Quarter	Fiscal YTD
Portfolio Net Yield	2.38%	2.26%
Benchmark Net Yld	2.05%	2.17%



# Performance By Investment Fund

STO INVESTMENT FUNDS		Quarter Period		Fiscal Year to	% Fund
		9/30/2019	9/30/2019	Date	
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	% of STO
General Fund Liquidity	\$ 1,514,324,513	0.01	0.61%	6/30/19 to 9/30/19	31.07%
Fund Benchmark S&P LGIP Pool Net Return		0.10	0.59%		
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	% of STO
General Fund Core	\$ 2,421,996,720	2.12	0.78%	6/30/19 to 9/30/19	49.69%
Fund Benchmark Treasury 0-5 Year		2.15	0.72%		
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	% of STO
General Fund Total	\$ 3,936,321,233	1.31	0.72%	6/30/19 to 9/30/19	80.75%
General Fund Total Benchmark - Weighted		1.36	0.65%		
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	% of STO
BPIP Tax Exempt	\$ 470,489,861	0.83	0.57%	6/30/19 to 9/30/19	9.65%
Fund Benchmark - Treasury 0-3 Year		1.43	0.58%		
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	% of STO
BPIP Taxable	\$ 467,629,776	1.33	0.68%	6/30/19 to 9/30/19	9.59%
Fund Benchmark - Treasury 0-3 Year		1.43	0.58%		
<b>Total STO Investment Funds</b>	<b>\$ 4,874,440,870</b>	1.26	0.70%	6/30/19 to 9/30/19	100.00%
<b>Weighted Benchmark</b>		1.37	0.65%		
STO OTHER FUNDS		9/30/2019	9/30/2019	6/30/19 to 9/30/19	
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	
Severance Tax Bonding	\$ 214,288,618	0.09	0.59%	6/30/19 to 9/30/19	
Portfolio Name	Market Value	Duration - End	Quarter Return	Fiscal Year	
Overnight Repo Pool	\$ 132,704,127	0	0.58%	6/30/19 to 9/30/19	
<b>Total STO Investment Funds</b>	<b>\$ 5,221,433,615</b>				

JP Morgan reports are based on trade date and includes accrued interest. Returns are total return with the exception of the LGIP data which is book yield.

# Performance Report For the LGIP

LGIP FUND	Market Value JP Morgan	Days	9/30/2019 Quarter End Yield 30 Day	Earnings Yield est 6/30/19-9/30/19 Annualized Rate
LGIP DailyGross Yield	\$ 881,772,396	42	2.14%	2.31%
S&P LGIP Govt Pools Gross Yield		32	2.20%	2.39%
LGIP Daily Net Yield			2.09%	2.26%
S&P LGIP Govt Pools Net Yield			2.05%	2.17%

# Investment Strategy Report

## Portfolio Specific

### General Fund:

The overall General Core fund duration was neutral to the benchmark at 99% exposure. The overall balance increased over the quarter to \$2.421 billion.

### BPIP Taxable and Tax-Exempt Funds:

The BPIP fund balances both increased this quarter and the durations relative to the benchmark which was at 58% in the tax exempt and 93% in the taxable portfolio. The benchmarks are guidelines, however, the first priority of the portfolios is to provide for cash disbursements. The Tax-exempt benchmark is under review given anticipation of limited inflows and greater outflows over the next year.

### LGIP Fund:

The LGIP balance increased and ended the quarter at a market balance of \$881 million. The earnings rate declined with the fed funds rate moving down directly impacts the short-term investments. The LGIP pool rated ended the ended the quarter at a daily net of 2.09%. The WAM of the S&P GIP and the Pool ended with approximately the same days 32 on the Pool versus 42.

### Investment Objectives

STO continues to monitor fund balances while the cash management strategy is adding value to the overall investment process.

## Investment Strategy

General Core Fund		Total NM Investment Funds	
Portfolio Duration	2.12	Portfolio Duration	1.26
Benchmark Duration	2.15	Benchmark Duration	1.37
% BM	99%	% BM	92%
BPIP Tax Exempt		LGIP	
Portfolio Duration	0.83	Portfolio DTM	42
Benchmark Duration	1.43	Benchmark DTM	32
% BM	58%		
BPIP Taxable		DTM=Days to maturity	
Portfolio Duration	1.33		
Benchmark Duration	1.43		
% BM	93%		

## Transactions

### Purchase Par Amount All Funds

Count=145 1,717,747,540

### Sales Amount All Funds

Count=6 91,336,351

Realized Gains All Funds 152,031

# Shock Analysis Report

## Shock Analysis

The following shock analysis report illustrates market value change that can be expected given instantaneous interest rate changes.

## Strategy to Manage Risk

It is inherent in owning longer term fixed income securities that the market value will be more volatile given a change in interest rates. It is also inherent that the longer maturities historically have provided higher returns over interest rate cycles. The purpose of the shock analysis is to illustrate and manage the expected change in market value on the portfolio given a change in current interest rates.

## Change in Market Value

The total market value of the investment portfolios will fall by approximately \$12,836M given a 25 basis point instantaneous change in market yield and a parallel yield curve shift. The exposure is less than the established benchmark by approximately \$1.0MM and the variance is due to the shorter duration of the investment funds of 1.83 years versus 1.95 for the weighted benchmark duration.

## LGIP Market Value Change

The LGIP shock report is included and this analysis shows the NAV price change expected on the LGIP fund given changes in interest rates and overall portfolio size. The LGIP policy establishes for the NAV to remain between 99.85 and 100.15. The LGIP NAV as of quarter end was 100.00047 and the portfolio is reviewed and reported to S&P on a weekly basis.

## Market Price Change If Rates Rise by 25 basis points

<u>General Core Fund</u>	
25 Basis point change	(12,836,583)
<u>BPIP Tax Exempt</u>	
25 Basis point change	(976,266)
<u>BPIP Taxable</u>	
25 Basis point change	(1,554,869)
<u>Total NM Funds</u>	
25 Basis point change	(15,367,718)
<u>LGIP</u>	
25 Basis point change	
Current NAV*	1.00047
Potential Change	1.00018

\*This NAV is based on Market Value /Book Value and may differ from the NMSTO participant report.

# Shock Analysis

## Review of price sensitivity of investments to rate changes

### SHOCK ANALYSIS

Review of price sensitivity of the investment portfolio given an upward movement in rates.

**Assumptions:**

1. Assumes parallel yield curve shift      2. Assume point in time change      3. Represents market value change that is unrealized

STO FUNDS		RISK	Up 25 Basis Pts	Up 50 Basis Pts	Up 100 Basis Pts
Portfolio Name	Market Value	Duration - End	Market Change	Market Change	Market Change
General Fund Core	\$ 2,421,996,720	2.12	\$ (12,836,583)	\$ (25,673,165)	\$ (51,346,330)
Fund Benchmark		2.15	\$ (13,018,232)	\$ (26,036,465)	\$ (52,072,929)
Portfolio Name	Market Value	Duration - End	Market Change	Market Change	Market Change
BPIP Tax Exempt	\$ 470,489,861	0.83	\$ (976,266)	\$ (1,952,533)	\$ (3,905,066)
Fund Benchmark		1.43	\$ (1,682,001)	\$ (3,364,003)	\$ (6,728,005)
Portfolio Name	Market Value	Duration - End	Market Change	Market Change	Market Change
BPIP Taxable	\$ 467,629,776	1.33	\$ (1,554,869)	\$ (3,109,738)	\$ (6,219,476)
Fund Benchmark		1.43	\$ (1,671,776)	\$ (3,343,553)	\$ (6,687,106)
<b>Total STO Investment Funds</b>	<b>\$ 3,360,116,357</b>	<b>1.83</b>	<b>\$ (15,367,718)</b>	<b>\$ (30,735,436)</b>	<b>\$ (61,470,872)</b>
<b>Total Benchmark</b>		<b>1.95</b>	<b>\$ (16,372,010)</b>	<b>\$ (32,744,020)</b>	<b>\$ (65,488,040)</b>

\* Data Source: JP Morgan Custodial Reports

\* Data Source: JP Morgan Custodial Reports

**Assumptions:**

1. Assumes parallel yield curve shift
2. Assume point in time change
3. Represents market value change that is unrealized

# LGIP Sensitivity Analysis

<b>Weighted Average Maturity:</b>	<b>42</b>	<b>Date S&amp;P report 9/30/19</b>
<b>Participant Shares S&amp;P 6/29/19</b>	<b>880,220,172</b>	
<b>Market Value (NAV):</b>	<b>1.00047</b>	
<b>Total \$ Unrealized Loss:</b>		
<b>Total \$ Unrealized Gain:</b>	<b>\$411,255</b>	
<b>S&amp;P Report Market 9/30/19</b>	<b>\$880,631,426</b>	

<b>Basis Point Shift</b>						<b>Unrealized Gain (Loss)</b>
<b>100</b>	0.99924	0.99928	0.99932	0.99935	0.99938	\$ (601,602)
<b>50</b>	0.99988	0.99989	0.99989	0.99990	0.99990	\$ (95,174)
<b>25</b>	1.00020	1.00019	1.00018	1.00017	1.00016	\$ 158,040
<b>0</b>	<b>1.00052</b>	<b>1.00049</b>	<b>1.00047</b>	<b>1.00044</b>	<b>1.00042</b>	\$ 411,255
<b>-25</b>	1.00084	1.00079	1.00075	1.00072	1.00069	\$ 664,469
<b>-50</b>	1.00116	1.00110	1.00104	1.00099	1.00095	\$ 917,683
<b>-100</b>	1.00180	1.00170	1.00162	1.00154	1.00147	\$ 1,424,111

<b>Redemption/Inflow O/S Shares</b>	<b>-10%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>
	792,198,154	836,209,163	880,220,172	924,231,180	968,242,189

Source: S&P rating matrix

\* Provided by STO on S&P Report

Note: Market Value of LGIP differs on  
S&P report from JP Morgan report

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## 9. Quarterly Investment Review



## Quarterly Investment Review

### Market Summary

US Treasuries performed extremely well in 3Q19, as yields fell across all maturities. Investors absorbed two Federal Funds rate reductions of 25 basis points each, in late July and mid-September, as the Fed began easing for the first time in over ten years. The main theme for the quarter was the escalation of the US/China trade war and its negative effect on industrial manufacturing. Contractionary data, a below 50% reading, for the Institute for Supply Management (ISM) Index spooked markets, as it was evident that tariffs were taking their toll on economic growth. The difficulty with the UK coming to terms on some type of Brexit agreement, also favored US Treasuries. The Fed's preferred inflation indicator, the PCE Core Deflator, was mired below the target 2% rate.

US Treasury 30 year bonds hit an historical low, trading below a 2% yield, while the unemployment rate fell to 3.5%, a level not seen in 50 years, as the jobs market remained resilient. In August, the entire yield curve inverted with all maturities yielding less than the Federal Funds rate. We experienced a "pop" in repo levels in mid-September as the Fed needed to step in to ease a short term liquidity squeeze. They responded with massive overnight and term repo operations and have since embarked on a US Treasury bill purchase plan, \$60 billion per month, through 2Q20.

It was quite a lucrative quarter for the STO portfolios as the decline in interest rates propelled earnings to a lofty \$37.8 million, bolstered by a positive unrealized mark-to-market gain. Durations were as close to benchmarks as possible, considering cash flow restraints.

Sector yield spread advantages vs. US Treasuries tightened even further as new issuance was scarce in high grade corporate bonds as well as bullet agencies. Floating rate note spreads, and callable bonds, have gapped out, becoming very attractive when compared to fixed rate yields and bullet securities. Expectations for further short term interest rate cuts have led to price concessions to lure investors. The portfolios have been taking advantage of secondary corporate offerings when they become available and some direct issue commercial paper that tends to trade cheaper on supply needs. Opportunities to take advantage of yield spread narrowing provided some impetus for sales to capture gains.

Table 11 – Comparative Quarterly Interest Rates

<i>US Treasury Yields</i>			
<i>Maturity</i>	<i>06/30/19</i>	<i>9/30/2019</i>	<i>Change</i>
3-Month	2.09%	1.81%	-0.28%
6-Month	2.09%	1.81%	-0.28%
1-Year	1.93%	1.74%	-0.19%
2-Year	1.75%	1.62%	-0.13%
3-Year	1.71%	1.56%	-0.15%
5-Year	1.76%	1.54%	-0.22%
10-Year	2.00%	1.66%	-0.34%
30-Year	2.53%	2.11%	-0.42%

Source: Bloomberg LP

## Expectations for the Upcoming Quarter and Year

Since the end of 3Q19 sentiment toward risk assets has improved markedly with equity markets reaching record highs as US Treasuries have hit a bit of a bumpy road. The Fed reduced rates in late October by 25 basis points and indicated a pause to assess the results of their recent handiwork. Positive developments on the trade front with China and the delay of a Brexit resolution until January 2020, took some of the rate cut expectations out of the yield curve. Headlines surrounding trade negotiations have been responsible for most of the market volatility. It is difficult to anticipate the ultimate outcomes on this front so portfolio durations will remain as close to benchmarks as possible. With the Fed artificially steepening the yield curve, neutrality with regard to positioning maturities, will also be a focus.

## General Fund Investment Pool

The cash balances in the General Fund Investment Pool (GFIP) have declined by about \$700 million, vs. the end of 2Q19. The GF Core ended 3Q19 at 60% of the total pool in anticipation of another round of cash flows out of the GF Liquidity. The GF Liquidity continues to be a higher percentage of the total Pool, than our targeted 30%, as we need to fund a \$450 million transfer to the Tax Stabilization fund toward the end of 4Q19/beginning of 1Q20. The GF Core has been and will be close to the benchmark duration and will favor US Treasuries as reinvestment options in this tight spread environment. The occasional short secondary corporate offering and bullet agency maturities in five years are sought after to increase portfolio yields.

## Bond Proceeds Pools

The Bond Proceeds Pools ended 3Q19 with balances \$100 million lower than at the end of 2Q19 due to capital project withdrawals. The Tax Exempt Pool will receive tax receipts to meet the debt service payment due on March 1, 2020. The biennial cash inflow into this Pool has made it difficult to lengthen portfolio duration while providing adequate liquidity for monthly project withdrawals. As a result the duration will remain relatively shorter, ~60%, than the duration of the benchmark. The Taxable Pool should be receiving cash from the issuance of a sponge note as we approach the end of December 2019. The Pool has been able to get closer to the benchmark duration, ~95%, due to more frequent biannual cash inflows, and will continue to remain in that range.

## Local Government Investment Pool

The gross yield on the LGIP Pool was 2.13% at the end of 3Q19, lower by 31 basis points versus the previous, with assets higher by \$80 million. The Pool's weighted average maturity (WAM) lengthened to 42 days from 35 days over the past quarter. The WAM is currently 34 days as short term investments have absorbed another 25 basis point rate reduction in October, to a range of 1.50%-1.75%. The repo rates that had been higher than available term investments have now fallen to less attractive levels as the Fed has been adding liquidity through repo operations and US Treasury bill buying. The anticipation of a further interest rate reduction in December has been priced out of the yield curve, with the Fed indicating a potential pause in the easing pattern. The WAM will remain around 35 to 40 days with no impetus to change at this current time. Floating rate notes are very attractive vs. fixed rate options and will remain close to the maximum allowable percentage of the Pool.

## Severance Tax Bonding Fund

The Severance Tax Bonding Fund grew to \$214 million vs. \$18.5 million where it ended 2Q19. We will see generally increasing balances over the quarter as deposits are made on a monthly basis. Deposits have been ranging from \$50 to \$75 million per month. The Fund is being actively managed to maximize the return on short term investments that mature between three and six months. Maturities will be targeted to provide liquidity around December 31, 2019 to meet debt service payments and to fund sponge notes.

Vikki Hanges  
Chief Investment Officer



## 10. Portfolio Summary— General Fund Investment Pool

## Portfolio Summary – General Fund Investment Pool

### *Summary*

- The General Fund Investment Pool (Bank balances, Liquidity and Core Portfolios) closed the month of September at \$4.0 billion.

### *Portfolio Mix*

- At month end, 98% of the General Fund CORE portfolio was invested in fixed income securities and 2% in floating rate notes; 57% in US Government Securities; 33% in Government Related Securities (Municipal Bonds and Agency Securities), 9% in Corporate Securities and the balance 1% in cash and cash equivalents.
- 25% of the portfolio was invested in securities that mature in one year; 25% in securities that mature from 1-2 years; 40% in 2-4 years and 10% within 5 years.
- The General Fund Core portfolio held positions in 146 securities at the end of September.
- The Weighted Average Life of the CORE portion of the General Fund was 2.27 years. The Weighted Average duration was 2.12 years.
- The benchmark duration for the CORE portfolio was 2.10 years.
- The maximum security term for the CORE portfolio is 5 years.

### *Performance*

- For the last month, the General Fund outperformed its benchmark, returning (0.15)% vs. (0.16)%.
- For the last 3 months, the General Fund outperformed its benchmark, returning 0.78% vs. 0.72%.
- For the last 12 months, the General Fund underperformed its benchmark. The General Fund return was 4.70% vs. 4.98% for the benchmark.

### *Market Value and Investment Earnings*

- Unrealized gains/losses in the GF Portfolios at the end of September were \$33,056,878.
- Over the month, the unrealized value of the portfolio decreased \$8,378,046.
- Monthly net earnings for September on the General Fund Portfolios were \$6,796,035.
- Total monthly earnings including mark-to-market were \$(1,582,011).
- Year-to-date net earnings were \$21,819,539.
- Total year-to-date earnings including mark-to-market were \$26,317,213.
- Earnings on the General Fund are used to offset General Fund Spending.

### *Investment Highlights*

- The Core portfolio duration ended the month slightly longer vs. the benchmark in September.

**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
General Fund Liquidity(10933600)	1,514,324,513.07	1,515,536,590.61	100.00%	0.17	0.05	0.01	3.10	0.01	0.97	0.01	0.00	0.01	0.97		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	<b>1,516,324,513.07</b>	<b>1,515,536,590.61</b>	<b>100.13%</b>	<b>0.17</b>	<b>0.05</b>	<b>0.01</b>	<b>3.09</b>	<b>0.01</b>	<b>0.96</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>0.96</b>	<b>A1</b>	<b>A</b>
<b>Fixed Income</b>	<b>177,959,823.63</b>	<b>177,795,288.14</b>	<b>11.75%</b>	<b>0.10</b>	<b>0.40</b>	<b>0.06</b>	<b>21.74</b>	<b>0.06</b>	<b>2.01</b>	<b>0.06</b>	<b>0.00</b>	<b>0.06</b>	<b>2.01</b>	<b>A1</b>	<b>A-</b>
<b>Corporates</b>	<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>0.13%</b>	<b>0.00</b>	<b>2.16</b>	<b>0.03</b>	<b>99.83</b>	<b>0.02</b>	<b>1.98</b>	<b>0.02</b>	<b>0.00</b>	<b>0.03</b>	<b>1.98</b>	<b>NR</b>	<b>NR</b>
<b>Financial Institutions</b>	<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>0.13%</b>	<b>0.00</b>	<b>2.16</b>	<b>0.03</b>	<b>99.83</b>	<b>0.02</b>	<b>1.98</b>	<b>0.02</b>	<b>0.00</b>	<b>0.03</b>	<b>1.98</b>	<b>NR</b>	<b>NR</b>
<b>Government Related</b>	<b>175,959,823.63</b>	<b>175,795,288.14</b>	<b>11.62%</b>	<b>0.10</b>	<b>0.38</b>	<b>0.06</b>	<b>20.85</b>	<b>0.06</b>	<b>2.01</b>	<b>0.06</b>	<b>0.00</b>	<b>0.06</b>	<b>2.01</b>	<b>Aa3</b>	<b>A-</b>
<b>Agencies</b>	<b>175,959,823.63</b>	<b>175,795,288.14</b>	<b>11.62%</b>	<b>0.10</b>	<b>0.38</b>	<b>0.06</b>	<b>20.85</b>	<b>0.06</b>	<b>2.01</b>	<b>0.06</b>	<b>0.00</b>	<b>0.06</b>	<b>2.01</b>	<b>Aa3</b>	<b>A-</b>
<b>Cash And Cash Equivalent</b>	<b>1,338,364,689.44</b>	<b>1,337,741,302.47</b>	<b>88.38%</b>	<b>0.18</b>	<b>0.00</b>	<b>0.01</b>	<b>0.61</b>	<b>0.01</b>	<b>0.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.83</b>	<b>A2</b>	<b>A</b>
<b>Short Term Investment</b>	<b>1,338,364,689.44</b>	<b>1,337,741,302.47</b>	<b>88.38%</b>	<b>0.18</b>	<b>0.00</b>	<b>0.01</b>	<b>0.61</b>	<b>0.01</b>	<b>0.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.83</b>	<b>A2</b>	<b>A</b>
<b>Commercial Paper ( Interest Bearing)</b>	<b>24,911,712.50</b>	<b>24,863,256.94</b>	<b>1.65%</b>	<b>0.17</b>	<b>0.00</b>	<b>0.17</b>	<b>19.00</b>	<b>0.17</b>	<b>2.07</b>	<b>0.17</b>	<b>0.00</b>	<b>0.17</b>	<b>2.07</b>	<b>NR</b>	<b>NR</b>
<b>Bankers Acceptance Notes</b>	<b>8,483,121.18</b>	<b>8,403,383.31</b>	<b>0.56%</b>	<b>0.21</b>	<b>0.00</b>	<b>0.08</b>	<b>65.00</b>	<b>0.08</b>	<b>2.52</b>	<b>0.08</b>	<b>0.00</b>	<b>0.08</b>	<b>2.52</b>	<b>Aaa</b>	<b>AA+</b>
<b>Repurchase Agreements</b>	<b>711,481,807.17</b>	<b>711,387,943.19</b>	<b>46.98%</b>	<b>0.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>	<b>Aaa</b>	<b>AA+</b>
<b>Discounted Notes</b>	<b>5,799,091.31</b>	<b>5,787,244.83</b>	<b>0.38%</b>	<b>0.16</b>	<b>0.00</b>	<b>0.01</b>	<b>(34.80)</b>	<b>0.01</b>	<b>1.44</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>1.44</b>	<b>Agy</b>	<b>AAA</b>
<b>Miscellaneous</b>	<b>587,688,957.28</b>	<b>587,299,474.20</b>	<b>38.81%</b>	<b>0.18</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>1.69</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>1.69</b>	<b>Baa3</b>	<b>BB+</b>
<b>Cash And Pending</b>	<b>(2,000,000.00)</b>	<b>0.00</b>	<b>-0.13%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>Aaa</b>	<b>AAA</b>
<b>Unclassified</b>	<b>(2,000,000.00)</b>	<b>0.00</b>	<b>-0.13%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>Aaa</b>	<b>AAA</b>

\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.

\*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.

**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
<b>General Fund Core(10933700)</b>	2,421,996,719.70	2,366,036,319.41	100.00%	(0.16)	2.06	2.17	7.64	2.14	1.73	2.12	0.05	2.27	1.75		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	2,416,973,069.70	2,366,036,319.41	99.79%	(0.16)	2.06	2.17	7.66	2.14	1.73	2.12	0.05	2.28	1.75	Agy	AA+
<b>Fixed Income</b>	2,360,715,379.18	2,310,167,254.16	97.47%	(0.17)	2.09	2.21	7.38	2.19	1.74	2.17	0.05	2.33	1.75	Agy	AA+
<b>Corporates</b>	207,974,757.37	205,267,990.40	8.59%	(0.05)	2.48	2.07	27.59	2.12	1.96	2.06	0.05	2.31	1.99	Aa3	AA-
Industrial	150,332,802.51	148,401,590.40	6.21%	(0.05)	2.46	2.24	23.96	2.30	1.91	2.23	0.07	2.39	1.92	Aa2	AA
Financial Institutions	57,641,954.86	56,866,400.00	2.38%	(0.07)	2.54	1.65	37.05	1.64	2.08	1.61	0.02	2.11	2.18	Aa3	AA-
<b>Government Related</b>	782,513,073.21	761,717,433.74	32.31%	(0.24)	2.15	2.53	9.01	2.44	1.78	2.39	0.03	2.67	1.82	Agy	AA+
Agencies	781,447,408.58	760,620,922.74	32.26%	(0.24)	2.15	2.53	8.99	2.44	1.78	2.39	0.03	2.67	1.82	Agy	AA+
Local Authorities	1,065,664.63	1,096,511.00	0.04%	0.19	3.94	0.69	18.90	0.70	2.05	0.69	0.01	0.71	2.05	Aa2	AAA
<b>Treasuries</b>	1,370,227,548.60	1,343,181,830.02	56.57%	(0.14)	2.00	2.06	3.39	2.06	1.68	2.06	0.07	2.13	1.68	Govt	AA+
Treasuries	1,370,227,548.60	1,343,181,830.02	56.57%	(0.14)	2.00	2.06	3.39	2.06	1.68	2.06	0.07	2.13	1.68	Govt	AA+
<b>Cash And Cash Equivalent</b>	56,257,690.52	55,869,065.25	2.32%	0.18	0.74	0.32	19.10	0.32	1.49	0.32	0.00	0.33	1.50	Aaa	AA+
<b>Short Term Investment</b>	56,257,690.52	55,869,065.25	2.32%	0.18	0.74	0.32	19.10	0.32	1.49	0.32	0.00	0.33	1.50	Aaa	AA+
Treasury Bills	19,852,000.00	19,498,994.40	0.82%	0.16	0.00	0.40	(5.49)	0.41	1.82	0.41	0.00	0.41	1.82	Govt	AAA
Certificate Of Deposit	16,034,407.12	16,000,000.00	0.66%	0.22	2.58	0.44	73.55	0.43	2.58	0.43	0.00	0.44	2.58	Aaa	AA+
Repurchase Agreements	18,342,283.40	18,341,070.85	0.76%	0.20	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AA+
Miscellaneous	2,029,000.00	2,029,000.00	0.08%	0.00	0.00	1.55	2.04	1.55	2.69	1.55	0.04	1.56	2.90	NR	NR
<b>Cash And Pending</b>	5,023,650.00	0.00	0.21%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA
<b>Unclassified</b>	5,023,650.00	0.00	0.21%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA

As of: 31-Aug-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09336 STATEOFNM STO-GEN FD LIQ [FINAL]  
Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD Rate: 1.0000 Base: USD Nav Value: 1,414,342,671.89</i>											
89499LC10	BANK OF THE WEST MONTHLY VARIABLE 12/31/2049	322,400,784.20	322,400,784.20	100.0000	322,400,784.20	322,400,784.20	322,400,784.20	0.00	0.00	322,400,784.20	22.80%
AAI9989O2	BBVA COMPASS BANK	212,745,699.38	212,745,699.38	1.0000	212,745,699.38	212,745,699.38	212,745,699.38	417,914.15	0.00	213,163,613.53	15.07%
99KN90029	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90028	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619B 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90026	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619C 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90027	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619D 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90025	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619E 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90024	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619F 2.140% 09/03/2019	50,698,548.00	50,698,548.00	100.0000	50,698,548.00	50,698,548.00	50,698,548.00	15,068.74	0.00	50,713,616.74	3.59%
99KN90023	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619G 2.140% 09/03/2019	20,808,712.00	20,808,712.00	100.0000	20,808,712.00	20,808,712.00	20,808,712.00	6,184.81	0.00	20,814,896.81	1.47%
99KN90020	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619H 2.140% 09/03/2019	49,044,885.88	49,044,885.88	100.0000	49,044,885.88	49,044,885.88	49,044,885.88	14,577.23	0.00	49,059,463.11	3.47%
99KN90019	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619I 2.140% 09/03/2019	49,044,885.88	49,044,885.88	100.0000	49,044,885.88	49,044,885.88	49,044,885.88	14,577.23	0.00	49,059,463.11	3.47%
99KN90021	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619J 2.140% 09/03/2019	49,044,885.88	49,044,885.88	100.0000	49,044,885.88	49,044,885.88	49,044,885.88	14,577.23	0.00	49,059,463.11	3.47%
99KN90022	REPO BANK OF NEW YORK (HSBCSI) HSBCVH082619K 2.140% 09/03/2019	27,865,342.36	27,865,342.36	100.0000	27,865,342.36	27,865,342.36	27,865,342.36	8,282.20	0.00	27,873,624.56	1.97%
99KO20039	REPO BANK OF NEW YORK (NWMSI) 083019K 2.140% 09/03/2019	50,530,000.00	50,530,000.00	100.0000	50,530,000.00	50,530,000.00	50,530,000.00	6,007.46	0.00	50,536,007.46	3.57%
99KO20038	REPO BANK OF NEW YORK (NWMSI) 083019L 2.140% 09/03/2019	50,530,000.00	50,530,000.00	100.0000	50,530,000.00	50,530,000.00	50,530,000.00	6,007.46	0.00	50,536,007.46	3.57%
99KO20035	REPO BANK OF NEW YORK (NWMSI) 083019M 2.140% 09/03/2019	50,530,000.00	50,530,000.00	100.0000	50,530,000.00	50,530,000.00	50,530,000.00	6,007.46	0.00	50,536,007.46	3.57%
99KO20036	REPO BANK OF NEW YORK (NWMSI) 083019N 2.140% 09/03/2019	50,530,000.00	50,530,000.00	100.0000	50,530,000.00	50,530,000.00	50,530,000.00	6,007.46	0.00	50,536,007.46	3.57%
99KO20037	REPO BANK OF NEW YORK (NWMSI) 083019O 2.140% 09/03/2019	35,418,111.10	35,418,111.10	100.0000	35,418,111.10	35,418,111.10	35,418,111.10	4,210.82	0.00	35,422,321.92	2.50%
AAT9939H6	WASHINGTON FEDERAL	51,061,683.85	51,061,683.85	1.0000	51,061,683.85	51,061,683.85	51,061,683.85	0.00	0.00	51,061,683.85	3.61%
<b>Total Cash Equivalents</b>		<b>1,323,746,278.53</b>	<b>1,323,746,278.53</b>		<b>1,323,746,278.53</b>	<b>1,323,746,278.53</b>	<b>1,323,746,278.53</b>	<b>594,765.95</b>	<b>0.00</b>	<b>1,324,341,044.48</b>	<b>93.64%</b>
AAY9913C1	LOVINGTON MUNICIPAL SCHOOLS.GENERAL OBLIGATION 0.000% 09/12/2019	750,000.00	750,000.00	100.0000	750,000.00	750,000.00	750,000.00	0.00	0.00	750,000.00	0.05%
76116FAA5	RESOLUTION FUNDING CORP BOND ZERO CPN 15/OCT/2019 SEMI-ANN. 0.000% 10/15/2019	51,004,000.00	50,872,509.85	99.7520	50,877,510.08	50,872,509.85	50,877,510.08	0.00	5,000.23	50,877,510.08	3.60%
<b>Total Fixed Income</b>		<b>51,754,000.00</b>	<b>51,622,509.85</b>		<b>51,627,510.08</b>	<b>51,622,509.85</b>	<b>51,627,510.08</b>	<b>0.00</b>	<b>5,000.23</b>	<b>51,627,510.08</b>	<b>3.65%</b>
313384MN6	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 10/04/2019	5,800,000.00	5,789,674.39	99.8252	5,789,861.25	5,789,674.39	5,789,861.25	0.00	186.86	5,789,861.25	0.41%
89233HZ23	TOYOTA MOTOR CREDIT CORPORATE COMMERCIAL PAPER 0.000% 12/02/2019	25,000,000.00	24,870,233.63	99.4744	24,868,595.75	24,870,233.63	24,868,595.75	0.00	(1,637.88)	24,868,595.75	1.76%
9033A1XV5	US BANK N.A. BANKERS' ACCEPTANCE DISCOUNT DTD 0.000% 10/29/2019	8,500,000.00	8,465,660.33	99.5960	8,465,660.33	8,465,660.33	8,465,660.33	0.00	0.00	8,465,660.33	0.60%
<b>Total Short Term Investments</b>		<b>39,300,000.00</b>	<b>39,125,568.35</b>		<b>39,124,117.33</b>	<b>39,125,568.35</b>	<b>39,124,117.33</b>	<b>0.00</b>	<b>(1,451.02)</b>	<b>39,124,117.33</b>	<b>2.77%</b>
	Net Capital Payable	0.00	(750,000.00)	0.0000	(750,000.00)	(750,000.00)	(750,000.00)	0.00	0.00	(750,000.00)	(0.05%)
<b>Total Unsettled Transactions</b>		<b>0.00</b>	<b>(750,000.00)</b>		<b>(750,000.00)</b>	<b>(750,000.00)</b>	<b>(750,000.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>(750,000.00)</b>	<b>(0.05%)</b>
<b>Total USD</b>		<b>1,414,800,278.53</b>	<b>1,413,744,356.73</b>		<b>1,413,747,905.94</b>	<b>1,413,744,356.73</b>	<b>1,413,747,905.94</b>	<b>594,765.95</b>	<b>3,549.21</b>	<b>1,414,342,671.89</b>	<b>100.00%</b>
<b>Total P 09336</b>		<b>1,414,800,278.53</b>				<b>1,413,744,356.73</b>	<b>1,413,747,905.94</b>	<b>594,765.95</b>	<b>3,549.21</b>	<b>1,414,342,671.89</b>	<b>100.00%</b>







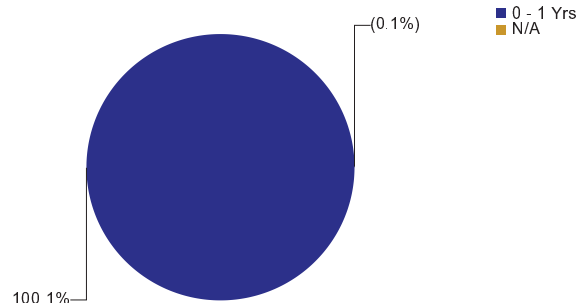




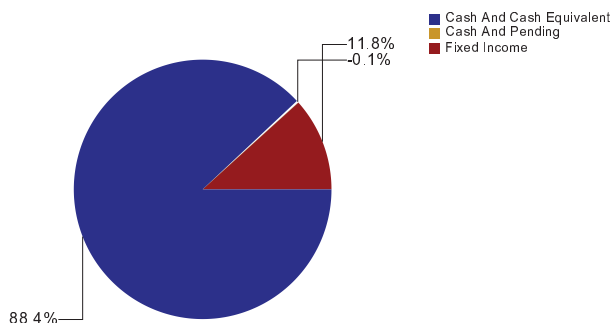


Portfolio Characteristics Duration Mix

Total Net Assets (Millions)	1,514.3
Weighted Average Life (Years)	0.01
Weighted Avg. Effective Duration (Years)	0.01
Weighted Average Coupon (%)	0.05
Weighted Average Current Yield (%)	0.97
Weighted Average Yield to Maturity (%)	0.97
Weighted Average Rating	A
Number of Holdings	27

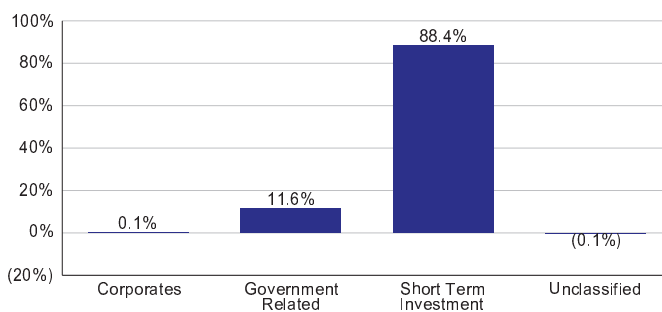
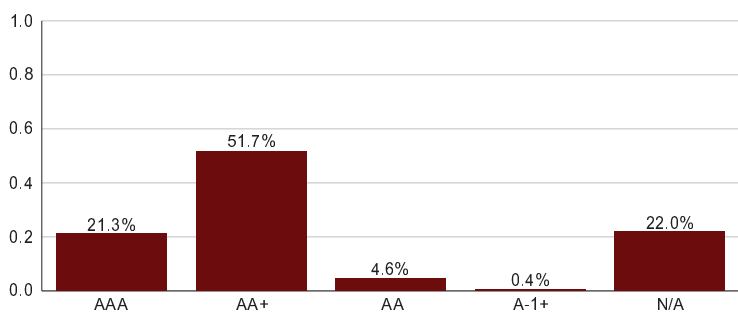


Asset Mix Top Ten Portfolio Holdings



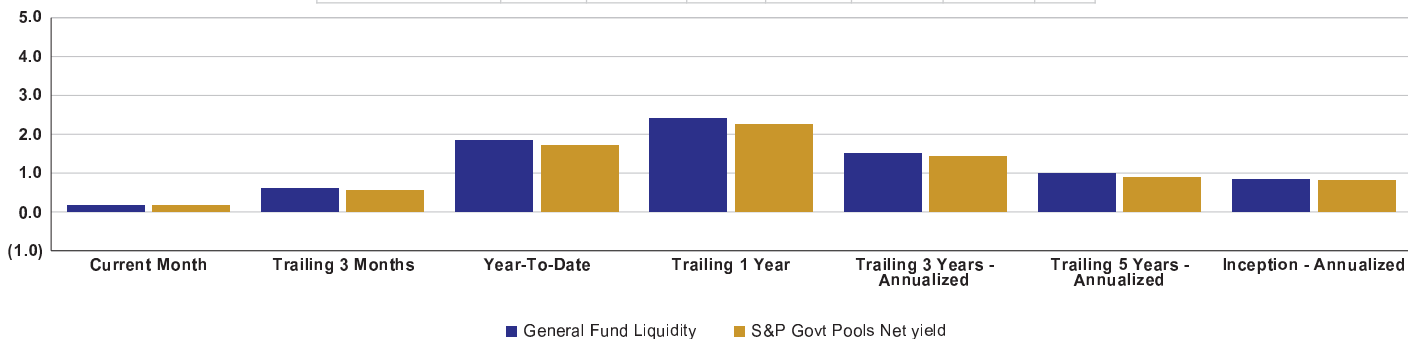
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89499LC10	BANK OF THE WEST	21.30%	0.00	1/10/2019
76116FAA5	RESOLUTION FUNDING CORP STRIP PRINC P	4.68%	0.00	15/10/2019
313586RCS	FEDERAL NATIONAL MORTGAGE ASSOC 0% NTS 09/OCT/2019	4.61%	0.00	9/10/2019
99KR30036	REP O BANK OF NEW YORK (NWMSI) 0930 19L	3.43%	0.00	1/10/2019
99KR30037	REP O BANK OF NEW YORK (NWMSI) 0930 19K	3.43%	0.00	1/10/2019
AAT9939H6	WASHINGTON FEDERAL	3.37%	0.00	1/10/2019
99KR30038	REP O BANK OF NEW YORK (NWMSI) 0930 19J	3.30%	0.00	1/10/2019
99KR30035	REP O BANK OF NEW YORK (NWMSI) 0930 19M	3.30%	0.00	1/10/2019
99KQ90056	REP O BANK OF NEW YORK (HSBCSI) HSVH0926 19G	3.29%	0.00	1/10/2019
99KQ90057	REP O BANK OF NEW YORK (HSBCSI) HSVH0926 19F	3.29%	0.00	1/10/2019
99KQ90058	REP O BANK OF NEW YORK (HSBCSI) HSVH0926 19E	3.29%	0.00	1/10/2019
AAI9989OZ	BBVA COMPASS BANK	14.08%	0.00	1/10/2019

Quality/Rating Weightings Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
General Fund Liquidity	0.18	0.61	1.84	2.42	1.52	0.99	0.83
S&P Gov. Pools Net yield	0.17	0.55	1.70	2.25	1.42	0.90	0.81
Excess	0.01	0.06	0.13	0.17	0.10	0.09	0.02

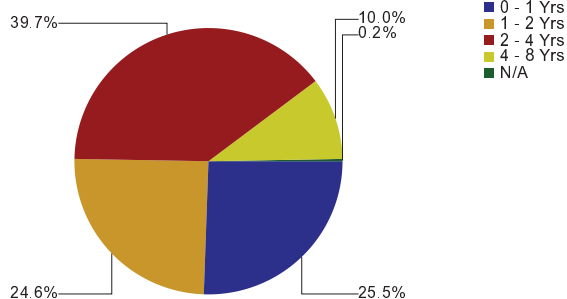


\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.  
 \*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.

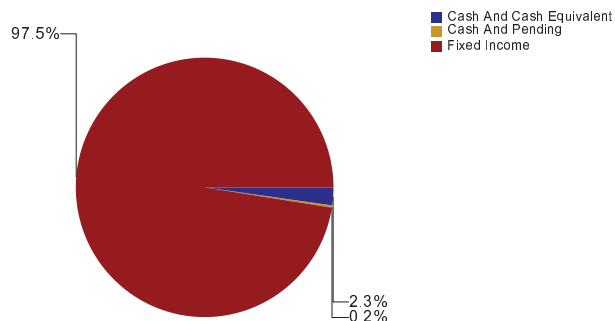
Portfolio Characteristics

Total Net Assets (Millions)	2,422.0
Weighted Average Life (Years)	2.27
Weighted Avg. Effective Duration (Years)	2.12
Weighted Average Coupon (%)	2.06
Weighted Average Current Yield (%)	1.73
Weighted Average Yield to Maturity (%)	1.75
Weighted Average Rating	AA+
Number of Holdings	139

Duration Mix



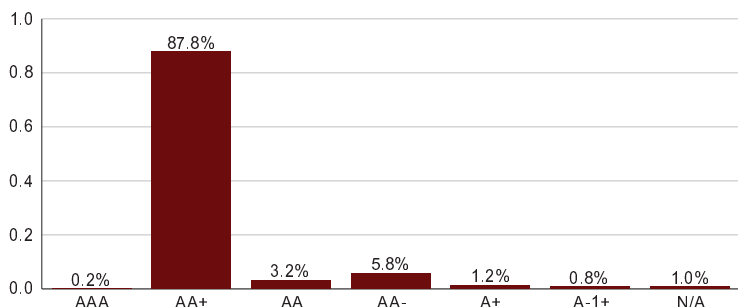
Asset Mix



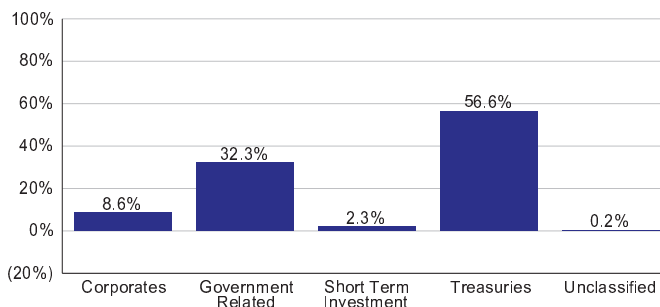
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313586RCS	FEDERAL NATIONAL MORTGAGE ASSOC 0% NTS 09/OCT/2019	3.13%	0.00	9/10/2019
912828L24	TWEE WHEN ISSUED UNITED STATES 7 YEAR 1.75% 2022-08-31	2.93%	1.88	31/8/2022
912828L65	TWEE WHEN ISSUED UNITED STATES 5 YEAR 1.375% 2020-09-30	2.60%	1.38	30/9/2020
9128283Q1	TWEE WHEN ISSUED UNITED STATES 3 YEAR 2.00% 2021-01-15	2.08%	2.00	15/1/2021
3130A0F70	FEDERAL HOME LOAN BANKS BOND FIXED 3.375%	2.03%	3.38	8/12/2023
912828XY1	TWEE WHEN ISSUED UNITED STATES 2 YEAR 2.500% 2020-06-30	1.88%	2.50	30/6/2020
912828U85	TWEE WHEN ISSUED UNITED STATES 5 YEAR 1.75% 2021-11-30	1.88%	1.75	30/11/2021
912828W00	UNITED STATES OF AMERICA 1.750% 2020-10-31	1.71%	1.75	31/10/2020
313378WG2	FEDERAL HOME LOAN BANKS BOND FIXED 2.5%	1.46%	2.50	11/3/2022
3130A7CV5	FEDERAL HOME LOAN BANKS BOND FIXED 1.375%	1.40%	1.38	18/2/2021

Quality/Rating Weightings

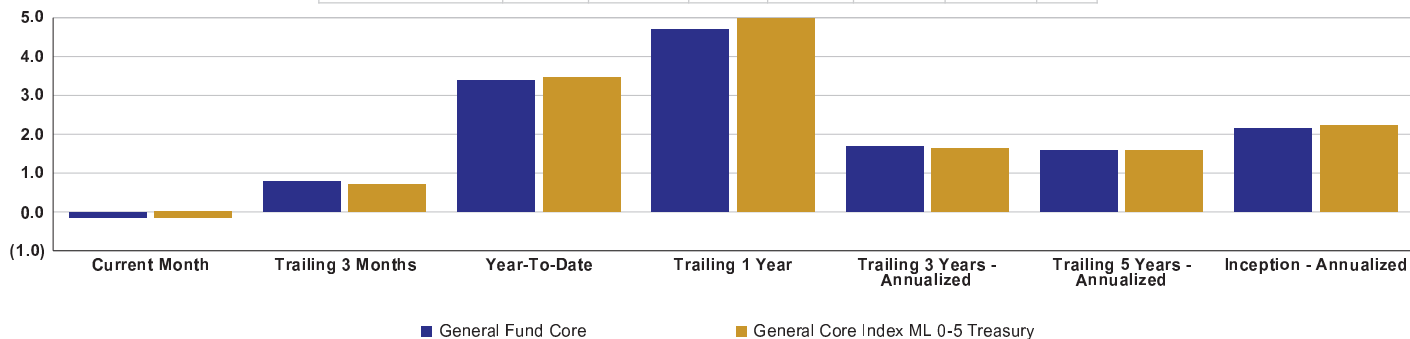


Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
General Fund Core	(0.15)	0.78	3.39	4.70	1.69	1.58	2.14
General Core Index ML 0-5 Treasury	(0.16)	0.72	3.45	4.98	1.62	1.58	2.23
Excess	0.00	0.06	(0.06)	(0.28)	0.07	0.00	(0.09)



\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.  
\*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.



## 11. Portfolio Summary— Local Government Investment Pool (LGIP)



## **Portfolio Summary – Local Government Investment Pool (LGIP)**

### *Summary*

- Ending September market value for the LGIP was \$881 mil versus August's reported closing value of \$892 mil.
- The LGIP maintains a AAAM rating by Standard & Poor's.

### *Portfolio Mix*

- At the end of September the portfolio was invested as follows: 61% in US government agencies (45% fixed rate; 16% floating rate), 23% in Treasuries, 12% in repurchase agreements, and 4% in collateralized demand deposit accounts with qualified banking institutions.
- At month-end, the LGIP held positions in 74 securities.

### *Investment Earnings*

- During September, the fund earned \$1,545,538
- For FY2020, the fund has earned \$4,863,199
- LGIP earnings are retained by participants after a management fee of 0.05% is paid to the General Fund.

### *Performance*

- Gross yield on the LGIP was 2.13% at the end of September.
- Net yield to participants was 2.08%.

### *Investment Highlights*

- For the LGIP, the WAM(R) of 42 days and WAM (F) of 106 days were within their maximums of 60 and 120 days respectively.
- The LGIP purchased \$169 mil in US Treasuries and Agencies during the month.

### *Investment Strategy*

- LGIP WAMs are currently 36 and 105 days for WAM(R) and WAM(F), respectively.
- LGIP will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of prudent investments.

### *Net Asset Value/Share*

At month-end, the Net Asset Value per Share of the Local Government Investment Pool was \$1.0000000.

**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
<b>Local Government Investment Pool(10933300)</b>	881,772,396.41	889,485,405.58	100.00%	0.17	0.74	0.25	(2.02)	0.22	1.63	0.10	(0.06)	0.29	1.63		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	891,760,246.41	889,485,405.58	101.13%	0.16	0.73	0.24	(2.00)	0.22	1.61	0.10	(0.06)	0.29	1.61	Aaa	AA
<b>Fixed Income</b>	342,376,520.27	341,064,930.15	38.83%	0.15	1.89	0.52	8.90	0.46	2.01	0.13	(0.15)	0.64	2.01	Aa2	A+
<b>Government Related</b>	307,292,970.63	306,081,922.46	34.85%	0.15	1.88	0.57	8.08	0.51	2.00	0.15	(0.17)	0.58	2.00	Aa2	A+
<b>Agencies</b>	307,292,970.63	306,081,922.46	34.85%	0.15	1.88	0.57	8.08	0.51	2.00	0.15	(0.17)	0.58	2.00	Aa2	A+
<b>Treasuries</b>	35,083,549.64	34,983,007.69	3.98%	0.17	2.00	0.08	16.07	0.01	2.05	0.01	0.00	1.12	2.05	Govt	AA+
<b>Treasuries</b>	35,083,549.64	34,983,007.69	3.98%	0.17	2.00	0.08	16.07	0.01	2.05	0.01	0.00	1.12	2.05	Govt	AA+
<b>Cash And Cash Equivalent</b>	549,383,726.14	548,420,475.43	62.30%	0.17	0.00	0.07	(8.79)	0.07	1.37	0.07	0.00	0.07	1.37	Aaa	AA+
<b>Short Term Investment</b>	549,383,726.14	548,420,475.43	62.30%	0.17	0.00	0.07	(8.79)	0.07	1.37	0.07	0.00	0.07	1.37	Aaa	AA+
<b>Treasury Bills</b>	165,810,752.54	165,520,785.65	18.80%	0.18	0.00	0.13	(10.49)	0.13	1.67	0.13	0.00	0.13	1.67	Govt	AAA
<b>Repurchase Agreements</b>	103,018,347.23	103,000,000.00	11.68%	0.18	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AA+
<b>STIF</b>	2,208,159.20	2,208,159.20	0.25%	0.01	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AAA
<b>Discounted Notes</b>	239,675,577.95	239,055,861.65	27.18%	0.17	0.00	0.07	(12.89)	0.07	1.66	0.07	0.00	0.07	1.66	Agy	AAA
<b>Miscellaneous</b>	38,670,889.22	38,635,668.93	4.39%	0.18	0.00	0.01	0.00	0.01	1.85	0.00	0.00	0.01	1.85	Ba1	BB
<b>Cash And Pending</b>	(9,987,850.00)	0.00	-1.13%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA
<b>Unclassified</b>	(9,987,850.00)	0.00	-1.13%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Aaa	AAA

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09333 STATEOFNM STO-LGIP [FINAL]

Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<b>Currency: USD</b>		<b>Rate: 1.0000</b>	<b>Base: USD</b>	<b>Nav Value: 881,772,396.41</b>							
89499LC10	BANK OF THE WEST MONTHLY VARIABLE 12/31/2049	19,359,643.58	19,359,643.58	100.0000	19,359,643.58	19,359,643.58	19,359,643.58	0.00	0.00	19,359,643.58	2.20%
AAI9989O2	BBVA COMPASS BANK	19,276,025.34	19,276,025.35	1.0000	19,276,025.34	19,276,025.35	19,276,025.34	35,220.30	(0.01)	19,311,245.64	2.19%
99KR00028	REPO BANK OF NEW YORK (HSBCSI) HSBC092719 2.000% 10/04/2019	25,000,000.00	25,000,000.00	100.0000	25,000,000.00	25,000,000.00	25,000,000.00	5,555.56	0.00	25,005,555.56	2.84%
99KR30031	REPO BANK OF NEW YORK (HSBCSI) HSBC093019 2.250% 10/01/2019	50,561,904.95	50,561,904.95	100.0000	50,561,904.95	50,561,904.95	50,561,904.95	3,160.12	0.00	50,565,065.07	5.73%
99KR30030	REPO BANK OF NEW YORK (HSBCSI) HSBC093019B 2.250% 10/01/2019	2,438,095.05	2,438,095.05	100.0000	2,438,095.05	2,438,095.05	2,438,095.05	152.38	0.00	2,438,247.43	0.28%
99KQ70032	REPO BANK OF NEW YORK (RBCNYBR) RBC092419 1.950% 10/01/2019	25,000,000.00	25,000,000.00	100.0000	25,000,000.00	25,000,000.00	25,000,000.00	9,479.17	0.00	25,009,479.17	2.84%
894993C02	WELLS FARGO CHECKING 0.15% 31/DEC/2049 MONTHLY VARIABLE 12/31/2049	2,208,159.20	2,208,159.20	100.0000	2,208,159.20	2,208,159.20	2,208,159.20	0.00	0.00	2,208,159.20	0.25%
<b>Total Cash Equivalents</b>		<b>143,843,828.12</b>	<b>143,843,828.13</b>		<b>143,843,828.12</b>	<b>143,843,828.13</b>	<b>143,843,828.12</b>	<b>53,567.53</b>	<b>(0.01)</b>	<b>143,897,395.65</b>	<b>16.32%</b>
3133EH4P5	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 26/DEC/2019 USD 1000	10,000,000.00	9,999,880.37	99.9870	9,998,700.00	9,999,880.37	9,998,700.00	2,687.50	(1,180.37)	10,001,387.50	1.13%
3133EHVR1	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND MONTHLY FLOATING 08/24/2020	16,805,000.00	16,805,939.73	99.9250	16,792,396.25	16,805,939.73	16,792,396.25	6,687.22	(13,543.48)	16,799,083.47	1.91%
3133EJEH8	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 28/FEB/2020 USD 1000	5,000,000.00	4,999,895.71	99.9970	4,999,850.00	4,999,895.71	4,999,850.00	10,255.56	(45.71)	5,010,105.56	0.57%
3133EJHP7	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 26/MAR/2020 USD 1000	5,000,000.00	5,000,000.00	100.0380	5,001,900.00	5,000,000.00	5,001,900.00	1,458.33	1,900.00	5,003,358.33	0.57%
3133EJRK7	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 11/DEC/2019 USD 1000	10,000,000.00	10,001,363.25	100.0410	10,004,100.00	10,001,363.25	10,004,100.00	12,236.12	2,736.75	10,016,336.12	1.14%
3133EJXB0	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 17/AUG/2020 USD 1000	10,000,000.00	9,999,116.42	99.9670	9,996,700.00	9,999,116.42	9,996,700.00	24,777.96	(2,416.42)	10,021,477.96	1.14%
3133EKF76	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND MONTHLY FLOATING 02/26/2020	10,000,000.00	10,000,000.00	99.9920	9,999,200.00	10,000,000.00	9,999,200.00	2,841.50	(800.00)	10,002,041.50	1.13%
3133EKGX8	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND MONTHLY FLOATING 04/16/2021	10,000,000.00	10,000,000.00	99.9220	9,992,200.00	10,000,000.00	9,992,200.00	8,635.41	(7,800.00)	10,000,835.41	1.13%
3133EKHC3	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND VARIABLE 15/JAN/2021 USD 1000	8,000,000.00	8,000,000.00	100.0850	8,006,800.00	8,000,000.00	8,006,800.00	40,297.78	6,800.00	8,047,097.78	0.91%
3133EKNT9	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND MONTHLY FLOATING 06/03/2021	10,000,000.00	10,000,000.00	99.8910	9,989,100.00	10,000,000.00	9,989,100.00	16,558.89	(10,900.00)	10,005,658.89	1.13%
3133EKR73	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND QUARTERLY FLOATING 09/23/2021	10,000,000.00	10,000,000.00	99.9080	9,990,800.00	10,000,000.00	9,990,800.00	4,797.51	(9,200.00)	9,995,597.51	1.13%
3133EEW55	FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED SEMI-ANN. 1.800% 06/15/2020	1,250,000.00	1,246,953.68	99.9870	1,249,837.50	1,246,953.68	1,249,837.50	6,625.00	2,883.82	1,256,462.50	0.14%
3133EGBK0	FEDERAL FARM CREDIT BANKS FUNDING CORP CALLABLE SEMI-ANN. 1.300% 11/25/2019	2,500,000.00	2,496,548.19	99.9200	2,498,000.00	2,496,548.19	2,498,000.00	11,375.00	1,451.81	2,509,375.00	0.28%
3133EGBL8	FEDERAL FARM CREDIT BANKS FUNDING CORP CALLABLE SEMI-ANN. 1.370% 05/19/2020	1,050,000.00	1,045,172.38	99.7160	1,047,018.00	1,045,172.38	1,047,018.00	5,274.50	1,845.62	1,052,292.50	0.12%
3133EHFN8	FEDERAL FARM CREDIT BANKS FUNDING CORP CALLABLE SEMI-ANN. 1.690% 04/13/2020	2,500,000.00	2,495,178.06	99.9270	2,498,175.00	2,495,178.06	2,498,175.00	19,716.67	2,996.94	2,517,891.67	0.29%
3133813Y9	FEDERAL HOME LOAN BANKS BOND FIXED 1.38% SEMI-ANN. 1.380% 10/22/2019	1,000,000.00	999,221.08	99.9730	999,730.00	999,221.08	999,730.00	6,095.00	508.92	1,005,825.00	0.11%
3130ABZV1	FEDERAL HOME LOAN BANKS BOND FIXED 1.455% SEMI-ANN. 1.455% 12/30/2019	10,000,000.00	9,987,850.00	99.8580	9,985,800.00	9,987,850.00	9,985,800.00	0.00	(2,050.00)	9,985,800.00	1.13%
3130AGAR6	FEDERAL HOME LOAN BANKS BOND FIXED 2.45% 11/OCT/2019 USD 5000	14,570,000.00	14,569,917.64	100.0170	14,572,476.90	14,569,917.64	14,572,476.90	168,566.80	2,559.26	14,741,043.70	1.67%
3130AFAF4	FEDERAL HOME LOAN BANKS BOND FIXED 2.76% SEMI-ANN. 2.760% 01/30/2020	6,970,000.00	6,988,344.54	100.2810	6,989,585.70	6,988,344.54	6,989,585.70	32,596.37	1,241.16	7,022,182.07	0.80%
3133XVRK9	FEDERAL HOME LOAN BANKS BOND FIXED 4.125% SEMI-ANN. 4.125% 12/13/2019	1,000,000.00	1,003,017.18	100.4450	1,004,450.00	1,003,017.18	1,004,450.00	12,375.00	1,432.82	1,016,825.00	0.12%
3130AGA70	FEDERAL HOME LOAN BANKS BOND VARIABLE 01/OCT/2020 USD 5000	4,000,000.00	4,000,000.00	100.0260	4,001,040.00	4,000,000.00	4,001,040.00	24,193.33	1,040.00	4,025,233.33	0.46%
3130AFHZ3	FEDERAL HOME LOAN BANKS BOND VARIABLE 03/DEC/2019 QUARTERLY FLOATING 12/03/2019	5,000,000.00	4,999,324.62	99.9830	4,999,150.00	4,999,324.62	4,999,150.00	7,396.66	(174.62)	5,006,546.66	0.57%

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09333 STATEOFNM STO-LGIP [FINAL]

Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD</i>		<i>Rate: 1.0000</i>		<i>Base: USD</i>		<i>Nav Value: 881,772,396.41</i>					
3130AGAF2	FEDERAL HOME LOAN BANKS BOND VARIABLE 09/OCT/2019 USD 5000	9,000,000.00	9,000,000.00	100.0000	9,000,000.00	9,000,000.00	9,000,000.00	47,547.50	0.00	9,047,547.50	1.03%
3130AG5G6	FEDERAL HOME LOAN BANKS BOND VARIABLE 27/MAR/2020 USD 5000	10,000,000.00	10,000,000.00	100.0050	10,000,500.00	10,000,000.00	10,000,500.00	2,102.78	500.00	10,002,602.78	1.13%
3130AH2K8	FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.05% SEMI-ANN. 2.050% 09/10/2020	10,000,000.00	10,000,000.00	100.0020	10,000,200.00	10,000,000.00	10,000,200.00	11,958.33	200.00	10,012,158.33	1.14%
3130AGV51	FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.125% SEMI-ANN. 2.125% 08/06/2020	10,000,000.00	10,000,000.00	100.0010	10,000,100.00	10,000,000.00	10,000,100.00	32,465.28	100.00	10,032,565.28	1.14%
3130AGTQ8	FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.15% SEMI-ANN. 2.150% 07/30/2020	10,000,000.00	10,000,000.00	99.9680	9,996,800.00	10,000,000.00	9,996,800.00	36,430.56	(3,200.00)	10,033,230.56	1.14%
3130AGT70	FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.2% SEMI-ANN. 2.200% 07/29/2020	10,000,000.00	10,000,000.00	99.9580	9,995,800.00	10,000,000.00	9,995,800.00	37,888.89	(4,200.00)	10,033,688.89	1.14%
3130A96W6	FEDERAL HOME LOAN BANKS CALLABLE BOND STEP CPN SEMI-ANN. FLOATING 03/13/2020	4,000,000.00	3,983,572.92	99.8530	3,994,120.00	3,983,572.92	3,994,120.00	3,000.00	10,547.08	3,997,120.00	0.45%
3134G8XQ7	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM SEMI-ANN. 1.250% 10/28/2019	2,000,000.00	1,998,625.81	99.9430	1,998,860.00	1,998,625.81	1,998,860.00	10,625.00	234.19	2,009,485.00	0.23%
3134GBET5	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES SEMI-ANN. 1.800% 04/13/2020	11,000,000.00	10,967,432.70	100.0000	11,000,000.00	10,967,432.70	11,000,000.00	92,400.00	32,567.30	11,092,400.00	1.26%
3134GTZS5	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES FIXED 2.3% 09/JUL/2020 USD 1000	3,830,000.00	3,830,000.00	100.0040	3,830,153.20	3,830,000.00	3,830,153.20	20,064.94	153.20	3,850,218.14	0.44%
3134GT6K4	FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE VARIABLE 10/SEP/2020 USD 1000	10,000,000.00	10,000,000.00	100.0090	10,000,900.00	10,000,000.00	10,000,900.00	13,088.89	900.00	10,013,988.89	1.14%
3137EADM8	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.25% SEMI-ANN. 1.250% 10/02/2019	27,015,000.00	27,014,320.22	99.9970	27,014,189.55	27,014,320.22	27,014,189.55	167,905.73	(130.67)	27,182,095.28	3.08%
3137EADR7	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.375% SEMI-ANN. 1.375% 05/01/2020	1,000,000.00	995,864.27	99.7060	997,060.00	995,864.27	997,060.00	5,729.17	1,195.73	1,002,789.17	0.11%
313586RC5	FEDERAL NATIONAL MORTGAGE ASSOCIATION BOND ZERO SEMI-ANN. 0.000% 10/09/2019	16,195,000.00	16,186,726.78	99.9480	16,186,578.60	16,186,726.78	16,186,578.60	0.00	(148.18)	16,186,578.60	1.84%
3135G0U68	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES VARIABLE 30/OCT/2019 USD 1000	10,000,000.00	10,000,000.00	100.0070	10,000,700.00	10,000,000.00	10,000,700.00	39,225.00	700.00	10,039,925.00	1.14%
3136G4TH6	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES VARIABLE 30/JAN/2020 USD 1000	3,570,000.00	3,571,228.16	100.0530	3,571,892.10	3,571,228.16	3,571,892.10	14,569.57	663.94	3,586,461.67	0.41%
3135G0T29	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED SEMI-ANN. 1.500% 02/28/2020	4,129,000.00	4,111,918.25	99.8300	4,121,980.70	4,111,918.25	4,121,980.70	5,677.38	10,062.45	4,127,658.08	0.47%
9128283T5	UNITED STATES OF AMERICA NOTES VARIABLE 31/JAN/2020 USD 100	10,000,000.00	9,998,973.74	99.9560	9,995,600.00	9,998,973.74	9,995,600.00	33,752.82	(3,373.74)	10,029,352.82	1.14%
9128285Y2	UNITED STATES OF AMERICA NOTES VARIABLE QUARTERLY FLOATING 01/31/2021	15,000,000.00	14,989,448.57	99.8670	14,980,050.00	14,989,448.57	14,980,050.00	53,600.09	(9,398.57)	15,033,650.09	1.70%
9128286Q8	UNITED STATES OF AMERICA NOTES VARIABLE QUARTERLY FLOATING 04/30/2021	10,000,000.00	9,999,767.73	99.8440	9,984,400.00	9,999,767.73	9,984,400.00	36,146.73	(15,367.73)	10,020,546.73	1.14%
<b>Total Fixed Income</b>		<b>341,384,000.00</b>	<b>341,285,602.00</b>		<b>341,286,893.50</b>	<b>341,285,602.00</b>	<b>341,286,893.50</b>	<b>1,089,626.77</b>	<b>1,291.50</b>	<b>342,376,520.27</b>	<b>38.83%</b>
313384ML0	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 10/02/2019	20,000,000.00	19,997,762.18	99.9948	19,998,955.60	19,997,762.18	19,998,955.60	0.00	1,193.42	19,998,955.60	2.27%
313384MM8	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 10/03/2019	20,000,000.00	19,996,469.69	99.9896	19,997,911.20	19,996,469.69	19,997,911.20	0.00	1,441.51	19,997,911.20	2.27%
313384MR7	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 10/07/2019	20,000,000.00	19,991,817.68	99.9687	19,993,733.40	19,991,817.68	19,993,733.40	0.00	1,915.72	19,993,733.40	2.27%
313384NC9	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	10,000,000.00	9,990,175.44	99.9112	9,991,122.20	9,990,175.44	9,991,122.20	0.00	946.76	9,991,122.20	1.13%
313384NR6	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 31/OCT/2019 USD 1000	10,000,000.00	9,983,098.63	99.8433	9,984,333.30	9,983,098.63	9,984,333.30	0.00	1,234.67	9,984,333.30	1.13%
313384NS4	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 11/01/2019	20,000,000.00	19,963,406.57	99.8381	19,967,622.20	19,963,406.57	19,967,622.20	0.00	4,215.63	19,967,622.20	2.26%
313384NX3	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 06/NOV/2019 USD 1000	10,000,000.00	9,979,855.56	99.8120	9,981,200.00	9,979,855.56	9,981,200.00	0.00	1,344.44	9,981,200.00	1.13%
313384PM5	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 11/20/2019	10,000,000.00	9,972,675.27	99.7389	9,973,888.90	9,972,675.27	9,973,888.90	0.00	1,213.63	9,973,888.90	1.13%
313384QJ1	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 11/DEC/2019 USD 1000	10,000,000.00	9,961,601.95	99.6312	9,963,119.40	9,961,601.95	9,963,119.40	0.00	1,517.45	9,963,119.40	1.13%

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09333 STATEOFNM STO-LGIP [FINAL]

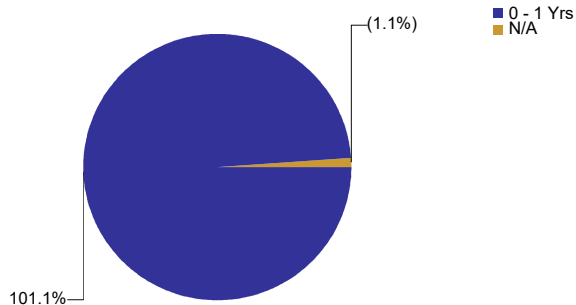
Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD Rate: 1.0000 Base: USD Nav Value: 881,772,396.41</i>											
313384QL6	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 13/DEC/2019 USD 1000	10,000,000.00	9,959,361.43	99.6208	9,962,080.60	9,959,361.43	9,962,080.60	0.00	2,719.17	9,962,080.60	1.13%
313588MV4	FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT NOTES ZERO CPN 11/OCT/2019 USD 1000	20,000,000.00	19,988,132.69	99.9478	19,989,555.60	19,988,132.69	19,989,555.60	0.00	1,422.91	19,989,555.60	2.27%
313588NJ0	FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT 0.000% 10/24/2019	20,000,000.00	19,974,393.94	99.8799	19,975,977.80	19,974,393.94	19,975,977.80	0.00	1,583.86	19,975,977.80	2.27%
313588NS0	FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT 0.000% 11/01/2019	20,000,000.00	19,966,854.83	99.8381	19,967,622.20	19,966,854.83	19,967,622.20	0.00	767.37	19,967,622.20	2.26%
313588PM1	FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT 0.000% 11/20/2019	25,000,000.00	24,932,637.84	99.7389	24,934,722.25	24,932,637.84	24,934,722.25	0.00	2,084.41	24,934,722.25	2.83%
880592MT4	TENNESSEE VALLEY AUTHORITY DISCOUNT NOTES ZERO CPN 09/OCT/2019 USD 1000	15,000,000.00	14,992,687.50	99.9582	14,993,733.30	14,992,687.50	14,993,733.30	0.00	1,045.80	14,993,733.30	1.70%
912796VX4	UNITED STATES OF AMERICA BILL ZERO CPN 01/OCT/2019 0.000% 10/01/2019	10,000,000.00	9,999,514.48	100.0000	10,000,000.00	9,999,514.48	10,000,000.00	0.00	485.52	10,000,000.00	1.13%
912796RN1	UNITED STATES OF AMERICA BILL ZERO CPN 05/DEC/2019 0.000% 12/05/2019	6,021,000.00	6,000,153.86	99.6780	6,001,612.38	6,000,153.86	6,001,612.38	0.00	1,458.52	6,001,612.38	0.68%
912796VY2	UNITED STATES OF AMERICA BILL ZERO CPN 08/OCT/2019 0.000% 10/08/2019	176,000.00	175,926.39	99.9660	175,940.16	175,926.39	175,940.16	0.00	13.77	175,940.16	0.02%
912796SX8	UNITED STATES OF AMERICA BILL ZERO CPN 19/DEC/2019 0.000% 12/19/2019	20,000,000.00	19,916,314.38	99.6210	19,924,200.00	19,916,314.38	19,924,200.00	0.00	7,885.62	19,924,200.00	2.26%
912796WE5	UNITED STATES OF AMERICA BILL ZERO CPN 19/NOV/2019 0.000% 11/19/2019	20,000,000.00	19,950,273.28	99.7610	19,952,200.00	19,950,273.28	19,952,200.00	0.00	1,926.72	19,952,200.00	2.26%
912796TG4	UNITED STATES OF AMERICA BILL ZERO CPN 20/FEB/2020 0.000% 02/20/2020	10,000,000.00	9,928,096.34	99.2940	9,929,400.00	9,928,096.34	9,929,400.00	0.00	1,303.66	9,929,400.00	1.13%
912796ST7	UNITED STATES OF AMERICA BILL ZERO CPN 21/NOV/2019 0.000% 11/21/2019	40,000,000.00	39,891,970.54	99.7460	39,898,400.00	39,891,970.54	39,898,400.00	0.00	6,429.46	39,898,400.00	4.52%
912796WA3	UNITED STATES OF AMERICA BILL ZERO CPN 22/OCT/2019 0.000% 10/22/2019	40,000,000.00	39,955,762.37	99.8950	39,958,000.00	39,955,762.37	39,958,000.00	0.00	2,237.63	39,958,000.00	4.53%
912796WB1	UNITED STATES OF AMERICA BILL ZERO CPN 29/OCT/2019 0.000% 10/29/2019	20,000,000.00	19,970,566.81	99.8550	19,971,000.00	19,970,566.81	19,971,000.00	0.00	433.19	19,971,000.00	2.26%
<b>Total Short Term Investments</b>		<b>406,197,000.00</b>	<b>405,439,509.65</b>		<b>405,486,330.49</b>	<b>405,439,509.65</b>	<b>405,486,330.49</b>	<b>0.00</b>	<b>46,820.84</b>	<b>405,486,330.49</b>	<b>45.99%</b>
	Net Capital Payable	0.00	(9,987,850.00)	0.0000	(9,987,850.00)	(9,987,850.00)	(9,987,850.00)	0.00	0.00	(9,987,850.00)	(1.13%)
<b>Total Unsettled Transactions</b>		<b>0.00</b>	<b>(9,987,850.00)</b>		<b>(9,987,850.00)</b>	<b>(9,987,850.00)</b>	<b>(9,987,850.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>(9,987,850.00)</b>	<b>(1.13%)</b>
<b>Total USD</b>		<b>891,424,828.12</b>	<b>880,581,089.78</b>		<b>880,629,202.11</b>	<b>880,581,089.78</b>	<b>880,629,202.11</b>	<b>1,143,194.30</b>	<b>48,112.33</b>	<b>881,772,396.41</b>	<b>100.00%</b>
<b>Total P 09333</b>		<b>891,424,828.12</b>				<b>880,581,089.78</b>	<b>880,629,202.11</b>	<b>1,143,194.30</b>	<b>48,112.33</b>	<b>881,772,396.41</b>	<b>100.00%</b>

Portfolio Characteristics

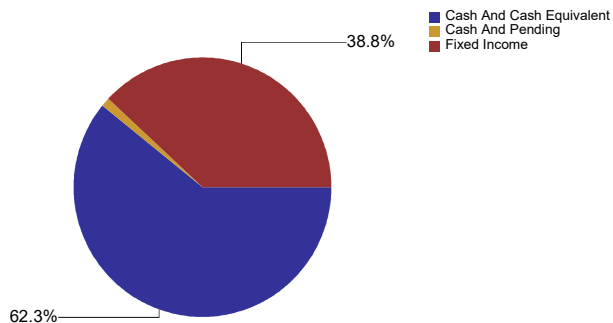
Duration Mix

Total Net Assets (Millions)	881.8
Weighted Average Life (Years)	0.29
Weighted Avg. Effective Duration (Years)	0.10
Weighted Average Coupon (%)	0.74
Weighted Average Current Yield (%)	1.63
Weighted Average Yield to Maturity (%)	1.63
Weighted Average Rating	AA
Number of Holdings	74



Asset Mix

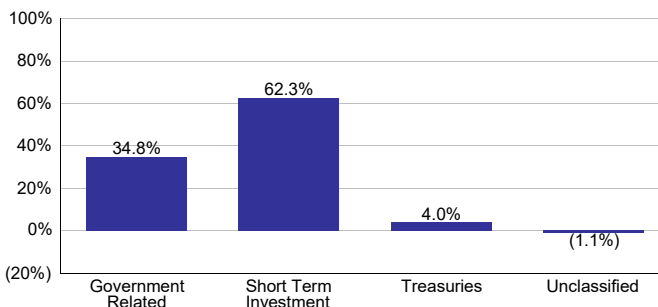
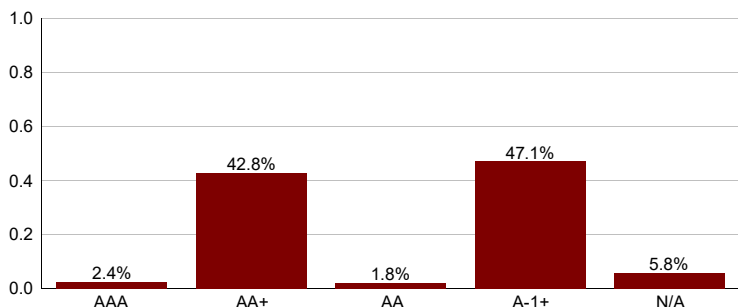
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
99KR30031	REPO BANK OF NEW YORK (HSBCSI) HSBC093019	5.67%	0.00	1/10/2019
912796WA3	UNITED STATES OF AMERICA BILL ZERO CPN 22/OCT/2019	4.48%	0.00	22/10/2019
912796ST7	UNITED STATES OF AMERICA BILL ZERO CPN 21/NOV/2019	4.47%	0.00	21/11/2019
3137EADM8	FEDERAL HOME LOAN MORTGAGE CORP 1.25% BDS	3.05%	1.25	2/10/2019
99KQ70032	REPO BANK OF NEW YORK (RBCNYBR) RBC092419	2.80%	0.00	1/10/2019
99KR00028	REPO BANK OF NEW YORK (HSBCSI) HSBC092719	2.80%	0.00	1/10/2019
313588PM1	FEDERAL NATL MTG ASSN DISC NT MATURES	2.80%	0.00	20/11/2019
313384ML0	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	2.24%	0.00	2/10/2019
313384MM8	FEDL HOME LOAN BK CONS DISC NT MATURES 03/OCT/2007	2.24%	0.00	3/10/2019
313384MR7	FEDL HOME LOAN BK CONS DISC NT MATURES 07/OCT/2003	2.24%	0.00	7/10/2019

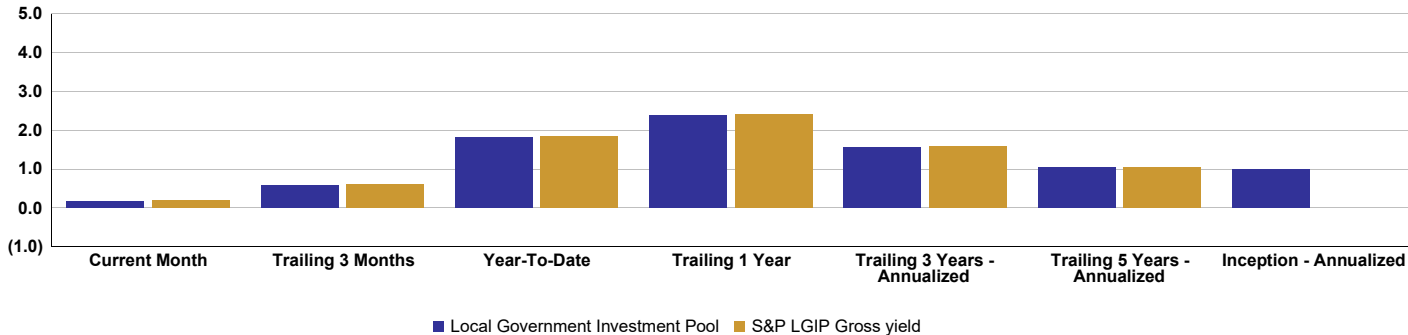
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Local Government Investment Pool	0.17	0.56	1.81	2.39	1.55	1.04	0.98
S&P LGIP Gross yield	0.18	0.59	1.83	2.41	1.58	1.04	
Excess	(0.01)	(0.03)	(0.02)	(0.02)	(0.03)	0.00	



\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.  
 \*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.



## 12. Portfolio Summary— Tax-Exempt Bond Proceeds Investment Pool

## Portfolio Summary – Tax Exempt Bond Proceeds Investment Pool

### *Summary*

- The Tax Exempt Bond Proceeds Investment Pool closed the month of September at \$469 mil vs. \$486 mil at the end of August.
- The Pool paid out \$11.9 mil in draw requests for capital spending during the month.

### *Portfolio Mix*

- 96% of the Tax-Exempt BPIP portfolio was invested in fixed income securities and 4% in floating rate notes: 57% in US Treasuries, 30% in US agency securities, 7% in corporate securities and commercial paper, 0% in NM municipal securities and the balance, approximately 6%, was held in cash equivalents.
- 62% of the portfolio was invested in securities that mature in one year, 36% in securities that mature from 1-2 years, 2% in securities that mature from 2-4 years and 0% in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 50 securities.
- Weighted Average Life of the Tax Exempt BPIP was 0.87 years. The Weighted Average duration was 0.83 years.
- The maximum security term for the Tax-Exempt BPIP portfolio is 5 years.

### *Investment Earnings*

- Unrealized gains in the Tax-Exempt BPIP Portfolio were \$1,266,406 on September 30<sup>th</sup>.
- Monthly net earnings on the portfolio for September were \$788,809.
- Net earnings for FY2020 were \$2,230,564.
- Earnings on the Tax-Exempt BPIP are used to offset capital and debt service spending.

### *Investment Highlights*

- The duration of the Tax-Exempt BPIP at the end of September was 0.83 yrs. vs. 1.38 yrs for the benchmark.
- The Pool purchased \$40 mil in Treasury securities maturing in 1.2 years to 1.3 years, \$10 mil in agency securities maturing in 3 months, and \$4 mil in corporate bonds maturing in 4 months.

### *Performance*

- The purchase yield was 2.02% at the end of September vs. 2.03% reported for the previous month.
- The Tax-Exempt BPIP returned 0.10% for the month of September and 0.57% for the three months ended September 30<sup>th</sup>, 2019, vs. Index returns of (0.03)% and 0.58% respectively. For the trailing 12 months, the Pool returned 3.31% vs. 3.83% for the benchmark.

### *Investment Strategy*

- The option-adjusted duration of the Tax-Exempt BPIP portfolio is currently 0.79 yrs. vs. 1.38 yrs
- The Pool paid out \$9.5 mil in capital project draw requests for the month of October.
- The Tax-Exempt BPIP has maintained duration shorter than that of the benchmark in order to provide adequate liquidity for project withdrawals.



**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
<b>Tax Exempt Bond Proceeds(10933500)</b>	470,489,860.63	465,856,465.36	100.00%	0.10	1.55	0.84	3.63	0.85	1.74	0.83	0.00	0.87	1.74		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	470,489,860.63	465,856,465.36	100.00%	0.10	1.55	0.84	3.63	0.85	1.74	0.83	0.00	0.87	1.74	Agy	AA
<b>Fixed Income</b>	422,661,175.93	418,083,136.10	89.83%	0.09	1.72	0.92	3.59	0.93	1.84	0.91	0.00	0.95	1.84	Agy	AA+
<b>Corporates</b>	18,140,713.71	18,007,547.97	3.86%	0.17	2.35	0.61	8.46	0.61	1.93	0.61	0.01	0.62	1.93	Aa2	AA
<b>Industrial</b>	14,117,190.24	14,003,267.97	3.00%	0.18	2.34	0.70	4.29	0.70	1.87	0.70	0.01	0.71	1.87	Aa2	AA
<b>Financial Institutions</b>	4,023,523.47	4,004,280.00	0.86%	0.11	2.40	0.29	23.09	0.29	2.11	0.29	0.00	0.29	2.11	Aa2	A+
<b>Government Related</b>	167,955,797.54	165,742,825.29	35.70%	0.10	1.44	0.64	7.63	0.67	1.90	0.62	(0.02)	0.70	1.90	Agy	AA+
<b>Agencies</b>	167,955,797.54	165,742,825.29	35.70%	0.10	1.44	0.64	7.63	0.67	1.90	0.62	(0.02)	0.70	1.90	Agy	AA+
<b>Treasuries</b>	236,564,664.68	234,332,762.84	50.28%	0.07	1.87	1.14	0.35	1.14	1.80	1.14	0.02	1.16	1.80	Govt	AA+
<b>Treasuries</b>	236,564,664.68	234,332,762.84	50.28%	0.07	1.87	1.14	0.35	1.14	1.80	1.14	0.02	1.16	1.80	Govt	AA+
<b>Cash And Cash Equivalent</b>	47,828,684.70	47,773,329.26	10.17%	0.20	0.00	0.11	3.98	0.11	0.83	0.11	0.00	0.11	0.83	A1	A
<b>Short Term Investment</b>	47,828,684.70	47,773,329.26	10.17%	0.20	0.00	0.11	3.98	0.11	0.83	0.11	0.00	0.11	0.83	A1	A
<b>Commercial Paper ( Interest Bearing)</b>	9,936,103.30	9,892,705.56	2.11%	0.17	0.00	0.32	16.00	0.31	2.03	0.31	0.00	0.32	2.03	NR	NR
<b>Repurchase Agreements</b>	27,934,137.00	27,932,290.37	5.94%	0.20	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AA+
<b>Discounted Notes</b>	9,958,444.40	9,948,333.33	2.12%	0.22	0.00	0.22	3.16	0.22	1.86	0.22	0.00	0.22	1.86	Agy	AAA

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09335 STATEOFNM STO-TAX EXE BD [FINAL]

Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD Rate: 1.0000 Base: USD Nav Value: 470,489,860.63</i>											
99KR30043	REPO BANK OF NEW YORK (NWMSI) 093019E 2.380% 10/01/2019	27,932,290.37	27,932,290.37	100.0000	27,932,290.37	27,932,290.37	27,932,290.37	1,846.63	0.00	27,934,137.00	5.94%
<b>Total Cash Equivalents</b>		<b>27,932,290.37</b>	<b>27,932,290.37</b>		<b>27,932,290.37</b>	<b>27,932,290.37</b>	<b>27,932,290.37</b>	<b>1,846.63</b>	<b>0.00</b>	<b>27,934,137.00</b>	<b>5.94%</b>
037833AX8	APPLE INC CALLABLE NOTES FIXED 1.55% 07/FEB/2020 SEMI-ANN. 1.550% 02/07/2020	319,000.00	317,849.29	99.8530	318,531.07	317,849.29	318,531.07	741.68	681.78	319,272.75	0.07%
037833DH0	APPLE INC CALLABLE NOTES FIXED 1.8% 13/NOV/2019 SEMI-ANN. 1.800% 11/13/2019	3,000,000.00	2,998,551.21	99.9967	2,999,901.00	2,998,551.21	2,999,901.00	20,700.00	1,349.79	3,020,601.00	0.64%
3132X05M9	FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM QUARTERLY FLOATING 03/25/2020	12,500,000.00	12,500,000.00	99.9750	12,496,875.00	12,500,000.00	12,496,875.00	4,054.69	(3,125.00)	12,500,929.69	2.66%
3132X0WS6	FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM SEMI-ANN. 1.900% 09/01/2022	5,000,000.00	4,999,256.24	100.4970	5,024,850.00	4,999,256.24	5,024,850.00	7,916.67	25,593.76	5,032,766.67	1.07%
313378J77	FEDERAL HOME LOAN BANKS BOND FIXED 1.875% SEMI-ANN. 1.875% 03/13/2020	10,000,000.00	10,036,251.99	100.0060	10,000,600.00	10,036,251.99	10,000,600.00	9,375.00	(35,651.99)	10,009,975.00	2.13%
3130AEWA4	FEDERAL HOME LOAN BANKS BOND FIXED 2.625% SEMI-ANN. 2.625% 10/01/2020	5,000,000.00	4,994,720.35	100.7750	5,038,750.00	4,994,720.35	5,038,750.00	65,625.00	44,029.65	5,104,375.00	1.08%
3130AANA2	FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 1.75% SEMI-ANN. 1.750% 07/30/2020	5,000,000.00	5,000,000.00	99.9350	4,996,750.00	5,000,000.00	4,996,750.00	14,826.39	(3,250.00)	5,011,576.39	1.07%
3134GBET5	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES SEMI-ANN. 1.800% 04/13/2020	3,750,000.00	3,732,419.73	100.0000	3,750,000.00	3,732,419.73	3,750,000.00	31,500.00	17,580.27	3,781,500.00	0.80%
3137EAEE5	FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE SEMI-ANN. 1.500% 01/17/2020	5,000,000.00	4,999,972.41	99.8780	4,993,900.00	4,999,972.41	4,993,900.00	15,416.67	(6,072.41)	5,009,316.67	1.06%
3137EAEM7	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2.5% SEMI-ANN. 2.500% 04/23/2020	5,000,000.00	4,999,688.06	100.3410	5,017,050.00	4,999,688.06	5,017,050.00	54,861.11	17,361.94	5,071,911.11	1.08%
313586RC5	FEDERAL NATIONAL MORTGAGE ASSOCIATION BOND ZERO SEMI-ANN. 0.000% 10/09/2019	28,065,000.00	28,054,835.05	99.9480	28,050,406.20	28,054,835.05	28,050,406.20	0.00	(4,428.85)	28,050,406.20	5.96%
3135G0S46	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.650% 01/27/2020	5,000,000.00	4,985,450.99	99.8890	4,994,450.00	4,985,450.99	4,994,450.00	14,666.67	8,999.01	5,009,116.67	1.06%
3136G0E56	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.625% 03/27/2020	1,265,000.00	1,268,246.57	99.8440	1,263,026.60	1,268,246.57	1,263,026.60	228.40	(5,219.97)	1,263,255.00	0.27%
3136G0T76	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.320% 10/22/2019	2,000,000.00	1,999,881.78	99.9610	1,999,220.00	1,999,881.78	1,999,220.00	11,660.00	(661.78)	2,010,880.00	0.43%
3136G12H1	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.400% 06/05/2020	1,000,000.00	1,001,687.80	99.6300	996,300.00	1,001,687.80	996,300.00	4,511.11	(5,387.80)	1,000,811.11	0.21%
3136G2YA9	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.400% 11/26/2019	1,500,000.00	1,500,035.10	99.9220	1,498,830.00	1,500,035.10	1,498,830.00	2,041.67	(1,205.10)	1,500,871.67	0.32%
3136G4AC7	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE SEMI-ANN. 1.250% 03/27/2020	1,000,000.00	998,494.58	99.6680	996,680.00	998,494.58	996,680.00	138.89	(1,814.58)	996,818.89	0.21%
3136G4EL3	FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE NOTES FIXED 1.125% 11/OCT/2019 USD 1000	5,000,000.00	4,999,941.29	99.9770	4,998,850.00	4,999,941.29	4,998,850.00	26,562.50	(1,091.29)	5,025,412.50	1.07%
3135G0T29	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED SEMI-ANN. 1.500% 02/28/2020	10,000,000.00	9,999,113.25	99.8300	9,983,000.00	9,999,113.25	9,983,000.00	13,750.00	(16,113.25)	9,996,750.00	2.12%
3135G0U35	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED SEMI-ANN. 2.750% 06/22/2021	10,000,000.00	9,998,648.10	101.7730	10,177,300.00	9,998,648.10	10,177,300.00	75,625.00	178,651.90	10,252,925.00	2.18%
3135G0U43	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED SEMI-ANN. 2.875% 09/12/2023	5,000,000.00	4,983,550.23	104.7990	5,239,950.00	4,983,550.23	5,239,950.00	7,586.81	256,399.77	5,247,536.81	1.12%
594918BV5	MICROSOFT CORP CALLABLE NOTES FIXED 1.85% SEMI-ANN. 1.850% 02/06/2020	2,500,000.00	2,499,800.96	99.9520	2,498,800.00	2,499,800.96	2,498,800.00	7,065.97	(1,000.96)	2,505,865.97	0.53%
76116FAA5	RESOLUTION FUNDING CORP BOND ZERO CPN 15/OCT/2019 USD 1000	10,000,000.00	9,990,018.03	99.9250	9,992,500.00	9,990,018.03	9,992,500.00	0.00	2,481.97	9,992,500.00	2.12%
89236TFQ3	TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED SEMI-ANN. 3.050% 01/08/2021	5,625,000.00	5,687,713.32	101.5020	5,709,487.50	5,687,713.32	5,709,487.50	39,554.69	21,774.18	5,749,042.19	1.22%
89236TDU6	TOYOTA MOTOR CREDIT CORP NOTES FIXED 1.95% SEMI-ANN. 1.950% 04/17/2020	2,500,000.00	2,499,786.54	100.0080	2,500,200.00	2,499,786.54	2,500,200.00	22,208.33	413.46	2,522,408.33	0.54%
912828Q37	UNITED STATES OF AMERICA NOTES FIXED 1.25% SEMI-ANN. 1.250% 03/31/2021	20,000,000.00	19,887,463.20	99.2730	19,854,600.00	19,887,463.20	19,854,600.00	683.06	(32,863.20)	19,855,283.06	4.22%
912828K58	UNITED STATES OF AMERICA NOTES FIXED 1.375% SEMI-ANN. 1.375% 04/30/2020	10,000,000.00	9,970,843.87	99.7070	9,970,700.00	9,970,843.87	9,970,700.00	57,540.76	(143.87)	10,028,240.76	2.13%
912828L32	UNITED STATES OF AMERICA NOTES FIXED 1.375%	10,000,000.00	9,987,022.66	99.5700	9,957,000.00	9,987,022.66	9,957,000.00	11,710.16	(30,022.66)	9,968,710.16	2.12%

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

Account : P 09335 STATEOFNM STO-TAX EXE BD [FINAL]

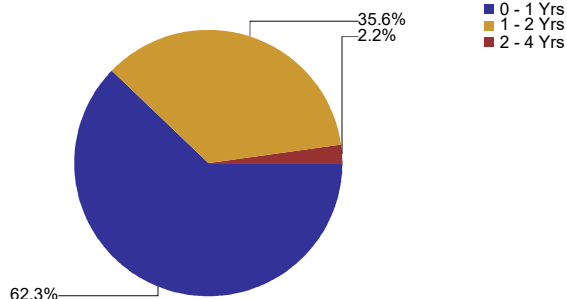
Base Currency : USD

Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD</i>		<i>Rate: 1.0000</i>	<i>Base: USD</i>	<i>Nav Value: 470,489,860.63</i>							
912828L65	SEMI-ANN. 1.375% 08/31/2020 UNITED STATES OF AMERICA NOTES FIXED 1.375% SEMI-ANN. 1.375% 09/30/2020	10,000,000.00	9,941,134.93	99.5630	9,956,300.00	9,941,134.93	9,956,300.00	375.68	15,165.07	9,956,675.68	2.12%
912828J8	UNITED STATES OF AMERICA NOTES FIXED 1.5% SEMI-ANN. 1.500% 07/15/2020	5,000,000.00	4,958,312.45	99.7190	4,985,950.00	4,958,312.45	4,985,950.00	15,896.74	27,637.55	5,001,846.74	1.06%
912828X96	UNITED STATES OF AMERICA NOTES FIXED 1.5% SEMI-ANN. 1.500% 05/15/2020	10,000,000.00	9,974,779.86	99.7730	9,977,300.00	9,974,779.86	9,977,300.00	56,657.61	2,520.14	10,033,957.61	2.13%
912828XU9	UNITED STATES OF AMERICA NOTES FIXED 1.5% SEMI-ANN. 1.500% 06/15/2020	30,000,000.00	29,999,089.15	99.7420	29,922,600.00	29,999,089.15	29,922,600.00	132,786.89	(76,489.15)	30,055,386.89	6.39%
912828Z22	UNITED STATES OF AMERICA NOTES FIXED 1.625% SEMI-ANN. 1.625% 10/15/2020	20,000,000.00	19,929,516.23	99.7970	19,959,400.00	19,929,516.23	19,959,400.00	150,068.31	29,883.77	20,109,468.31	4.27%
912828M98	UNITED STATES OF AMERICA NOTES FIXED 1.625% SEMI-ANN. 1.625% 11/30/2020	20,000,000.00	19,940,357.69	99.7970	19,959,400.00	19,940,357.69	19,959,400.00	109,221.31	19,042.31	20,068,621.31	4.27%
912828XM7	UNITED STATES OF AMERICA NOTES FIXED 1.625% SEMI-ANN. 1.625% 07/31/2020	10,000,000.00	9,980,054.03	99.8090	9,980,900.00	9,980,054.03	9,980,900.00	27,377.72	845.97	10,008,277.72	2.13%
912828N48	UNITED STATES OF AMERICA NOTES FIXED 1.75% SEMI-ANN. 1.750% 12/31/2020	25,000,000.00	24,985,184.30	99.9340	24,983,500.00	24,985,184.30	24,983,500.00	110,563.86	(1,684.30)	25,094,063.86	5.33%
9128283N8	UNITED STATES OF AMERICA NOTES FIXED 1.875% SEMI-ANN. 1.875% 12/31/2019	10,000,000.00	9,994,846.21	99.9880	9,998,800.00	9,994,846.21	9,998,800.00	47,384.51	3,953.79	10,046,184.51	2.14%
912828WG1	UNITED STATES OF AMERICA NOTES FIXED 2.25% SEMI-ANN. 2.250% 04/30/2021	10,000,000.00	10,055,779.69	100.8010	10,080,100.00	10,055,779.69	10,080,100.00	94,157.61	24,320.31	10,174,257.61	2.16%
912828XY1	UNITED STATES OF AMERICA NOTES FIXED 2.5% SEMI-ANN. 2.500% 06/30/2020	20,000,000.00	19,994,455.17	100.4650	20,093,000.00	19,994,455.17	20,093,000.00	126,358.70	98,544.83	20,219,358.70	4.30%
9128284T4	UNITED STATES OF AMERICA NOTES FIXED 2.625% SEMI-ANN. 2.625% 06/15/2021	5,000,000.00	4,996,770.74	101.5310	5,076,550.00	4,996,770.74	5,076,550.00	38,729.51	79,779.26	5,115,279.51	1.09%
912828Y20	UNITED STATES OF AMERICA NOTES FIXED 2.625% SEMI-ANN. 2.625% 07/15/2021	15,000,000.00	14,985,941.36	101.6250	15,243,750.00	14,985,941.36	15,243,750.00	83,457.88	257,808.64	15,327,207.88	3.26%
9128284W7	UNITED STATES OF AMERICA NOTES FIXED 2.75% SEMI-ANN. 2.750% 08/15/2021	10,000,000.00	9,997,281.32	101.9570	10,195,700.00	9,997,281.32	10,195,700.00	35,122.28	198,418.68	10,230,822.28	2.17%
9128285F3	UNITED STATES OF AMERICA NOTES FIXED 2.875% SEMI-ANN. 2.875% 10/15/2021	5,000,000.00	4,988,515.63	102.4410	5,122,050.00	4,988,515.63	5,122,050.00	66,376.37	133,534.37	5,188,426.37	1.10%
9128283Q1	UNITED STATES OF AMERICA NOTES FIXED 2% SEMI-ANN. 2.000% 01/15/2021	20,000,000.00	20,047,249.16	100.2660	20,053,200.00	20,047,249.16	20,053,200.00	84,782.61	5,950.84	20,137,982.61	4.28%
931142DY6	WALMART INC CALLABLE BOND FIXED 1.75% 09/OCT/2019 USD 1000	2,000,000.00	1,999,999.55	99.9945	1,999,890.60	1,999,999.55	1,999,890.60	16,722.22	(108.95)	2,016,612.82	0.43%
931142EH2	WALMART INC NOTES VARIABLE 23/JUN/2021 USD 1000 QUARTERLY FLOATING 06/23/2021	4,000,000.00	4,000,000.00	100.3010	4,012,040.00	4,000,000.00	4,012,040.00	2,123.45	12,040.00	4,014,163.45	0.85%
94988J5L7	WELLS FARGO BANK NA MEDIUM TERM NOTE FIXED 2.4% SEMI-ANN. 2.400% 01/15/2020	4,000,000.00	4,003,878.79	100.0814	4,003,256.80	4,003,878.79	4,003,256.80	20,266.67	(621.99)	4,023,523.47	0.86%
<b>Total Fixed Income</b>		<b>420,024,000.00</b>	<b>419,664,388.86</b>		<b>420,922,194.77</b>	<b>419,664,388.86</b>	<b>420,922,194.77</b>	<b>1,738,981.16</b>	<b>1,257,805.91</b>	<b>422,661,175.93</b>	<b>89.83%</b>
313384QT9	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 0.000% 12/20/2019	10,000,000.00	9,955,478.72	99.5844	9,958,444.40	9,955,478.72	9,958,444.40	0.00	2,965.68	9,958,444.40	2.12%
89233GAQ9	TOYOTA MOTOR CREDIT CORPORATE COMMERCIAL PAPER 0.000% 01/24/2020	10,000,000.00	9,930,468.41	99.3610	9,936,103.30	9,930,468.41	9,936,103.30	0.00	5,634.89	9,936,103.30	2.11%
<b>Total Short Term Investments</b>		<b>20,000,000.00</b>	<b>19,885,947.13</b>		<b>19,894,547.70</b>	<b>19,885,947.13</b>	<b>19,894,547.70</b>	<b>0.00</b>	<b>8,600.57</b>	<b>19,894,547.70</b>	<b>4.23%</b>
<b>Total USD</b>		<b>467,956,290.37</b>	<b>467,482,626.36</b>		<b>468,749,032.84</b>	<b>467,482,626.36</b>	<b>468,749,032.84</b>	<b>1,740,827.79</b>	<b>1,266,406.48</b>	<b>470,489,860.63</b>	<b>100.00%</b>
<b>Total P 09335</b>		<b>467,956,290.37</b>			<b>467,482,626.36</b>		<b>468,749,032.84</b>	<b>1,740,827.79</b>	<b>1,266,406.48</b>	<b>470,489,860.63</b>	<b>100.00%</b>

Portfolio Characteristics

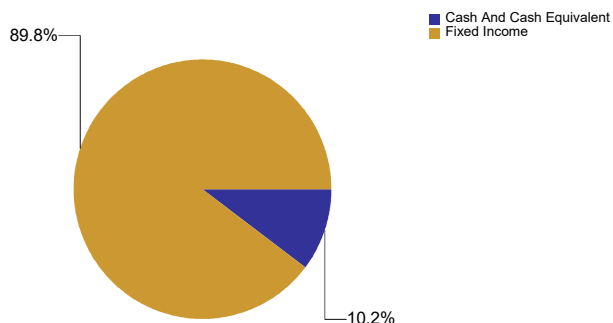
Duration Mix

Total Net Assets (Millions) **470.5**  
 Weighted Average Life (Years) **0.87**  
 Weighted Avg. Effective Duration (Years) **0.83**  
 Weighted Average Coupon (%) **1.55**  
 Weighted Average Current Yield (%) **1.74**  
 Weighted Average Yield to Maturity (%) **1.74**  
 Weighted Average Rating **AA**  
 Number of Holdings **50**



Asset Mix

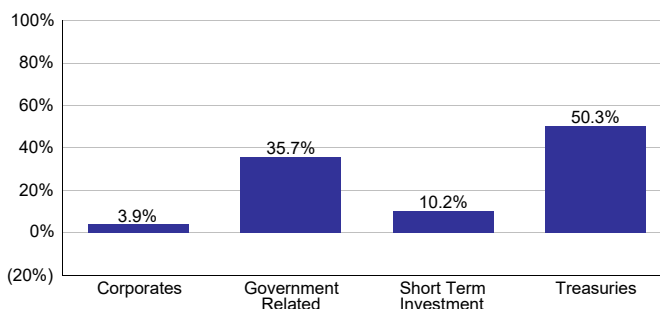
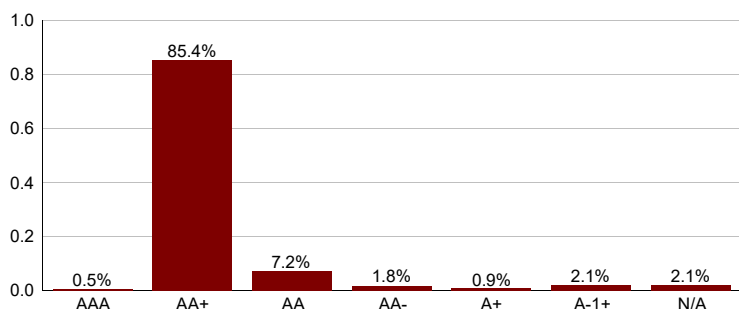
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
912828XU9	UNITED STATES 3 YEAR BENCHMARK 1.500% 2020-06-15	6.39%	1.50	15/6/2020
99KR30043	REPO BANK OF NEW YORK (NWMSI) 093019E	5.94%	0.00	1/10/2019
912828N48	TWEB WHEN ISSUED UNITED STATES 5 YEAR 1.625% 2020-12-31	5.33%	1.75	31/12/2020
912828XY1	TWEB WHEN ISSUED UNITED STATES 2 YEAR 2.500% 2020-06-30	4.30%	2.50	30/6/2020
9128283Q1	TWEB WHEN ISSUED UNITED STATES 3 YEAR 2.000% 2021-01-15	4.28%	2.00	15/1/2021
912828Z22	TWEB WHEN ISSUED UNITED STATES 3 YEAR 1.625% 2020-10-15	4.27%	1.62	15/10/2020
912828M98	US TREASURY NOTES 1.6250% 2020-11-30	4.27%	1.62	30/11/2020
912828Q37	UNITED STATES OF AMERICA TREAS NOTE 1.375% 2021-03-31	4.22%	1.25	31/3/2021
912828Y20	TWEB WHEN ISSUED UNITED STATES 3 YEAR 2.625% 2021-07-15	3.26%	2.62	15/7/2021
313586RCS	FEDERAL NATIONAL MORTGAGE ASSOC 0% NTS 09/OCT/2019	5.96%	0.00	9/10/2019

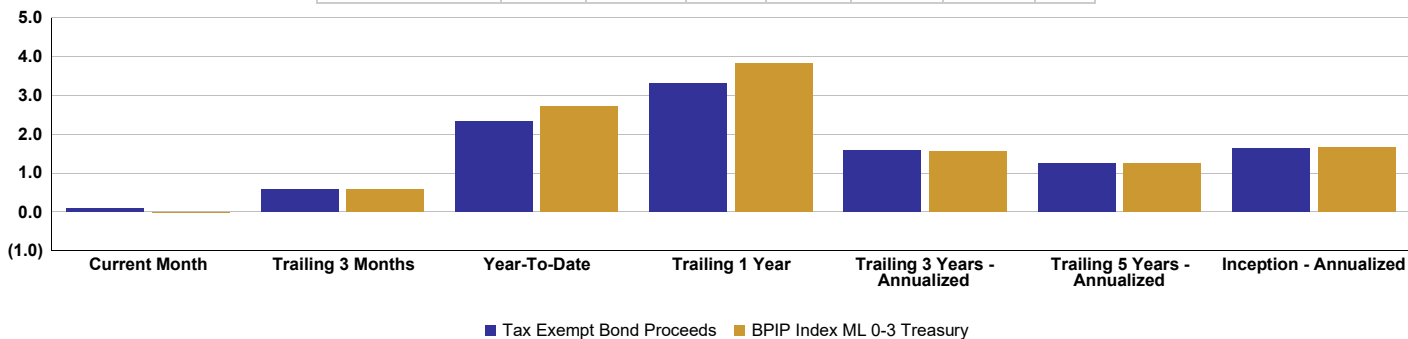
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Tax Exempt Bond Proceeds	0.10	0.57	2.33	3.31	1.58	1.24	1.63
BPIP Index ML 0-3 Treasury	(0.03)	0.58	2.72	3.83	1.56	1.26	1.65
Excess	0.13	(0.01)	(0.39)	(0.53)	0.02	(0.01)	(0.02)



\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.  
 \*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.



### 13. Portfolio Summary— Taxable Bond Proceeds Investment Pool

## Portfolio Summary – Taxable Bond Proceeds Investment Pool

### *Summary*

- The Taxable Bond Proceeds Investment Pool closed the month of September at \$463 mil vs. \$485 mil at the end of August.
- The Pool paid out \$18.4 mil in draw requests for capital spending during the month.

### *Portfolio Mix*

- 97% of the Taxable BPIP portfolio was invested in fixed income securities and 3% in floating rate notes: 46% in US treasuries, 43% in US agency securities, 9% in corporate securities and commercial paper, 0% in NM municipal securities and the balance, approximately 2%, was held in cash equivalents and collateralized NM bank CDs.
- 50% of the portfolio was invested in securities that mature in one year, 26% in securities that mature from 1-2 years, 21% in securities that mature from 2-4 years and 3% in securities out to 5 years.
- The Taxable BPIP held positions in 54 securities.
- Weighted Average Life of the Taxable BPIP was 1.41 years. The Weighted Average duration was 1.33 years.
- The maximum security term for the Taxable BPIP portfolio is 5 years.

### *Investment Earnings*

- The unrealized gains in the Taxable BPIP were \$3,148,859 as of September 30th.
- Monthly net earnings on the portfolio for September were \$891,501.
- FY2020 net earnings were \$2,795,708.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

### *Investment Highlights*

- The Taxable BPIP duration at the end of September was 1.33 years vs. the Benchmark at 1.38 yrs.
- The Pool purchased \$5 mil in 5 year corporate bonds during the month.
- The Pool sold \$4 mil in 3 month Treasury securities during the month for rebalancing.

### *Performance*

- Purchase Yield at the end of September was 2.33% relative to 2.31% at the end of the prior month.
- The Taxable BPIP returned 0.01% for the month of September and 0.68% for the three months ended September 30<sup>th</sup>, 2019, vs. Index returns of (0.03)% and 0.58% respectively. For the trailing 12 months, the Pool returned 3.51% vs. 3.83% for the benchmark.

### *Investment Strategy*

- The option-adjusted duration of the Taxable BPIP portfolio is currently 1.30 yrs. vs. 1.38 yrs.
- The Pool paid \$5.6 mil in capital project draw requests for the month of October.
- The Taxable BPIP has maintained duration shorter than that of the benchmark in order to provide adequate liquidity for project withdrawals.

**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
<b>Taxable Bond Proceeds(10933900)</b>	467,629,776.92	460,636,046.87	100.00%	0.00	1.84	1.36	11.07	1.35	1.83	1.33	0.03	1.41	1.85		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	467,629,776.92	460,636,046.87	100.00%	0.00	1.84	1.36	11.07	1.35	1.83	1.33	0.03	1.41	1.85	Agy	AA+
<b>Fixed Income</b>	452,455,175.27	445,473,952.59	96.75%	0.00	1.87	1.39	10.26	1.39	1.86	1.37	0.03	1.44	1.88	Agy	AA+
<b>Corporates</b>	38,904,797.07	38,636,786.43	8.32%	0.06	2.14	1.86	15.99	1.92	1.92	1.84	0.05	2.00	1.92	Aa1	AA+
<b>Industrial</b>	38,904,797.07	38,636,786.43	8.32%	0.06	2.14	1.86	15.99	1.92	1.92	1.84	0.05	2.00	1.92	Aa1	AA+
<b>Government Related</b>	199,950,630.25	197,236,411.44	42.76%	(0.04)	1.72	1.53	7.03	1.51	1.80	1.48	0.03	1.59	1.84	Agy	AA+
<b>Agencies</b>	199,950,630.25	197,236,411.44	42.76%	(0.04)	1.72	1.53	7.03	1.51	1.80	1.48	0.03	1.59	1.84	Agy	AA+
<b>Treasuries</b>	213,599,747.95	209,600,754.72	45.68%	0.02	1.95	1.18	12.25	1.18	1.91	1.18	0.02	1.21	1.91	Govt	AA+
<b>Treasuries</b>	213,599,747.95	209,600,754.72	45.68%	0.02	1.95	1.18	12.25	1.18	1.91	1.18	0.02	1.21	1.91	Govt	AA+
<b>Cash And Cash Equivalent</b>	15,174,601.65	15,162,094.28	3.25%	0.20	0.94	0.24	35.15	0.24	0.95	0.24	0.00	0.24	0.95	Aaa	AA+
<b>Short Term Investment</b>	15,174,601.65	15,162,094.28	3.25%	0.20	0.94	0.24	35.15	0.24	0.95	0.24	0.00	0.24	0.95	Aaa	AA+
<b>Certificate Of Deposit</b>	6,211,914.88	6,200,000.00	1.33%	0.19	2.30	0.58	85.87	0.58	2.27	0.58	0.01	0.58	2.27	Aaa	AA+
<b>Repurchase Agreements</b>	8,962,686.77	8,962,094.28	1.92%	0.20	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AA+



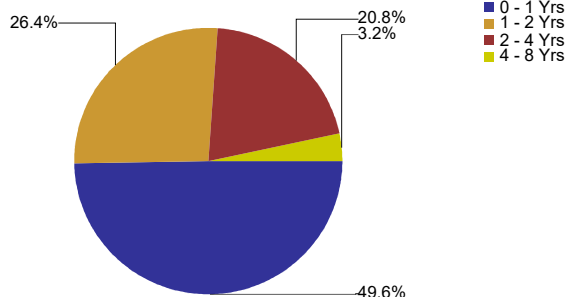




Portfolio Characteristics

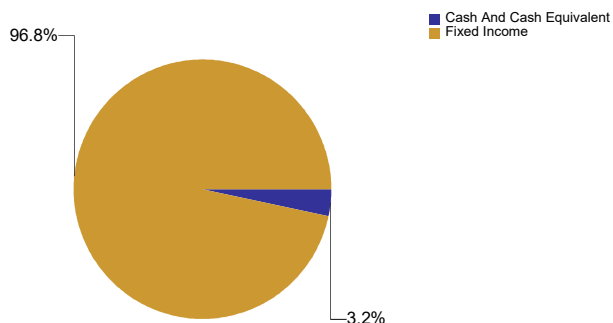
Duration Mix

Total Net Assets (Millions) **467.6**  
 Weighted Average Life (Years) **1.41**  
 Weighted Avg. Effective Duration (Years) **1.33**  
 Weighted Average Coupon (%) **1.84**  
 Weighted Average Current Yield (%) **1.83**  
 Weighted Average Yield to Maturity (%) **1.85**  
 Weighted Average Rating **AA+**  
 Number of Holdings **54**



Asset Mix

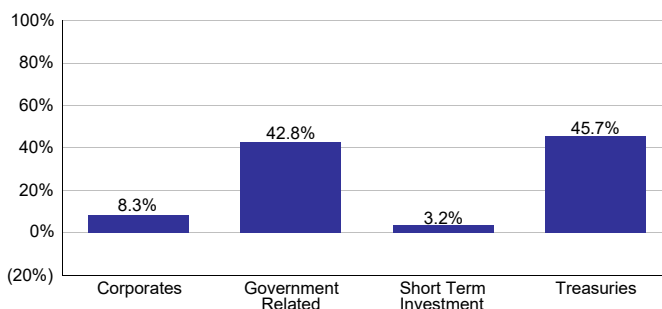
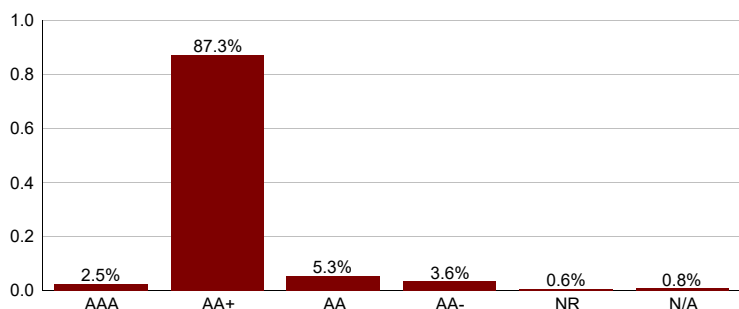
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
912828XY1	TWEE WHEN ISSUED UNITED STATES 2 YEAR 2.500% 2020-06-30	5.40%	2.50	30/6/2020
3133EKS7	FFCB 1.77 '23 USD	4.82%	1.77	26/6/2023
912828Y20	TWEE WHEN ISSUED UNITED STATES 3 YEAR 2.625% 2021-07-15	4.37%	2.62	15/7/2021
912828A42	UNITED STATES OF AMERICA 2.000% 2020-11-30	4.32%	2.00	30/11/2020
3133EKTG1	FFCB 1.75 '22 USD	4.31%	1.75	1/7/2022
3135G0Z2	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	4.30%	1.75	26/11/2019
912828V72	TWEE WHEN ISSUED UNITED STATES 5 YEAR 1.875% 2022-01-31	3.24%	1.88	31/1/2022
912828X96	TWEE WHEN ISSUED UNITED STATES 3 YEAR 1.500% 2020-05-15	3.22%	1.50	15/5/2020
912828L32	TWEE WHEN ISSUED UNITED STATES 5 YEAR 1.375% 2020-08-31	3.20%	1.38	31/8/2020
313586RCS	FEDERAL NATIONAL MORTGAGE ASSOC 0% NTS 09/09/2019	5.34%	0.00	9/10/2019

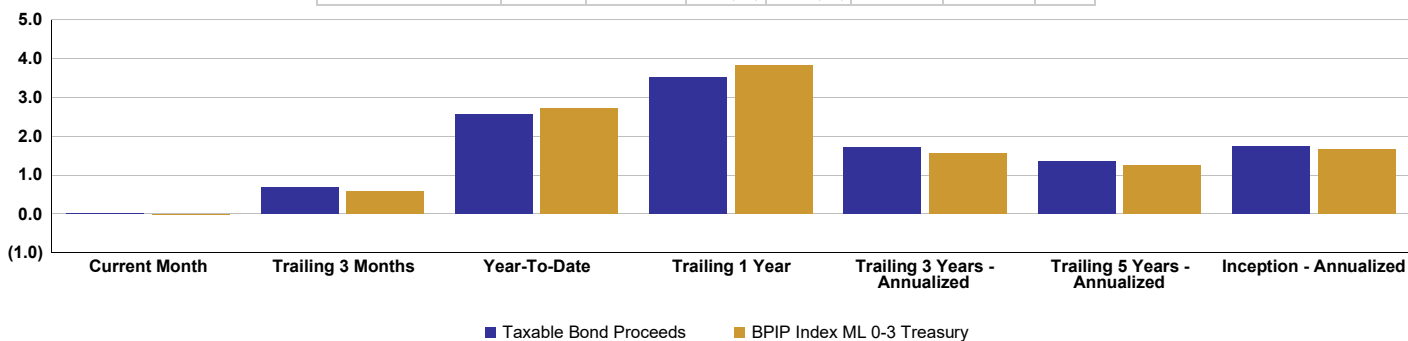
Quality/Rating Weightings

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	0.01	0.68	2.56	3.51	1.71	1.35	1.73
BPIP Index ML 0-3 Treasury	(0.03)	0.58	2.72	3.83	1.56	1.26	1.65
Excess	0.04	0.10	(0.16)	(0.32)	0.15	0.09	0.08



\* Sector and total level ratings represent a weighted average of all investments. Unrated securities will lower credit ratings in aggregate.  
 \*\* Credit quality ratings are delivered where available by J.P. Morgan's fixed income analytics vendor BlackRock Solutions.



## 14. Portfolio Summary— Severance Tax Bonding Fund

## **Portfolio Summary – Severance Tax Bonding Fund**

### *Summary*

- The Severance Tax Bonding Fund closed the month of September with a market value of \$214MM.

### *Portfolio Mix*

- The Severance Tax Bonding Fund is primarily invested in overnight repurchase agreements, short US Treasury and Agency securities, and high quality commercial paper.
- 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.
  - On June 30<sup>th</sup> and December 31<sup>st</sup>, the STBF transfers available balances, in excess of debt service needs, to the Severance Tax Permanent Fund.
- Severance Taxes are remitted to the Treasury on a monthly basis and had been ranging between \$45MM and \$76MM per month.
  - The STB Fund received \$50MM in September.

### *Investment Strategy*

- Due to its short-term nature, investments of three to six month maturities are viable investments for the STBF pool.
- The STB Fund has received \$56MM in October from severance taxes.

**Fixed Income - Standard Report**  
**New Mexico State Treasurers Office (06677)**  
 September 2019

Account / Holdings	Market Value	Cost	% of Total	Return	Coupon Rate	Modified Duration	Option Adjusted Spread	Spread Duration	Static Yield	Effective Duration	Effective Convexity	Weighted Average Life	Yield to Maturity	Moody Quality Rating	S&P Quality Rating
Severance Tax Bonding Fund(18952300)	214,288,618.10	213,927,343.34	100.00%	0.18	0.15	0.09	6.18	0.09	1.51	0.09	0.00	0.09	1.51		
<b>FIXED INCOME + CASH AND CASH EQUIVALENT</b>	214,288,618.10	213,927,343.34	100.00%	0.18	0.15	0.09	6.18	0.09	1.51	0.09	0.00	0.09	1.51	A3	BBB+
<b>Fixed Income</b>	31,522,061.40	31,422,142.60	14.71%	0.16	1.01	0.11	23.22	0.11	2.06	0.11	0.00	0.11	2.06	A3	BBB
<b>Corporates</b>	6,128,772.88	6,089,976.30	2.86%	0.15	2.10	0.20	11.05	0.21	1.96	0.21	0.00	0.21	1.96	Aa2	AA-
Industrial	3,020,601.00	2,996,670.00	1.41%	0.18	1.80	0.12	(1.34)	0.12	1.81	0.12	0.00	0.12	1.81	Aa1	AA+
Financial Institutions	3,108,171.88	3,093,306.30	1.45%	0.11	2.40	0.29	23.09	0.29	2.11	0.29	0.00	0.29	2.11	Aa2	A+
<b>Government Related</b>	25,393,288.52	25,332,166.30	11.85%	0.16	0.75	0.09	26.15	0.09	2.08	0.09	0.00	0.09	2.08	Baa2	BB+
Agencies	25,393,288.52	25,332,166.30	11.85%	0.16	0.75	0.09	26.15	0.09	2.08	0.09	0.00	0.09	2.08	Baa2	BB+
<b>Cash And Cash Equivalent</b>	182,766,556.70	182,505,200.74	85.29%	0.18	0.00	0.08	3.25	0.08	1.41	0.08	0.00	0.08	1.41	A3	BBB+
<b>Short Term Investment</b>	182,766,556.70	182,505,200.74	85.29%	0.18	0.00	0.08	3.25	0.08	1.41	0.08	0.00	0.08	1.41	A3	BBB+
Treasury Bills	14,961,900.00	14,926,775.33	6.98%	0.17	0.00	0.14	(2.23)	0.14	1.79	0.14	0.00	0.14	1.79	Govt	AAA
<b>Commercial Paper ( Interest Bearing)</b>	15,046,535.86	15,022,729.92	7.02%	0.15	0.00	0.18	16.58	0.18	2.04	0.18	0.00	0.18	2.04	NR	NR
Bankers Acceptance Notes	5,772,141.86	5,754,571.11	2.69%	0.17	0.00	0.23	24.80	0.23	2.12	0.23	0.00	0.23	2.12	Aaa	AA+
Repurchase Agreements	45,684,266.86	45,681,246.82	21.32%	0.20	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04	Aaa	AA+
<b>STIF</b>	795,379.08	794,019.36	0.37%	0.17	0.74	0.25	(2.02)	0.22	1.63	0.10	(0.06)	0.29	1.63	Aaa	AAA
Discounted Notes	61,836,943.91	61,727,001.20	28.86%	0.18	0.00	0.14	3.81	0.14	1.83	0.14	0.00	0.14	1.83	Agy	AAA
Miscellaneous	38,669,389.13	38,598,857.00	18.05%	0.18	0.00	0.01	0.00	0.01	1.85	0.00	0.00	0.01	1.85	NR	NR

As of: 30-Sep-2019

Institutional Accounting

Detailed Net Asset Valuation

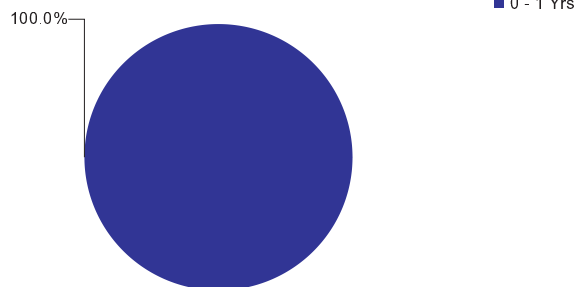
Account : P 89523 STATE OF NEW MEXICO STATE TREASURER'S OFFICE-SEVER ANCE TAX BONDING FUND [FINAL]

Base Currency : USD

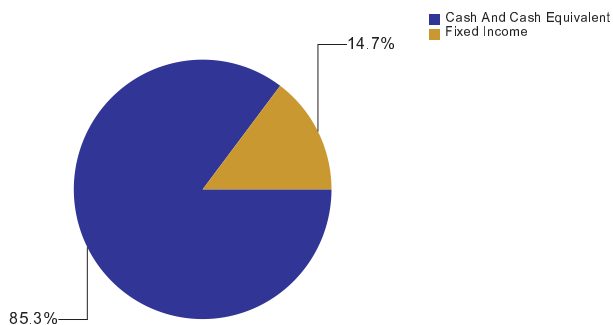
Security Number	Description	Quantity	Cost Local	Market Price	Market Value Local	Cost Base	Market Value Base	Accrued Income Base	Unrealized Gain/Loss Base	Market Value + Accrued Income Base	% of Fund
<i>Currency: USD Rate: 1.0000 Base: USD Nav Value: 214,288,618.10</i>											
AAI9989O2	BBVA COMPASS BANK	38,598,857.00	38,598,857.00	1.0000	38,598,857.00	38,598,857.00	38,598,857.00	70,532.13	0.00	38,669,389.13	18.05%
892998X00	LGIP POOL PARTICIPANT SEMI-ANN. 0.000% 12/31/2049	794,019.36	794,019.36	100.0000	794,019.36	794,019.36	794,019.36	1,359.72	0.00	795,379.08	0.37%
99KR30047	REPO BANK OF NEW YORK (NWMSI) 093019A 2.380% 10/01/2019	45,681,246.82	45,681,246.82	100.0000	45,681,246.82	45,681,246.82	45,681,246.82	3,020.04	0.00	45,684,266.86	21.32%
<b>Total Cash Equivalents</b>		<b>85,074,123.18</b>	<b>85,074,123.18</b>		<b>85,074,123.18</b>	<b>85,074,123.18</b>	<b>85,074,123.18</b>	<b>74,911.89</b>	<b>0.00</b>	<b>85,149,035.07</b>	<b>39.74%</b>
037833DH0	APPLE INC CALLABLE NOTES FIXED 1.8% 13/NOV/2019 SEMI-ANN. 1.800% 11/13/2019	3,000,000.00	2,998,551.21	99.9967	2,999,901.00	2,998,551.21	2,999,901.00	20,700.00	1,349.79	3,020,601.00	1.41%
3130AFHY6	FEDERAL HOME LOAN BANKS BOND VARIABLE 03/DEC/2019 QUARTERLY FLOATING 12/03/2019	10,000,000.00	9,998,809.13	99.9820	9,998,200.00	9,998,809.13	9,998,200.00	14,793.32	(609.13)	10,012,993.32	4.67%
313586RC5	FEDERAL NATIONAL MORTGAGE ASSOCIATION BOND ZERO SEMI-ANN. 0.000% 10/09/2019	7,990,000.00	7,986,160.16	99.9480	7,985,845.20	7,986,160.16	7,985,845.20	0.00	(314.96)	7,985,845.20	3.73%
76116FAA5	RESOLUTION FUNDING CORP BOND ZERO CPN 15/OCT/2019 USD 1000	7,400,000.00	7,393,803.44	99.9250	7,394,450.00	7,393,803.44	7,394,450.00	0.00	646.56	7,394,450.00	3.45%
94988J5L7	WELLS FARGO BANK NA MEDIUM TERM NOTE FIXED 2.4% SEMI-ANN. 2.400% 01/15/2020	3,090,000.00	3,092,996.37	100.0814	3,092,515.88	3,092,996.37	3,092,515.88	15,656.00	(480.49)	3,108,171.88	1.45%
<b>Total Fixed Income</b>		<b>31,480,000.00</b>	<b>31,470,320.31</b>		<b>31,470,912.08</b>	<b>31,470,320.31</b>	<b>31,470,912.08</b>	<b>51,149.32</b>	<b>591.77</b>	<b>31,522,061.40</b>	<b>14.71%</b>
30229BXU6	EXXON MOBIL CORP CORPORATE COMMERCIAL PAPER 0.000% 10/28/2019	7,500,000.00	7,489,093.20	99.8444	7,488,327.53	7,489,093.20	7,488,327.53	0.00	(765.67)	7,488,327.53	3.49%
31315KQ70	FEDERAL AGRICULTURAL MORTGAGE CORP DISCOUNT NOTES 0.000% 12/20/2019	8,000,000.00	7,965,099.36	99.5844	7,966,755.52	7,965,099.36	7,966,755.52	0.00	1,656.16	7,966,755.52	3.72%
313384NC9	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	15,000,000.00	14,985,263.16	99.9112	14,986,683.30	14,985,263.16	14,986,683.30	0.00	1,420.14	14,986,683.30	6.99%
313384QB8	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 04/DEC/2019 USD 1000	4,000,000.00	3,985,969.72	99.6676	3,986,702.24	3,985,969.72	3,986,702.24	0.00	732.52	3,986,702.24	1.86%
313384QL6	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 13/DEC/2019 USD 1000	10,000,000.00	9,959,361.43	99.6208	9,962,080.60	9,959,361.43	9,962,080.60	0.00	2,719.17	9,962,080.60	4.65%
313588PM1	FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT 0.000% 11/20/2019	25,000,000.00	24,932,637.84	99.7389	24,934,722.25	24,932,637.84	24,934,722.25	0.00	2,084.41	24,934,722.25	11.64%
89233GCJ3	TOYOTA MOTOR CREDIT CORPORATE COMMERCIAL PAPER 0.000% 03/18/2020	1,600,000.00	1,584,843.56	99.0806	1,585,289.33	1,584,843.56	1,585,289.33	0.00	445.77	1,585,289.33	0.74%
89233HZL1	TOYOTA MOTOR CREDIT CORPORATE COMMERCIAL PAPER 0.000% 12/20/2019	6,000,000.00	5,971,994.41	99.5487	5,972,919.00	5,971,994.41	5,972,919.00	0.00	924.59	5,972,919.00	2.79%
912796ST7	UNITED STATES OF AMERICA BILL ZERO CPN 21/NOV/2019 0.000% 11/21/2019	15,000,000.00	14,958,612.14	99.7460	14,961,900.00	14,958,612.14	14,961,900.00	0.00	3,287.86	14,961,900.00	6.98%
9033A1YJ1	US BANK N.A. BANKERS' ACCEPTANCE DISCOUNT DTD 0.000% 11/18/2019	1,600,000.00	1,595,588.71	99.7243	1,595,588.71	1,595,588.71	1,595,588.71	0.00	0.00	1,595,588.71	0.74%
9033A1ZG6	US BANK N.A. BANKERS' ACCEPTANCE DISCOUNT DTD 0.000% 12/16/2019	3,000,000.00	2,986,299.31	99.5433	2,986,299.31	2,986,299.31	2,986,299.31	0.00	0.00	2,986,299.31	1.39%
90349WBQ2	US BANK N.A. BANKERS' ACCEPTANCE DISCOUNT DTD 0.000% 02/24/2020	1,200,000.00	1,190,253.84	99.1878	1,190,253.84	1,190,253.84	1,190,253.84	0.00	0.00	1,190,253.84	0.56%
<b>Total Short Term Investments</b>		<b>97,900,000.00</b>	<b>97,605,016.68</b>		<b>97,617,521.63</b>	<b>97,605,016.68</b>	<b>97,617,521.63</b>	<b>0.00</b>	<b>12,504.95</b>	<b>97,617,521.63</b>	<b>45.55%</b>
<b>Total USD</b>		<b>214,454,123.18</b>	<b>214,149,460.17</b>		<b>214,162,556.89</b>	<b>214,149,460.17</b>	<b>214,162,556.89</b>	<b>126,061.21</b>	<b>13,096.72</b>	<b>214,288,618.1</b>	<b>100.00%</b>
<b>Total P 89523</b>		<b>214,454,123.18</b>								<b>214,288,618.1</b>	<b>100.00%</b>

Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **214.3**  
 Weighted Average Life (Years) **0.09**  
 Weighted Avg. Effective Duration (Years) **0.09**  
 Weighted Average Coupon (%) **0.15**  
 Weighted Average Current Yield (%) **1.51**  
 Weighted Average Yield to Maturity (%) **1.51**  
 Weighted Average Rating **BBB**  
 Number of Holdings **20**

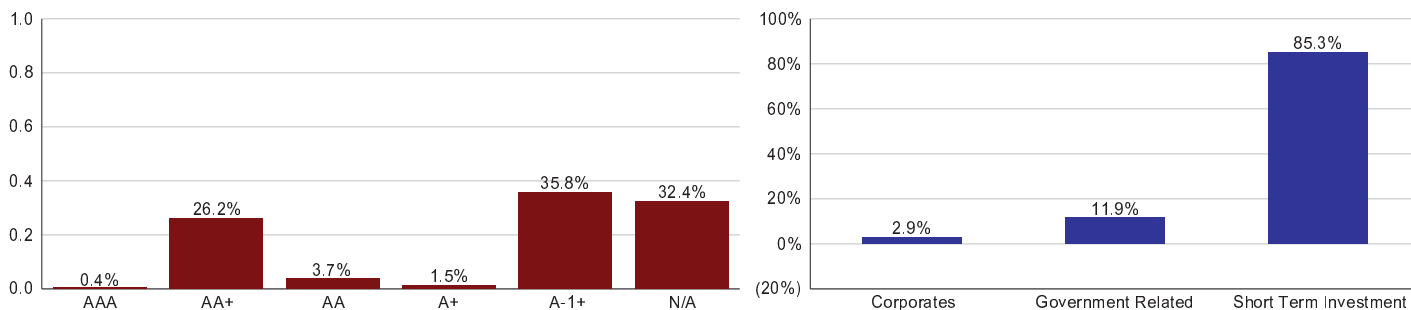


Asset Mix Top Ten Portfolio Holdings



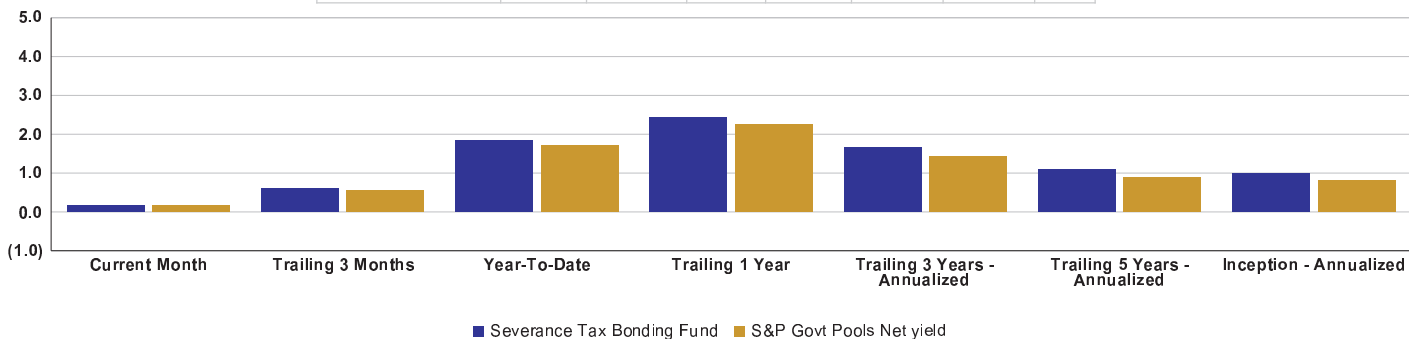
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
99KR30047	REP O BANK OF NEW YORK (NWMSI) 093019A	21.32%	0.00	1/10/2019
313588PM1	FEDERAL NATL MTG ASSN DISC NT MATURES	11.64%	0.00	20/11/2019
313384NC9	FHLB 5.30% 18108/1999	6.99%	0.00	18/10/2019
912796ST7	UNITED STATES OF AMERICA BILL ZERO CPN 21/NOV/2019	6.98%	0.00	21/11/2019
3130AFHY6	FEDERAL HOME LOAN BANKS BOND VARIABLE 03/DE C/2019	4.67%	1.90	3/12/2019
313384QL6	FHLB D/N 5.36%, 13/12/99	4.65%	0.00	13/12/2019
313586RC5	FEDERAL NATIONAL MORTGAGE ASSOC 0%, NTS 09/OCT/2019	3.73%	0.00	9/10/2019
31315KQT0	FEDERAL AGRICULTURAL MORTGAGE CORP DISCOUNT NOTES	3.72%	0.00	20/12/2019
30229BXU6	EXXON MOBIL CORP CORPORATE COMMERCIAL PAPER	3.49%	0.00	28/10/2019
AAI9989O2	BBVA COMPASS BANK	18.05%	0.00	1/10/2019

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
Severance Tax Bonding Fund	0.18	0.59	1.84	2.43	1.67	1.10	0.99
S&P Govt Pools Net yield	0.17	0.55	1.70	2.25	1.42	0.90	0.80
Excess	0.00	0.04	0.14	0.18	0.25	0.20	0.19





## 15. Broker Dealer Activities



New Mexico State Treasurer's  
Executive Summary of Investment Activity  
Summary of Broker Participation  
Purchases and Sales By Broker, Market & Security Type  
All Funds  
2019-2020

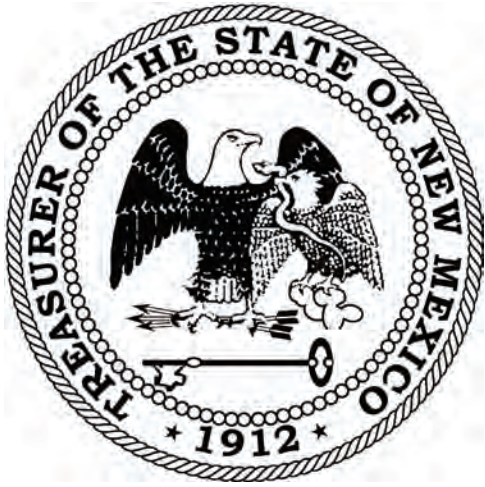
Volume at Par (\$ in thousands)

Broker/Dealer:	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	YTD Total	YTD
														Percent
Academy Securities													-	0.0%
Arbor Research & Trading													-	0.0%
Bancroft Capital		30,000,000											30,000,000	1.7%
Barclays	145,000,000	9,800,000	19,980,000										174,780,000	9.6%
BB&T Securities	20,000,000		16,970,000										36,970,000	2.0%
BMO Capital Markets	30,000,000	12,500,000	25,000,000										67,500,000	3.7%
BOSC, Inc	4,750,000	6,550,000	1,000,000										12,300,000	0.7%
Cantor, Fitzgerald													-	0.0%
CastleOak Securities LP	30,000,000	10,000,000	101,000,000										141,000,000	7.8%
CIBC World Markets		30,000,000											30,000,000	1.7%
Daiwa Capital Markets America			10,000,000										10,000,000	0.6%
Deutsche Bank	1,105,000	10,000,000	10,000,000										21,105,000	1.2%
FTN Financial	25,000,000		15,000,000										40,000,000	2.2%
Guggenheim Securities LLC													-	0.0%
HSBC	17,000,000	70,000,000	50,000,000										137,000,000	7.6%
Incapital LLC		31,000,000	12,090,000										43,090,000	2.4%
Intl FCStone	10,000,000	50,085,000	25,500,000										85,585,000	4.7%
Jefferies		41,176,000											41,176,000	2.3%
KeyBanc Capital Markets	3,750,000	2,015,000	23,300,000										29,065,000	1.6%
Loop Capital Markets	45,000,000	10,000,000	10,000,000										65,000,000	3.6%
Mizuho Securities USA	20,000,000	30,000,000	26,021,000										76,021,000	4.2%
Morgan Stanley	59,599,000												59,599,000	3.3%
Mutual Securities Inc.													-	0.0%
Piper Jaffray & Co													-	0.0%
RBC Capital Markets	15,000,000	1,000,000											16,000,000	0.9%
NatWest/RBS Securities													-	0.0%
Robert W. Baird & Co.													-	0.0%
Samuel A Ramirez & Co.	10,000,000	73,000,000											83,000,000	4.6%
Stifel Nicklaus & Co	5,625,000	10,779,000											16,404,000	0.9%
TD Securities	13,500,000	75,000,000	74,000,000										162,500,000	9.0%
Vining Sparks													-	0.0%
Wells Fargo Securities	65,000,000	91,800,000	63,000,000										219,800,000	12.1%
Williams Capital Group	3,830,000	35,000,000	10,000,000										48,830,000	2.7%
Direct Purchase	20,860,000	30,800,000	11,100,000										62,760,000	3.5%
Interfund		102,008,000											102,008,000	5.6%
<b>Total</b>	<b>545,019,000</b>	<b>762,513,000</b>	<b>503,961,000</b>	-	-	-	-	-	-	-	-	-	<b>1,811,493,000</b>	<b>100.0%</b>
<b>Market type:</b>														
-	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	YTD Total	YTD %
Primary Market	165,860,000	434,776,000	132,121,000										732,757,000	40.5%
Secondary Market	379,159,000	327,737,000	371,840,000										1,078,736,000	59.5%
<b>Total</b>	<b>545,019,000</b>	<b>762,513,000</b>	<b>503,961,000</b>	-	-	-	-	-	-	-	-	-	<b>1,811,493,000</b>	<b>100.0%</b>
<b>Security type:</b>														
- 2	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	YTD Total	YTD %
ABS	-	-	-										-	0.0%
Agencies	371,734,000	396,958,000	293,270,000										1,061,962,000	58.6%
Certificates of Deposit/Bank MMDA	3,750,000												3,750,000	0.2%
Commercial Paper	16,000,000	30,800,000	9,100,000										55,900,000	3.1%
Corporate Bonds	38,625,000	46,779,000	51,070,000										136,474,000	7.5%
MBS													-	0.0%
Municipal/Sponge	1,110,000		2,000,000										3,110,000	0.2%
Treasuries	113,800,000	287,976,000	148,521,000										550,297,000	30.4%
<b>Total</b>	<b>545,019,000</b>	<b>762,513,000</b>	<b>503,961,000</b>	-	-	-	-	-	-	-	-	-	<b>1,811,493,000</b>	<b>100.0%</b>



**STATE OF NEW MEXICO**  
**Summary of Fixed-Income Purchases and Sales**  
**TRADES During The Period 9/01/19 Through 9/30/19**

TXN-DATE	CUSIP#	ASSET-TYPE	INVST#	ISSUE-NAME	RATE	MATURITY	YIELD	BRKR/DLR/AGENT	FUND	PAR-VALUE	COST/PROCEEDS	GAIN/LOSS	NXT-CALL
9/16/19	GISD2019	MUNICIPAL BOND	33759	GADSDEN ISD GO BOND SER	2.162	10/10/19	2.1390	ISSUER DIRECT	1000	2,000,000.00	2,000,000.00		
<b>39 PURCHASES DURING PERIOD TOTAL.....</b>										<b>469,461,000.00</b>	<b>468,983,441.25</b>		
<b>SALE TRANSACTIONS</b>													
9/04/19	912828G9	US TREASURY NOT	31923	UNITED STATES TREASURY	1.625	12/31/19		BARCLAYS	4002	4,000,000.00	3,995,781.25	8,387.24	
9/04/19	912828K5	US TREASURY NOT	23356	UNITED STATES TREASURY	1.375	4/30/20		INTL FCSTONE PA	1001	25,500,000.00	25,425,292.97	59,525.23	
9/27/19	30231GBB	CORPORATE BONDS	33540	EXXON MOBIL CORPORATION	1.902	8/16/22		INCAPITAL LLC	1001	5,000,000.00	5,023,650.00	23,650.00	
<b>3 SALES DURING PERIOD TOTAL.....</b>										<b>34,500,000.00</b>	<b>34,444,724.22</b>	<b>91,562.47</b>	
<b>=== GRAND-TOTAL ==&gt;</b>										<b>503,961,000.00</b>	<b>503,428,165.47</b>	<b>91,562.47</b>	
<b>*** END-OF-REPORT ***</b>													



16. Credit

APPROVED MEDIUM TERM NOTE/CORPORATE BOND ISSUERS  
September 2019

Issuer	Rating/Credit Outlook						Comments:			
	Moody's		S&P		Fitch					
3M CO	A1	STABLE	AA-	NEG	NR	NR	5/2/19 - S&P Outlook to Negative from Stable			
APPLE INC	Aa1	STABLE	AA+	STABLE	NR	NR				
BANK OF NY MELLON	Aa2	STABLE	AA-	STABLE	AA	STABLE				
BERKSHIRE HATHWAY	Aa2	STABLE	AA	STABLE	A+	STABLE				
CHEVRON CORP	Aa2	STABLE	AA	STABLE	NR	NR				
COCA-COLA CO	A1	STABLE	A+	STABLE	A	STABLE				
COLGATE-PALM CO	Aa3	STABLE	AA-	STABLE	NR	NR				
EXXON MOBIL CORP	Aaa	STABLE	AA+	NEG	NR	NR				
INTEL CORP	A1	STABLE	A+	STABLE	A+	STABLE	5/23/19 - S&P Outlook to Stable from Positive			
JOHNSON & JOHNSON	Aaa	NEG	AAA	STABLE	WD	WD	8/28/19 - Moody's Outlook to Negative			
							Moody's affirms Aaa - citing legal exposures			
							9/4/19 - Fitch Rating Withdrawn			
MICROSOFT CORP	Aaa	STABLE	AAA	STABLE	AA+	STABLE				
PEPSICO INC	A1	STABLE	A+	STABLE	A	STABLE				
PFIZER INC	A1 *-	NEG	AA- *-	NEG	A+ *-	NEG	6/17/19 - S&P Watchlist Negative			
							6/19/19 - Fitch Watchlist Negative			
							7/29/19 - Moody's Watchlist Negative			
							Acquire Array Biopharma Mostly Financed with Debt			
PROCTER & GAMBLE	Aa3	STABLE	AA-	STABLE	NR	NR				
TOYOTA MTR CRED	Aa3	STABLE	AA-	STABLE	A	STABLE				
US BANCORP	A1	STABLE	A+	STABLE	AA-	STABLE				
US BANK NA	A1	STABLE	AA-	STABLE	AA-	STABLE				
WAL-MART STORES	Aa2	STABLE	AA	STABLE	AA	STABLE				
WALT DISNEY CO	A2	STABLE	A	STABLE	A	STABLE				
WELLS FARGO BANK	Aa2	STABLE	A+	STABLE	AA-	STABLE	8/13/19 - Moody's Outlook to Stable from Negative			

Color Key	
	Remove - Issuer no longer viable for purchase.
	Caution - Issuer not eligible for additional purchases pending further rate action.
	Active - Issuer is currently held and/or viable for purchase.
	No Color - Issuer has been approved to be on the list but has not yet been purchased.

APPROVED COMMERCIAL PAPER ISSUERS  
September 2019

Issuer	Rating/Credit Outlook						Comments:				
	Moody's		S&P		Fitch						
BANK OF NY CO INC.	P-1	STABLE	A-1	STABLE	F1+	STABLE					
CHEVRON FUNDING CORP	P-1	STABLE	A-1+	STABLE	NR	NR					
DEERE & COMPANY	P-1	STABLE	A-1	STABLE	F1	NR					
ELI LILLY & CO	P-1	STABLE	A-1+	STABLE	WD	WD	10/17/19 - Fitch Rating Withdrawn				
EXXON MOBIL CORP	P-1	STABLE	A-1+	NEG	NR	NR					
HSBC USA INC	P-1	STABLE	A-1	STABLE	F1+	STABLE					
PEFCO	P-1	STABLE	NR	NR	F1+	STABLE					
PNC BANK NA	P-1	STABLE	A-1	STABLE	F1	STABLE					
PROCTER & GAMBLE CO	P-1	STABLE	A-1+	STABLE	NR	NR					
TOYOTA MOTOR CREDIT CORP	P-1	STABLE	A-1+	STABLE	F1	STABLE					
USAA CAPITAL CORP	P-1	STABLE	A-1+	STABLE	NR	NR					
US BANK NA	P-1	STABLE	A-1+	STABLE	F1+	STABLE					
WAL-MART STORES INC	P-1	STABLE	A-1+	STABLE	F1+	STABLE					
WALT DISNEY COMPANY	P-1	STABLE	A-1	STABLE	F1	STABLE	3/12/19 - S&P Downgrade from A-1+ to A-1				

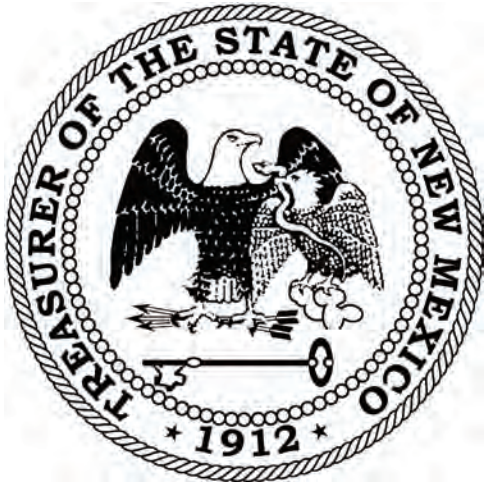
Color Key	
	Remove - Issuer no longer viable for purchase.
	Caution - Issuer not eligible for additional purchases pending further rate action.
	Active - Issuer is currently held and/or viable for purchase.
	No Color - Issuer has been approved to be on the list but has not yet been purchased.

Portfolio Credit Exposure  
September 2019

Portfolio	Issuer	Face Amount	Yield	Maturity	% of Port	Total %
GF CORE	AAPL	41,925,000	1.71% - 2.50%	5/11/20- 9/12/2022	1.05%	
	BONY FRN	7,000,000	2.78%	6/4/2021	0.18%	
	MSFT	2,500,000	1.87%	2/6/2020	0.06%	
	PFE	10,000,000	2.80% - 3.05%	9/15/21 - 3/11/22	0.25%	
	PG	10,779,000	1.90%	8/11/2022	0.27%	
	TOYCC	71,980,000	2.15% - 2.78%	1/8/21 - 9/27/2024	1.80%	
	3M CO	4,000,000	3.07%	9/14/2021	0.10%	
	USB	33,900,000	2.07%-3.50%	10/28/19 - 5/23/2022	0.85%	
	WMT FRN	3,000,000	2.39%	6/23/2021	0.08%	
	WF BK	30,000,000	2.08% - 2.52%	1/15/20 - 9/9/2022	0.75%	
						5.38%
GF LIQUIDITY	TOYCC	25,000,000	2.04%	12/2/2019	0.63%	
	USB	8,500,000	2.50%	10/29/2019	0.21%	
						0.84%
BPIP TE	AAPL	3,319,000	2.21% - 2.59%	11/13/19 - 2/7/2020	0.71%	
	MSFT	2,500,000	1.87%	2/6/2020	0.53%	
	TOYCC	18,125,000	1.97% - 2.19%	1/24/20 - 1/8/2021	3.87%	
	WMT	2,000,000	1.75%	10/9/2019	0.43%	
	WMT FRN	4,000,000	2.39%	6/23/2021	0.85%	
	WF BK	4,000,000	2.05%	1/15/2020	0.85%	
						7.24%

Portfolio	Issuer	Face Amount	Yield	Maturity	% of Port	Total %
BPIP TAX	AAPL	12,500,000	1.835% - 2.04%	5/11/20 - 9/11/2024	2.68%	
	MSFT	11,653,000	1.85% - 2.60%	2/6/20 - 11/3/2020	2.50%	
	PG	2,000,000	1.77%	10/25/2019	0.43%	
	TOYCC	14,463,000	1.97% - 2.78%	4/17/20 - 9/8/2022	3.11%	
						8.72%
STBF	AAPL	3,000,000	2.21%	11/13/2019	1.40%	
	EXXON	7,500,000	2.03%	10/28/2019	3.50%	
	TOYCC	7,600,000	2.06%	12/20/19 - 3/18/2020	3.55%	
	USB	5,800,000	2.02% - 2.17%	11/18/19 - 2/24/2020	2.71%	
	WF BK	3,090,000	2.05%	1/15/2020	1.44%	
						12.60%
All Portfolios	AAPL	60,744,000			1.01%	
	BONY	7,000,000			0.12%	
	EXXON	7,500,000			0.12%	
	MSFT	16,653,000			0.28%	
	PFE	10,000,000			0.17%	
	PG	12,779,000			0.21%	
	TOYCC	137,168,000			2.28%	
	3M CO	4,000,000			0.07%	
	USB	48,200,000			0.80%	
	WMT	9,000,000			0.15%	
	WF BK	37,090,000			0.62%	
<b>Total Credit Exposure</b>		<b>350,134,000</b>				<b>5.81%</b>





## 17. Investment Policy Update

*State of New Mexico  
Office of the State Treasurer*



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*Investment Policy*

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~~December 19, 2017~~ November 13, 2019

Tim Eichenberg  
New Mexico State Treasurer

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**I. Statement of Purpose/Statutory Authority:**

The purpose of this Investment Policy is to provide guidance governing the investment functions of the State Treasurer’s Office (STO) with regard to the investment of public funds.

STO is established by Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are further defined by Chapters 6 and 8 of the New Mexico Statutes.

Specific authority concerning the investment of public funds can be found at NMSA 1978, §§6-10-10, 6-10-10.1, 6-10-24, 6-10-24.1, 6-10-25, 6-10-26, 6-10-37, 6-10-44 and 6-14-10.1, as well as Article VIII, Section 4 of the New Mexico Constitution.

STO will submit this Investment Policy to the State Board of Finance pursuant to its advice and consent role established in NMSA 1978, §6-10-10. The Investment Policy shall be reviewed at least every two years.

**II. Definitions:**

Authorized Investment Officers	Those individuals and third-party entities authorized by the State Treasurer to invest monies on behalf of the State of New Mexico.												
Custodian	A specialized financial institution, approved by the State Board of Finance, responsible for the safekeeping of assets. The assets may be in electronic or physical form. Some additional responsibilities may include facilitating securities settlements and the collection of income on assets held in safekeeping.												
Duration	A measure of the price sensitivity of an underlying security, or portfolio, to changes in interest rates.												
DVP	Delivery Versus Payment, a method of securities settlement where securities are simultaneously exchanged for payment.												
Fiscal Agent Bank	A bank or savings and loan association designated by the State Board of Finance pursuant to NMSA 1978, §6-10-35, acting on behalf of the State of New Mexico, to perform various financial functions. Fiscal agent bank functions include the collection of all monies received by the State of New Mexico and the management of STO’s checking account. Monies held at the Fiscal Agent Bank are managed to a target balance after the payment of checks, warrants, ACH volume and wire transfers are processed by the State.												
Investment Grade Ratings	<p><u>Issuer ratings</u> within any of the following rating agency <u>ranges</u>:</p> <table border="0"> <thead> <tr> <th><u>Rating Agency</u></th> <th><u>Long-Term</u></th> <th><u>Short-Term</u></th> </tr> </thead> <tbody> <tr> <td><b>Standard &amp; Poor’s</b></td> <td>A to AAA</td> <td>A-1 <u>or Better</u></td> </tr> <tr> <td><b>Fitch</b></td> <td>A to AAA</td> <td>F1 <u>or Better</u></td> </tr> <tr> <td><b>Moody’s</b></td> <td>A2 to Aaa</td> <td>P-1</td> </tr> </tbody> </table>	<u>Rating Agency</u>	<u>Long-Term</u>	<u>Short-Term</u>	<b>Standard &amp; Poor’s</b>	A to AAA	A-1 <u>or Better</u>	<b>Fitch</b>	A to AAA	F1 <u>or Better</u>	<b>Moody’s</b>	A2 to Aaa	P-1
<u>Rating Agency</u>	<u>Long-Term</u>	<u>Short-Term</u>											
<b>Standard &amp; Poor’s</b>	A to AAA	A-1 <u>or Better</u>											
<b>Fitch</b>	A to AAA	F1 <u>or Better</u>											
<b>Moody’s</b>	A2 to Aaa	P-1											
Maturity Date	The date on which the principal amount of a debt instrument becomes due and is repaid to the investor, along with all remaining interest.												
<u>Supranational Obligations</u>	<u>An international development institution formed by two or more central governments, limited to issuers domiciled within the United States:</u>												

	<a href="#"><u>International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).</u></a>
WAM	Weighted Average Maturity. For a given portfolio, the average maturity of investment holdings weighted by the relative size of each position.

### III. Identification of Funds:

Funds managed by STO are separated into distinct portfolios and managed in accordance with each portfolio's respective objectives and constraints. A brief description of the portfolios presently managed by STO are included below.

**General Fund Investment Pool**, consisting of three main components:

- General Fund Liquidity Portfolio – Immediate cash needs of the State are to be met with the General Fund Liquidity Portfolio. The General Fund Liquidity Portfolio is expected to have minimal liquidity risk and all investments in this portfolio are constrained to less than a year;
- General Fund Core Portfolio – The General Fund Core Portfolio is comprised of balances that are not necessary to meet the short-term cash flow needs of the State. Accordingly, it may be invested over a longer term than the General Fund Liquidity Portfolio; and
- General Fund TRAN Portfolio. The General Fund TRAN Portfolio may temporarily hold proceeds of short-term Tax and Revenue Anticipation Notes (TRAN), which are periodically issued and sold by the Treasurer pursuant to NMSA 1978, §6-12A-5, in order to anticipate the collection and receipt of anticipated revenue and after certifying the need to issue TRAN.

**Bond Proceeds Investment Pool**, consisting of two main components:

- Tax-Exempt Bond Proceeds Investment Portfolio (Tax-Exempt BPIP) – The Tax-Exempt BPIP holds proceeds from tax-exempt general obligation and severance tax bonds issued by the State Board of Finance until they are expended on capital projects.
- Taxable Bond Proceeds Investment Portfolio (Taxable BPIP) – The Taxable BPIP holds proceeds from taxable severance tax bonds issued by the State Board of Finance until expended on capital projects.

**Local Government Investment Pool (LGIP)** – The LGIP was created pursuant to NMSA 1978, §6-10-10.1 to allow municipal, county, tribal and quasi-governmental bodies to remit money to STO for money management services on a pooled basis. The LGIP is covered by a separate investment policy.

**Severance Tax Bonding Fund** – The Severance Tax Bonding Fund holds severance tax receipts pledged for debt service on severance tax bonds before being spent on permitted uses or transfer to the Severance Tax Permanent Fund held by the State Investment Council.

**Repurchase Pool** – The Repurchase Pool acts as a repository for cash balances from the portfolios managed by STO, from the Educational Retirement Board, the State Investment Council, the Public Employees Retirement Association and other entities within the state.

#### IV. Objectives:

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements.

The Chief Investment Officer (CIO) and Authorized Investment Officers (AIOs) will observe the following priorities in making investment decisions, in the order described:

1. **Safety** – the first priority is the preservation of the principal of the funds to be invested;
2. **Liquidity** - the second level of priority is maintaining sufficient availability of cash, or the capacity to obtain it without sacrificing principal loss, in order to satisfy the reasonably anticipated, continuing operational requirements of the specific fund invested; and
3. **Return**– the third priority is maximizing investment return, consistent with the higher priorities of safety and liquidity of principal.

#### V. Standards of Care:

##### A. Delegation by the State Treasurer of Investment Authority

NMSA 1978, §6-10-10 allows the State Treasurer to invest money, not immediately needed for the operation of state government, in permissible securities and contracts as outlined by the statute.

To ensure effective investment management of public funds, the investment functions are delegated to the Investment Division reporting to the Deputy Treasurer. The Investment Division includes a CIO and AIOs. AIOs will report to the CIO and the CIO will report to the Deputy Treasurer. The CIO will maintain a current list of AIOs.

##### B. Ethics and Conflict of Interest

The Deputy Treasurer, CIO and AIOs shall adhere to standards of conduct as follows:

- The Governmental Conduct Act, NMSA 1978, §§10-16-1 through 10-16-18;
- The State Treasurer’s Employee Code of Conduct<sup>1</sup>;
- The State Treasurer’s Campaign Contributions Policy;
- The Whistleblower Policy, NMSA 1978 §§10-16C-1 through 10-16C-6;
- The Gift Act, NMSA 1978 §§10-16B-1 through 10-16B-4; and
- The Procurement Code, NMSA 1978 §§13-1-28 through 13-1-199.

The CIO and AIOs shall file personal disclosure forms as required by the Governmental Conduct Act and the State Treasurer’s Code of Conduct.

##### C. Prudence

The CIO and AIOs shall perform investment duties in a manner consistent with this Investment Policy and the standard of a prudent investor<sup>2</sup> in light of the purposes, terms, distribution requirements and other circumstances then prevailing as to the assets entrusted to them.

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<sup>1</sup> As required by NMSA 1978, §10-16-11.

<sup>2</sup> Uniform Prudent Investor Act, NMSA 1978, §§45-7-601 through 45-7-612

In the process of investing funds, the CIO and AIOs will exercise reasonable care, skill, diligence and prudence considering investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy. That strategy shall incorporate the risk and return objectives articulated in this policy.

The CIO and AIOs, acting in accordance with New Mexico Statutes, written procedures and this Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion-manner and appropriate action is taken to control adverse developments.

## VI. Controls:

### A. Custody

All investment securities purchased by the CIO and AIOs, held as collateral for repurchase agreements and bank deposits or held as collateral for securities lending arrangements shall be held in third-party safekeeping at a financial institution qualified to act in this capacity.

All securities held for STO's portfolios will be free and clear of any lien and all transactions will be conducted in compliance with NMSA 1978 §6-10-10(O), which requires same day transfer of funds with the settlement of securities.

The Custodian will provide reports that list all transactions that occurred during the month and all securities held for STO at month-end, including the book and market value of holdings.

The representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of STO, shall be bonded in amounts required by the State Board of Finance under a custody agreement to protect from losses due to malfeasance and misfeasance.

### B. Approved Broker-Dealers and Counterparties

To ensure proper separation of duties from the investment functions, the State Cash Manager shall maintain a list of broker-dealers and counterparties approved to provide investment services to STO. Eligible broker-dealers will need to meet all of the following conditions:

- The broker-dealer and its representatives must be registered pursuant to the New Mexico Uniform Securities Act <sup>3</sup>;
- The broker-dealer must be registered with the Financial Industry Regulatory Authority (FINRA);
- All broker-dealer representatives who have direct contact with securities trading between STO and the firm must have a FINRA Series 7 License, or equivalent certification.
- The broker-dealer representatives must have a minimum of five (5) years continuous employment history involving fixed income securities, with exceptions permitted for sales and trading assistants acting in temporary administrative capacities; and

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<sup>3</sup>New Mexico Uniform Securities Act, NMSA 1978, §§58-13C-101 through 58-13C-701 (2009) and NMAC 12.11.2.

- Counterparties must operate under the terms of a securities lending or repurchase agreement.

The Broker-Dealer list will be submitted to the State Treasurer’s Investment Committee for recommendation and will be approved by the State Treasurer. The list will be submitted by the Treasurer to the State Board of Finance for its advice and consent.

#### C. Competitive Transactions

The CIO and AIOs will conduct all securities transactions in a fair, open and transparent competitive process:

- All securities transactions shall be executed at the highest bid or lowest offer to STO, subject to diversification constraints.
- Every effort to obtain at least three bids or offers on a specific security will be conducted. If unobtainable, documentation of comparable securities accompanied by current market levels will be retained to provide evidence of price transparency and trade execution at competitive levels.
- Offers or bids for securities may be received from approved broker-dealers or direct issuers by any of the following means:
  - By phone; or
  - By e-mail or other form of electronic communication; or
  - Through an electronic trading platform; or
  - Directly from issuers of eligible investments.
- In the case of investments made under the Linked Deposit program<sup>4</sup>, this policy and its standard of care are restricted to the express provisions of the statutes directing such investments.

#### D. Internal Controls

The CIO will maintain sufficient internal controls to protect against the loss of public funds arising from negligence, theft, or misuse. The controls will require the CIO to:

- Communicate regularly with the Deputy Treasurer regarding investment activities, including any significant changes in market value or credit quality of investment positions;
- Require monthly reconciliation of internal investment -accounting and reporting to all external statements provided by the custodian and other financial institutions;
- Monitor compliance with applicable state investment statutes;
- Require Delivery Versus Payment security settlement except for physical securities;
- Maintain clear delegation of investment authority;
- Ensure the separation of investing authority from cash activities and record-keeping;
- Ensure that all deposits are sufficiently collateralized per State Board of Finance Collateral Policy, 2.60.4 NMAC;
- Require the use of approved objective criteria in selecting broker-dealers and financial institutions authorized to provide investment services to the state;
- Maintain documentation on investment procedures;
- Report violations of this policy to the State Treasurer in a timely manner; and,

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<sup>4</sup> Linked Deposit Program NMSA 1978, §6-10-24.2.



- Require the use of agency approved objective criteria in awarding investment purchases and sales to authorized financial institutions and broker-dealers.

#### E. External Controls

- STO will retain all records related to investment activities pursuant to state law;
- As prescribed by the Audit Act<sup>5</sup>, the State Auditor or designated independent auditor will review the investment activities of STO to determine the compliance of those activities with this Investment Policy and state statutes;
- The market value of all funds held by the Custodian will be calculated monthly and provided to the State Treasurer.

#### F. State Treasurer’s Investment Committee

The State Treasurer may establish the State Treasurer’s Investment Committee. This advisory committee will review investment reporting and any other matters of the State Treasurer’s choosing.

- The Investment Committee shall consist of five (5) voting members: the State Treasurer, or designee; a member of the Treasurer’s staff upon appointment by the Treasurer or designee; the director of the State Board of Finance, or designee; and two members who are participants in the private investment community or have expert knowledge or professional experience in the subject of public finance or public money investing, of which one member will be appointed by the State Treasurer and approved by the State Board of Finance and one member will be appointed by the State Board of Finance and approved by the State Treasurer. The member of the Treasurer’s staff shall be selected in a manner consistent with maintaining a separation of responsibilities between the STO investment managers and the members of the committee.
- Each private sector member shall serve at the pleasure of the State Treasurer or the State Board of Finance appointing the private sector member. The private sector members shall serve for a term of two (2) years after appointment and shall be eligible for reappointment to serve for consecutive two (2) year terms. Any vacancy created by a private sector member shall be filled in the same manner as original appointments.

### VII. Eligible and Ineligible Investments:

#### A. Eligible Investments

Eligible Investments are only those securities and deposits specifically authorized by statute. Consistent with NMSA 1978, §6-10-10 and other investment statutes, the CIO and AIOs may invest in the following:

- Cash at Banks, Savings and Loan Associations or Credit Unions whose deposits are insured by an agency of the United States and are certified or designated as eligible to receive public funds in New Mexico;
- Securities issued by the United States government;
- Securities issued or guaranteed by United States government agencies, [government sponsored enterprises](#) or instrumentalities including mortgage obligations;
- Securities issued by supranational entities, as defined in this policy;

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<sup>5</sup> Audit Act NMSA 1978, §§12-6-1 through 12-6-14.

- Repurchase Agreements, subject to restrictions contained in Section VII, paragraph C of this policy;
- Securities Lending Arrangements;
- Commercial Paper issuers rated “prime” quality by a nationally recognized rating service, defined in this policy as investment grade, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Corporate Bond issuers rated investment grade, as defined in this policy, by a nationally recognized rating service, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Asset-Backed Obligations rated “AAA” or better by a nationally recognized rating service, and with a maturity of less than 5 years;
- Shares of open-ended diversified investment companies that are registered with the United States Securities and Exchange Commission; comply with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; assess no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated; and do not use swap and derivative products. STO shall not, at any time, own more than five percent (5%) of a money market mutual fund’s assets;
- Individual, common or collective trust funds of banks or trust companies that are invested only in United States Government and Agency obligations and repurchase agreements secured by such obligations; have assets under management of at least one billion dollars (\$1,000,000,000); do not use swap and derivative products; and the investments made by STO are less than five percent (5%) of the assets of the fund.
- The Local Government Investment Pool, managed by STO, to less than 35% of the total assets of the Local Government Investment Pool;
- Securities issued by the State of New Mexico, it’s agencies, institutions, counties, municipalities, school districts, community college districts or other subdivisions of the state, or as otherwise provided by law and rated investment grade as defined by this policy; or
- Securities issued by states other than New Mexico or governmental entities in states other than New Mexico and rated investment grade as defined by this policy.

B. Ineligible Investments

To provide for the safety and liquidity of funds, the investment portfolios are specifically prohibited from investing in:

- Short Sales
- Whole Loan Mortgage Obligations
- Reverse Repurchase Agreements, except under a securities lending arrangement
- Inverse Floating Rate Notes
- Equity Securities
- Swaps and Derivatives

### C. Repurchase Agreements

Repurchase Agreements are subject to additional restrictions:

- Transactions will be conducted only with currently approved dealers on the broker-dealer list, the Fiscal Agent Bank, approved counterparties under a securities lending arrangement, or the master custodial bank, and under the terms of a written master repurchase agreement or securities lending arrangement;
- Each approved repo counterparty must have a net worth in excess of five hundred million dollars (\$500,000,000);
- Transactions with any single counterparty will not exceed 35% of any portfolio or \$200 million, whichever is greater;
- The maximum term of any repurchase agreement will be 1 year, except in the case of bond proceeds where a repurchase agreement is limited to 3 years; and
- Tri-Party Repurchase Agreement transactions may be entered into with a contracted custodial bank for this purpose, as long as all securities meet the requirements within this policy.

Securities accepted as collateral for repurchase agreements will be subject to the following additional restrictions:

- Securities placed as collateral for repurchase agreements, with a final maturity less than 10 years, will be priced at 102% of market value, plus accrued income;
- Securities placed as collateral for repurchase agreements, with a final maturity of 10 years or greater, will be priced at 103% of market value, plus accrued income;
- Agency mortgage-backed securities placed as collateral for term repurchase agreements with a maturity longer than seven days will be priced at 105% of market value, plus accrued income;
- Term repurchase agreements with a maturity date that is longer than seven days are required to have daily pricing of collateral; and
- Only treasury and agency securities, including agency mortgage-backed obligations, will be utilized as collateral for repurchase agreements.

### VIII. Investment Parameters:

To provide for the safety and liquidity of funds, the investment portfolios will be subject to the restrictions listed below. These represent minimum investment restrictions under this Investment Policy and there may be separate procedures containing additional, more restrictive limitations for certain investment instruments.

All restrictions are based on a settlement date basis.

Maximum percentages for a particular issuer, investment type or liquidity constraints may on occasion be exceeded due to unforeseen circumstances (e.g., due to fluctuations in fund balances). Exceptions will be reported to the Treasurer, the State Treasurer's Investment Committee and the State Board of Finance monthly.

#### A. Diversification

- GSEs or government-guaranteed investments rated AA or higher with final maturities shorter than 30 days will be excluded from diversification limits;

Otherwise, the following diversification limits shall apply to each portfolio: ~~The following diversification limits shall apply to each portfolio:~~

<i>Allowable Securities</i>	<i>Diversification Limits</i>	<i>Further Limitations</i>
US Treasury Obligations	100%	
US Agency/ <del>GSE</del> Obligations <u>&gt; 30 days</u> Primary Issuers – FNMA, FHLMC, FFCB, FHLB Secondary Issuers – All Other Agencies/ <del>GSEs</del>	100%	Per Primary Issuer: 35% Per Secondary Issuer: 5% <u>Except TVA: 10%</u>
US Agency Issued Mortgage-Backed Securities	25%	
<u>Supranational Obligations</u>	<u>15%</u>	<u>Per Issuer: 5%</u>
Bank Demand Deposits - Collateralized	100%	Per Issuer: 25%
Certificates of Deposit	\$400 Million	Per CD Issuer: \$30 Million
Linked Deposit Program Certificates of Deposit	\$40 Million	Per Qualified Depository Institution: \$10 Million
Commercial Paper, Corporate Bonds, Medium Term Notes, and Asset-Backed Obligations (In Aggregate)	40%	Per Corporate Issuer: 5% Per Asset-Backed Issuer: 5%
NM LGIP (STO Funds in Aggregate)	100%	No more than 35% of the NM LGIP
Municipal Securities	15%	Per Issuer: 5%
Pre-Refunded 100% escrowed with US Government related securities	15%	Per Issuer Limit on Pre-Refunded: None
Variable Rate Demand Notes – LOC/Standby Purchase Agreement	15%	Per LOC/Standby Purchase Agreement Provider: 5% of total portfolio exposure
Repurchase Agreements ( <u>Business Days</u> ) <u>1 to 7 days</u> <u>8+ days</u>	100% <u>25%</u>	Per Counterparty: 35% or \$200 Million, <u>whichever is greater</u>
Variable Rate Obligations Including Variable Rate Demand Notes	<u>25</u> 35%	Per Issuer: 5% Non-Agency
Callable Securities	25%	
Open Ended 2a-7 Rated Fund US Treasury and Agency Only	100%	Per <del>Issuer</del> Fund: 10%

A.B. Maturity Restrictions

The following maturity limits shall apply to each portfolio:

<i>Allowable Securities</i>	<i>Maturity Limits</i>	<i>Further Limitations</i>
All Securities <u>US Treasuries/Agencies/GSEs</u>	<u>5 Years</u>	See specific portfolio and sector limits below
Rated AA-/Aa3 or better	5 Years	
Rated below AA-/Aa3	3 Years	
Certificates of Deposit	3 Years	
Municipal Bonds	3 Years	
Repurchase Agreements	1 Year	For BPIPs: 3 Years

<i>Portfolio</i>	<i>Maturity Limits</i>
General Fund Liquidity	1 year or less
General Fund CORE	5 years or less
Bond Proceeds	5 years or less
Severance Tax Bonding Fund	1 year or less

Securities with mandatory puts back to the issuer or remarketing agent shall be deemed to have a maturity date commensurate with the earliest put date.

Pre-refunded securities shall be deemed to have a maturity date commensurate with the call date.

B.C. Portfolio Duration

The CIO and AIOs will manage the portfolio durations to their approved benchmarks. Benchmarks will be reviewed by the State Treasurer’s Investment Committee for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

C.D. Credit Quality

The following issuer credit rating limits shall apply for all portfolios:

Short Term Credit Rating	A-1, P-1, F1, MIG-1 or better
Long Term Credit Rating	A, A2 or better
Asset-Backed Securities	AAA or Aaa

Pre-Refunded issues 100% escrowed with US Government related securities may be unrated, with an implied US Government equivalent rating.

E. Non-Public New Mexico Municipal Offerings

Severance Tax Notes or other non-public municipal offerings of New Mexico entities are subject to the approval of the State Treasurer.

**IX. Reporting:**

The Chief Investment Officer shall prepare a monthly investment report for the State Treasurer. An executive summary will be prepared in a manner that will allow the State Treasurer to ascertain whether investment activities during the reporting period are in compliance with this Investment Policy and New Mexico statutes.

The CIO will submit and present the monthly investment report, on behalf of the State Treasurer, to the State Board of Finance and will post the report on the State Treasurer’s website and otherwise make it available to the public.

Specific Reporting Requirements: The report will include, at a minimum, the following:

- An executive summary that provides an analysis of the status of the current investment portfolios; including the LGIP and the individual transactions that were executed;
- An asset listing showing par value, cost, market value, type of investment, issuer, and interest rate of securities held;
- WAM and effective duration of ~~the each~~ portfolio compared to its applicable approved benchmarks;

- Average portfolio credit quality;
- Total rate of return for ~~the~~each portfolio for the last one month, three months, and twelve months with applicable approved benchmark returns for the same periods;
- Any cash flow projections<sup>6</sup> prepared by the State Cash Manager for the portfolios;
- Sensitivity analysis for each portfolio on a quarterly basis;
- Transaction listing for the reporting period;
- A report of primary issues purchased and secondary issues purchased or sold;
- Transaction summaries for the reporting period and fiscal-year-to-date that include trade volumes, distributions by type of investment and counterparty; and
- Investment compliance review.

A. Performance Standards

- The Investment Portfolios will be structured to obtain a market average rate of return taking into account investment risk constraints and cash flow needs.
- Each portfolio will be compared to an approved benchmark that appropriately models an expected risk and return profile.

B. Quarterly Reporting

On a quarterly basis, the CIO shall prepare a quarterly investment report that describes the investment strategy employed during the past quarter and the strategy planned for the next quarter. Information will be reported to the State Treasurer's Investment Committee and the State Board of Finance.

C. Annual Reporting

At the next regular State Treasurer's Investment Committee meeting after September 30 of each year, the CIO shall present an annual investment report that describes the investment strategy employed during the past fiscal year and the strategy planned for the next fiscal year. The report shall include annual comparisons of portfolio return to performance benchmarks for the preceding year.

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<sup>6</sup> As required by NMSA 1978, §8-6-3.1 B (4).

**XVI.X. Approval:**

New Mexico State Treasurer's Office:

\_\_\_\_\_  
Tim Eichenberg  
New Mexico State Treasurer

\_\_\_\_\_  
Date

By affixing the signature below, the State Board of Finance hereby provides its advice and consent pursuant to NMSA 1978, §6-10-10.

\_\_\_\_\_  
President, State Board of Finance

\_\_\_\_\_  
Date



## 18. LGIP Investment Policy Update



*State of New Mexico  
Office of the State Treasurer*



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*Local Government Investment Pool  
Investment Policy*

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~~December 19, 2017~~ November 13, 2019

Tim Eichenberg  
New Mexico State Treasurer

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**I. Statement of Purpose/Statutory Authority:**

The purpose of this investment policy is to provide guidance governing the investment functions of the State Treasurer’s Office (STO) with regard to the Local Government Investment Pool (“LGIP”).

STO is established by Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are further defined by Chapters 6 and 8 of the New Mexico Statutes.

Specific authority concerning the investment of the LGIP can be found at NMSA 1978, §6-10-10 and §6-10-10.1.

STO will submit this LGIP Investment Policy on behalf of the State Treasurer, to the State Board of Finance pursuant to its advice and consent role established at NMSA 1978, §6-10-10. The Investment Policy shall be reviewed at least every two years.

**II. Definitions:**

Authorized Investment Officers	Those individuals and third-party entities authorized by the State Treasurer to invest monies on behalf of the State of New Mexico.												
Custodian	A specialized financial institution, approved by the State Board of Finance, responsible for the safekeeping of assets. The assets may be in electronic or physical form. Some additional responsibilities may include facilitating securities settlements and the collection of income on assets held in safekeeping.												
Duration	A measure of the price sensitivity of an underlying security, or portfolio, to changes in interest rates.												
DVP	Delivery Versus Payment, a method of securities settlement where securities are simultaneously exchanged for payment.												
Fiscal Agent Bank	A bank or savings and loan association designated by the State Board of Finance pursuant to NMSA 1978, §6-10-35, acting on behalf of the State of New Mexico, to perform various financial functions. Fiscal agent bank functions include the collection of all monies received by the State of New Mexico and the management of STO’s checking account. Monies held at the Fiscal Agent Bank are managed to a target balance after payment of checks, warrants, ACH volume and wire transfers processed by the State.												
Investment Grade Ratings	<p><u>Issuer A ratings</u> within any of the following rating agency <u>ranges</u>:</p> <table border="0"> <thead> <tr> <th><u>Rating Agency</u></th> <th><u>Long-Term</u></th> <th><u>Short-Term</u></th> </tr> </thead> <tbody> <tr> <td><b>Standard &amp; Poor’s</b></td> <td>A to AAA</td> <td>A-1 <u>or Better</u></td> </tr> <tr> <td><b>Fitch</b></td> <td>A to AAA</td> <td>F1 <u>or Better</u></td> </tr> <tr> <td><b>Moody’s</b></td> <td>A2 to Aaa</td> <td>P-1</td> </tr> </tbody> </table>	<u>Rating Agency</u>	<u>Long-Term</u>	<u>Short-Term</u>	<b>Standard &amp; Poor’s</b>	A to AAA	A-1 <u>or Better</u>	<b>Fitch</b>	A to AAA	F1 <u>or Better</u>	<b>Moody’s</b>	A2 to Aaa	P-1
<u>Rating Agency</u>	<u>Long-Term</u>	<u>Short-Term</u>											
<b>Standard &amp; Poor’s</b>	A to AAA	A-1 <u>or Better</u>											
<b>Fitch</b>	A to AAA	F1 <u>or Better</u>											
<b>Moody’s</b>	A2 to Aaa	P-1											
Maturity Date	The date on which the principal amount of a debt instrument becomes due and is repaid to the investor, along with all remaining interest.												

<u>Supranational Obligations</u>	<u>An international development institution formed by two or more central governments, limited to issuers domiciled within the United States: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).</u>
WAM	Weighted Average Maturity. For a given portfolio, the average maturity of investment holdings weighted by the relative size of each position.

### III. Identification of Funds:

This Investment Policy applies only to the investment of the LGIP managed by the State Treasurer. The LGIP is a fund created by the New Mexico State Legislature to allow municipal, county, tribal and quasi-governmental bodies to remit money to the State Treasurer to receive professional money management on a pooled basis.<sup>1</sup>

### IV. Objectives:

The LGIP will be invested in a manner that is in conformance with federal, state and other legal requirements.

The Chief Investment Officer (CIO) and Authorized Investment Officers (AIOs) will observe the following priorities in making investment decisions, in the order described:

1. **Safety** – the first priority is the preservation of the principal of the funds to be invested;
2. **Liquidity** – the second priority is maintaining sufficient availability of cash, or the capacity to obtain it without sacrificing principal loss, in order to satisfy the reasonably anticipated, continuing operational requirements of the LGIP; and
3. **Return**– the third priority is maximizing investment return, consistent with the higher priorities accorded to the safety and liquidity of principal.

By statute, the LGIP is managed to an “AA” rating or better. The Chief Investment Officer and Authorized Investment Officers will comply with all rating agency criteria in order to maintain the LGIP’s statutory rating requirement.

The LGIP shall be invested with the objective of preserving a stable net asset value (NAV) of \$1.00 per share.

### V. Standards of Care:

#### A. Delegation by the State Treasurer of Investment Authority

NMSA 1978, §6-10-10.1 allows for the creation of the Local Government Investment Pool within STO to invest money deposited by participating governments. The State Treasurer shall invest the Local Government Investment Pool as provided in NMSA 1978, §6-10-10.

To ensure effective investment management of public funds, the State Treasurer has delegated investment functions to an Investment Division reporting to the Deputy Treasurer. The Investment Division includes a CIO and AIOs. AIOs will report to the CIO and the CIO will report to the Deputy Treasurer. The CIO will maintain a current list of Authorized Investment Officers.

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<sup>1</sup> Local Government Investment Pool, NMSA 1978, §6-10-10.1.

## B. Ethics and Conflict of Interest

The Deputy Treasurer, CIO and AIOs shall adhere to standards of conduct as follows:

- The Governmental Conduct Act, NMSA §§10-16-1 through 10-16-18;
- The State Treasurer's Employee Code of Conduct<sup>2</sup>;
- The State Treasurer's Campaign Contributions Policy;
- The State Treasurer's Whistleblower Policy;
- The Gift Act, NMSA 1978 §§10-16B-1 through 10-16B-4; and
- The Procurement Code, NMSA 1978 §§13-1-28 through 13-1-199.

The CIO and AIOs shall file personal disclosure forms as required by the Governmental Conduct Act and the State Treasurer's Code of Conduct.

## C. Prudence

The Deputy Treasurer, CIO and AIOs shall perform investment duties in a manner consistent with this LGIP Investment Policy and the standard of a prudent investor<sup>3</sup> in light of the purposes, terms, distribution requirements and other circumstances then prevailing as to the assets entrusted to them.

In the process of investing funds in the investment of the LGIP, the CIO and AIOs will exercise reasonable care, skill, diligence and prudence considering investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy. That strategy shall incorporate the risk and return objectives articulated in this LGIP Investment Policy.

The CIO and AIOs, acting in accordance with New Mexico Statutes, written procedures, this LGIP Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion-manner and appropriate action is taken to control adverse developments.

## VI. Controls:

### A. Custody

All investment securities purchased by the CIO and AIOs, held as collateral on repurchase agreements and bank deposits or held as collateral on securities lending arrangements shall be held in third-party safekeeping at a financial institution qualified to act in this capacity.

All securities held for the LGIP will be free and clear of any lien and all transactions will be conducted in compliance with NMSA 1978, §6-10-10(O), which requires same day transfer of funds with the settlement of securities.

The Custodian will provide reports that list all transactions that occurred within the LGIP during the month and all securities held for the LGIP at month-end including the book and market value of holdings.

The representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the LGIP shall be bonded in amounts required by the

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<sup>2</sup> As required by NMSA 1978, §10-16-11.

<sup>3</sup> Uniform Prudent Investor Act; NMSA 1978, §§45-7-601 through 45-7-612

State Board of Finance under a custody agreement to protect from losses due to malfeasance and misfeasance.

#### B. Approved Broker-Dealers and Counterparties

To ensure the proper separation of duties from the investment functions, the State Cash Manager shall maintain a list of broker-dealers and counterparties approved to provide investment services to the LGIP specifically and the state generally. Eligible broker-dealers will need to meet all of the following conditions:

- The broker-dealer and its representatives must be registered pursuant to the New Mexico Uniform Securities Act<sup>4</sup>;
- The broker-dealer must be registered with the Financial Industry Regulatory Authority (FINRA);
- All broker-dealer representatives who have direct contact with securities trading between STO and the firm must have a FINRA Series 7 License, or equivalent certification.
- The broker-dealer representatives must have a minimum of five (5) years continuous employment history involving fixed income securities, with exceptions permitted for sales and trading assistants acting in temporary administrative capacities; and
- Counterparties must operate under the terms of a securities lending or repurchase agreement.

The Broker Dealer list will be submitted to the State Treasurer's Investment Committee for recommendation and will be approved by the State Treasurer. The list will be submitted to the State Board of Finance for its advice and consent.

#### C. Competitive Transactions

The CIO and AIOs will conduct all securities transactions in a fair, open and transparent competitive process:

- All securities transactions shall be executed at the highest bid or lowest offer to STO, subject to diversification constraints;
- Every effort to obtain at least three bids or offers on a specific security will be conducted. If unobtainable, documentation of comparable securities accompanied by current market levels will be retained, to provide evidence of price transparency and trade execution at competitive levels.
- Offers or bids for securities may be received from approved broker-dealers or direct issuers by any of the following means:
  - By phone; or
  - By e-mail or other form of electronic communication; or
  - Through an electronic trading platform; or
  - Directly from issuers of eligible investments.

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<sup>4</sup> New Mexico Uniform Securities Act, NMSA 1978, §§58-13C-101 through 58-13C-701 (2009) and NMAC 12.11.2

#### D. Internal Controls

The CIO will maintain sufficient internal controls to protect against the loss of public funds arising from negligence, theft, or misuse. These controls will require the CIO to:

- Communicate regularly with the Deputy Treasurer regarding investment activities, including any significant changes in market value or credit quality of investment positions;
- Require monthly reconciliation of internal investment accounting and reporting to all external statements provided by the custodian and other financial institutions;
- Monitor compliance with applicable state statutes;
- Require Delivery Versus Payment security settlement except for physical securities;
- Maintain clear delegation of investment authority;
- Ensure the separation of investing authority from cash activities and record-keeping;
- Ensure that all deposits are sufficiently collateralized per State Board of Finance Collateral Policy, 2.60.4 NMAC, or as required by the rating agency for the LGIP, whichever is greater;
- Require the use of approved objective criteria in selecting broker-dealers and financial institutions authorized to provide investment services to the state;
- Maintain documentation on investment procedures;
- Report violations of this policy to the State Treasurer in a timely manner;
- Require the use of agency approved objective criteria in awarding investment purchases and sales to authorized financial institutions and broker-dealers.
- Ensure assets are valued by marking holdings to current market prices, thereby representing the full liquidation value of the LGIP;
- Ensure the NAV per share is computed by dividing the total market value of the LGIP's investments, less any liabilities, by the total outstanding shares of the LGIP; and,
- If the market-based NAV deviates from the \$1.00 NAV by more than 0.15% (\$0.0015; equating to less than \$0.9985 or more than \$1.0015), the CIO shall notify the Deputy Treasurer, in conjunction with the AIOs, to determine what, if any, actions need to be taken.

#### E. External Controls

- STO will retain all records related to LGIP investment activities pursuant to state law. As prescribed by the Audit Act<sup>5</sup>, the State Auditor or designated independent auditor will review the investment activities of STO with regard to the LGIP to determine the compliance of those activities with this LGIP Investment Policy and state statutes.
- The market value of all funds held by the custodian will be calculated monthly and provided to the State Treasurer.

#### F. State Treasurer's Investment Committee

The State Treasurer may establish the State Treasurer's Investment Committee; an advisory committee to review investment reporting and any other matters of the State Treasurer's choosing.

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<sup>5</sup> Audit Act, NMSA 1978, §§12-6-1 to-14.

- The Investment Committee shall consist of five (5) voting members: the State Treasurer, or designee; a member of the Treasurer’s staff upon appointment by the Treasurer or designee; the director of the State Board of Finance, or designee; and two members who are participants in the private investment community or have expert knowledge or professional experience in the subject of public finance or public money investing, of which one member will be appointed by the State Treasurer and approved by the State Board of Finance and one member will be appointed by the State Board of Finance and approved by the State Treasurer. The member of the Treasurer’s staff shall be selected in a manner consistent with maintaining a separation of responsibilities between the STO investment managers and the members of the committee.
- Each private sector member shall serve at the pleasure of the State Treasurer or the State Board of Finance appointing the private sector member. The private sector members shall serve for a term of two (2) years after appointment and shall be eligible for reappointment to serve for consecutive two (2) year terms. Any vacancy created by a private sector member shall be filled in the same manner as original appointments.

**VII. Eligible and Ineligible Investments:**

A. Eligible Investments

Eligible Investments are only those securities and deposits specifically authorized by statute. Consistent with NMSA 1978, §§6-10-10 and 6-10-10.1, the CIO and AIOs may invest in the following:

- Cash at Banks, Savings and Loan Associations or Credit Unions whose deposits are insured by an agency of the United States and are certified or designated as eligible to receive public money on deposit in New Mexico;
- Securities issued by the United States government;
- Securities issued or guaranteed by United States government agencies, [government sponsored enterprises \(GSEs\)](#) or instrumentalities including mortgage obligations;
- Securities issued by supranational entities, as defined in this policy;
- Repurchase Agreements, subject to restrictions contained in Section VII, paragraph C of this LGIP Investment Policy;
- Securities Lending Arrangements;
- Commercial Paper issuers rated “prime” quality by a nationally recognized rating service, defined in this policy as investment grade, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Corporate Bond issuers rated investment grade, as defined in this policy, by a nationally recognized rating service, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Asset-Backed Obligations rated “AAA” or better by a nationally recognized rating service, and with a maturity of less than 397 days;
- Shares of open-ended diversified investment companies that are registered with the United States Securities and Exchange Commission; comply with the



diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; assess no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated; and do not use swap and derivative products. STO shall not, at any time, own more than five percent (5%) of a money market mutual fund's assets.

- Individual, common or collective trust funds of banks or trust companies that are invested only in United States Government and Agency obligations and repurchase agreements secured by such obligations; have assets under management of at least one billion dollars (\$1,000,000,000); do not use swap and derivative products; and the investments made by STO are less than five percent (5%) of the assets of the fund.
- Securities issued by the State of New Mexico, its agencies, institutions, counties, municipalities, school districts, community college districts or other subdivisions of the state, or as otherwise provided by law and rated investment grade as defined by this policy; or
- Securities issued by states other than New Mexico or governmental entities in states other than New Mexico and rated investment grade as defined by this policy.

#### B. Ineligible Investments

To provide for the safety and liquidity of funds, the Local Government Investment Pool is specifically prohibited from investing in:

- Short Sales
- Whole Loan Mortgage Obligations
- Reverse Repurchase Agreements, except under a securities lending arrangement
- Inverse Floating Rate Notes
- Equity Securities
- Swaps and Derivatives

#### C. Repurchase Agreements

Repurchase Agreements are subject to additional restrictions:

- Transactions will be conducted only with currently approved dealers and counterparties included on the broker-dealer list, the Fiscal Agent Bank, or the master custodial bank, operating under the terms of a master repurchase agreement or securities lending arrangement;
- Each approved repo counterparty must have a net worth in excess of five hundred million dollars (\$500,000,000).
- ~~Transactions with any single counterparty will not exceed 35% of the portfolio;~~
- The maximum term of any repurchase agreement will be 1 year; and
- Tri-Party Repurchase Agreement transactions may be entered into with a contracted custodial bank for this purpose, as long as all securities meet the requirements within this policy.

Securities accepted as collateral for repurchase agreements will be subject to the following additional restrictions:

- Securities placed as collateral for repurchase agreements, with a final maturity less than 10 years, will be priced at 102% of market value, plus accrued income;
- Securities placed as collateral for repurchase agreements, with a final maturity of 10 years or greater, will be priced at 103% of market value, plus accrued income;
- Agency mortgage-backed securities placed as collateral for term repurchase agreements with a maturity longer than seven days will be priced at 105% of market value, plus accrued income;
- Term repurchase agreements with a maturity date that is longer than seven days are required to have daily pricing of collateral; and
- Only treasury and agency securities, including agency mortgage-backed obligations, will be utilized as collateral for repurchase agreements.

**VIII. Investment Parameters:**

To provide for the safety and liquidity of funds, the investment of the LGIP will be subject to the restrictions listed below. These represent minimum investment restrictions under this LGIP Investment Policy and there may be separate procedures containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on current market value.

Maximum percentages for a particular issuer, investment type or liquidity constraint may on occasion be exceeded due to unforeseen circumstances (e.g., due to fluctuations in fund balances). Exceptions will be reported to the Treasurer, the State Treasurer’s Investment Committee and the State Board of Finance monthly. Steps will be taken to remedy any breaches that may put the LGIP’s rating at risk of falling below the required AA or better rating.

A. Diversification

- GSEs or government-guaranteed investments rated AA or higher with final maturities shorter than 30 days will be excluded from diversification limits;
- Collateralized bank deposits secured by approved LGIP rating agency GSE letters of credit (LOCs), qualify as credit substitutions, and will therefore, be viewed as obligations of the collateral issuer/GSE;
- Issuer limits for collateralized bank deposits include certificate of deposit (CD) exposure in aggregate.

Otherwise, the following diversification limits shall apply to the LGIP portfolio:

Diversification:

The following diversification limits shall apply to each portfolio:

<i>Allowable Securities</i>	<i>Diversification Limits</i>	<i>Further Limitations</i>
US Treasury Obligations	100%	
US Agency <u>/GSE</u> Obligations <u>&gt; 30 days</u> Primary Issuers – <i>FNMA, FHLMC, FFCB, FHLB</i> Secondary Issuers – <i>All Other Agencies/GSEs &gt; 30 days</i>	100%	Per Primary Issuer: 33% Per Secondary Issuer: <u>5%</u> <u>5% e</u> Except TVA:— 10%
US Agency Issued Mortgage-Backed Securities	25%	
<u>Supranational Obligations</u>	<u>15%</u>	<u>Per Issuer: 5%</u>

Bank <del>Demand</del> Deposits ( <del>Business Days</del> )- Collateralized		Per Issuer:
A1+ or F1+ - 1 Day	100%	50%
A1 or P1 or F1 - 1 Day	100%	25%
A1 or P1 or F1 - <del>2 to 5 Days</del> 2 Days +	<del>100%</del> 25%	<del>10%</del> 5%
<del>A1 or P1 or F1 - 6 Days +</del>	<del>100%</del>	
A2 or P2 or F2 - 1 Day	10%	5%
<del>A3 or lower and nonrated - 1 Day</del>	<del>10%</del>	2.5%
Bank Deposits (GSE Approved LOC)	50%	0.25%
<del>A2 or P2 or F2 - 1 Day</del>		<del>2.5%</del>
<b>Certificates of Deposit</b>	<b>25%</b>	<b>Per CD Issuer: 5%</b>
Commercial Paper, Corporate Bonds, Medium Term Notes, and Asset-Backed Obligations ( <i>In Aggregate</i> )	40%	Per Corporate Issuer: 5% Per Asset-Backed Issuer: 5%
Open Ended 2a-7 Rated Fund US Treasury and Agency <i>Only</i>	100%	Per Fund: 10%
Municipal Securities Pre-refunded 100% escrowed with US Government related securities	15% 15%	Per Issuer: 5%
Repurchase Agreements (Business Days)		Per Counterparty:
A1+ or F1+ - 1 Day	100%	<del>35%</del> 50%
A1 or P1 or F1 - 1 Day	100%	25%
A1 or P1 or F1 - 2-5 Days	100%	10%
A1 or P1 or F1 - 6 Days +	<del>100%</del>	5%
	10%	5%
A2 or P2 or F2 - 1 Day		
Variable Rate Obligations	<del>25%</del> 35%	Per Issuer:
US Treasury <del>and GSE</del>		<del>25%</del> 100%
<del>US Government Agency/GSEs</del>		<del>5%</del> 33%
All Other		5%
Limited/Illiquid Securities ( <i>In Aggregate</i> )	10%	Nonmarketable securities with maturities greater than 5 business days.

**A.B. Maturity Restrictions**

The following maturity limits shall apply to each portfolio:

<i>Allowable Securities</i>	<i>Maturity Limits</i>
All Securities	397 Days
Variable Rate Obligations	
US Treasury and GSE	762 Days
All Other	397 Days

**B.C. Portfolio Duration**

The CIO and AIOs will manage the LGIP within the weighted average maturity (WAM) required by the LGIP’s rating agency. The appropriate performance benchmark for the LGIP will be reflective of its short-term investment objective. The benchmark will be reviewed by the State Treasurer’s Investment Committee for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

**C.D. Credit Quality**

The following issuer credit rating limits shall apply for the LGIP:

<i>Credit</i>
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<i>Investment Type</i>	<i>Short-Term</i>	<i>Long-Term</i>
US Treasury Obligations		
US Agency Obligations		
US Agency Issued Mortgage-Backed Securities		
<u>Supranational Obligations</u>		<u>AAA/Aaa</u>
Bank <del>Demand</del> Deposits - Collateralized	See Above	
<u>Bank Certificates of Deposit</u>	<u>A1 or P1 or F1</u>	<u>A/A2</u>
Asset-Backed Obligations	A1+ or P1 or F1+	AAA/Aaa
Commercial Paper	A1 or P1 or F1	A/A2
Corporate Bonds	A1 or P1 or F1	A/A2
Open-Ended 2a-7 rated fund US Treasury and Agency <i>Only</i>	AAAm or Aaa-mf or Aaammf	
Municipal Securities	A1 or MIG1 or F1	A/A2
Repurchase Agreements	See Above	
Variable Rate Obligations US Treasury and <u>Agency</u> /GSE All other	A1 or P1 or F1	A/A2
Limited/Illiquid Securities	A1 or P1 or F1	A/A2

## IX. Reporting:

The CIO shall prepare a monthly investment report for the State Treasurer. For purposes of reporting, the LGIP Report may be combined with the reports of other assets under the management of the State Treasurer pursuant to the State Treasurer's Investment Policy.

An executive summary will be prepared in a manner that will allow the State Treasurer to ascertain whether investment activities during the reporting period are in compliance with this LGIP Investment Policy, the State Treasurer's Investment Policy and New Mexico statutes.

The CIO will submit and present the monthly investment report, on behalf of the State Treasurer, to the State Board of Finance and will post the report on the State Treasurer's website and otherwise make it available to the public.

### A. Specific Reporting Requirements:

The report will include, at a minimum, the following:

- An asset listing showing par value, cost, market value, type of investment, issuer, and interest rate of securities held;
- The total market value and amortized cost of all pool assets and the average 30-day yield, as of month-end;
- WAM to Reset and WAM to Final of the LGIP compared to the maximums allowable per the appropriate rating agency;
- Average portfolio credit quality;
- Total rate of return for the LGIP for the last one month, three months, and twelve months with applicable approved benchmark returns for the same periods;
- Sensitivity analysis on a quarterly basis;
- Transaction listing of the LGIP for the reporting period;
- A report of primary issues purchased and secondary issues purchased or sold;
- Transaction summaries for the reporting period and fiscal-year-to-date that include trade volumes, distributions by type of investment and counterparty; and
- LGIP Investment compliance review.

B. Performance Standards

- The LGIP will be structured to obtain a market average rate of return taking into account investment risk constraints and cash flow needs.
- The LGIP will be compared to an approved benchmark that appropriately models an expected risk and return profile.

C. Quarterly Reporting

On a quarterly basis, the CIO shall prepare a quarterly investment report that describes the investment strategy for the LGIP employed during the past quarter and the strategy planned for the next quarter. Information will be reported to the State Treasurer's Investment Committee and the State Board of Finance.

D. Annual Reporting

At the next regular State Treasurer's Investment Committee meeting after September 30 of each year, the CIO shall present an annual investment report on the LGIP that describes the investment strategy employed during the past fiscal year and the strategy planned for the next fiscal year. The report shall include annual comparisons of the portfolio's return to the performance benchmark for the preceding fiscal year.

**X. Approval:**

New Mexico State Treasurer's Office:

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Tim Eichenberg  
New Mexico State Treasurer

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Date

By affixing the signature below, the State Board of Finance hereby exercises its advice and consent pursuant to NMSA 1978, §6-10-10.

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President, State Board of Finance

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Date



## 19. Benchmark Review

**DATE:** November 13, 2019

**TO:** The Honorable Treasurer, Tim Eichenberg

**FROM:** Vikki Hanges, Chief Investment Officer  
Deanne Woodring, CFA – Investment Consultant - GPA

**SUBJECT:** Annual Portfolio Benchmark Recommendation for FY'20

**CC:** State Treasurer's Investment Committee

**Objectives per Investment Policy approved on December 19, 2017:**

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements.

In addition, the Chief Investment Officer and Authorized Investment Officers will observe the following priorities in making investment decisions, in the order described:

1. **Safety** – the first priority is the preservation of the principal of invested funds;
2. **Meeting Liquidity Needs** – the second level of priority is maintaining sufficient availability of cash, or the capacity to obtain it without sacrificing principal loss, in order to satisfy the reasonably anticipated, continuing operational requirements of the specific fund invested; and
3. **Maximum Return on Investments** – the third priority is maximizing investment return, consistent with the higher priorities of safety and liquidity.

State Treasurer's Portfolios	Current Benchmark	Recommended Benchmark
General Fund Liquidity, Bank Balances, REPO Pool, STBF, TRAN & Local Government Investment Pool	100% Standard & Poor's Government Investment Pool Index	No Change Weighted Avg. Maturity 30 Days on 09/30/19
General Fund Core	100% ICE BofAML 0-5 Year US Treasury Index	No Change Duration 2.10 on 9/30/19
Bond Proceeds Pools (Tax-exempt & Taxable)	100% ICE BofAML 0-3 Year US Treasury Index	No Change on Taxable Duration 1.38 on 9/30/19  Change Tax Exempt to 100% ICE BofAML 0-2 Year US Treasury Index Duration 0.95 on 09/30/19



## General Fund Portfolios

The General Fund is managed as two separate portfolios consisting of the General Fund Liquidity (GFL) and the General Fund Core (GFC). The State Treasurer's Office utilizes the GFL portfolio to meet daily cash flow requirements, limiting the impact on the GFC portfolio. Efficiently managing cash flow requirements contributes to the optimization of GF Pool total return. Recurring monthly liquidity needs require that the target balances maintained in the General Fund Liquidity portfolio remain in the range of \$500 to \$700 million. With an increase in FY20 NM State government spending, capital project financing and the funding of the NM State Tax Stabilization Fund, the GFL portfolio will retain higher balances than normal to ensure that the increased liquidity needs are met. The GFL portfolio is generally invested in short, less than 90 day investments, with the greatest percentage invested in overnight to one week maturities. Due to its short term nature, the GFL is expected to provide a return similar to the S&P LGIP Index, albeit with a shorter weighted average maturity and very dynamic cash flows.

The remaining funds, not immediately required for liquidity purposes, are invested in the GFC portfolio with maturities out to 5 years. Contrary to FY19, cash flows into the GFC portfolio from the GFL will be minimal, until a clearer liquidity pattern develops and excesses materialize. In the event that more liquidity is needed, cash flows may need to occur from the GFC to the GFL. With interest rates trending lower, the GFC will remain close to duration neutral versus the ICE BofAML 0-5 Year US Treasury Index, and will continue to be the appropriate benchmark for this portfolio. Although the portfolio invests in US Government Agency securities and short, very high quality corporates, as well as US Treasuries, the benchmark's main purpose is to capture general market direction and magnitude, within the comparative context of the GFC investment parameters, while identifying relative added value.

**Investment Activity:** The portfolio managers invest the General Fund in securities typically held to maturity; however, securities may be sold in the following situations:

1. To minimize principal loss in the event of a decline in the credit quality of an issuer.
2. To improve portfolio quality, yield, or target duration through the sale of one security to purchase another.
3. To generate cash when liquidity needs exceed expectations.

**Asset Allocation:** The investment policy provides for portfolio diversification among sectors that include US Treasury, Agency, Corporate, Municipal, Asset and Mortgage-Backed Securities. The portfolio managers evaluate allowable sectors to determine relative value based on market conditions and outlook. Currently, the allowable sectors for investment are US Treasuries, Agencies, Corporate and Municipal Securities.

**Current Benchmark:** The State Treasurer's Investment Division staff and GPA continue to recommend the ICE BofAML 0-5 Year US Treasury Index as the GFC benchmark. The Index had a duration of 2.10 years on September 30, 2019 and consists of all US Treasury securities. The reasons for incorporating an all treasury index are threefold: 1) the benchmark provides a reference for the duration management of the GFC, 2) the risk-free asset performance measurement provides a baseline for recognizing value

added from investing in alternative sectors, and 3) it most closely resembles the allowable portfolio maturity structure.

### **Benchmark Characteristics**

ICE BofAML 0-5 Year Treasury Index Symbol: GVQA

Current Duration: 2.10 years

Price Volatility given 1% change in rates on current balance: \$50,641M

Maturity Structure: 0-5 year maturities

Asset Allocation: 100% Treasury Securities

### **General Fund Core Characteristics as of 09/30/19**

Current Duration: 2.12 years vs. Benchmark 2.10 years

Current Market Value: \$2,411,493,192

Price Volatility given 1% change in rates based on \$2.4 billion invested: \$51,123M

Maturity Structure: 0-5 year maturities

Asset Allocation: 57% Treasury Securities

32% Agencies

1% Municipals

9% Corporates

1% Cash Equivalents

### **Bond Proceeds Investment Pool Portfolios (Tax-Exempt & Taxable)**

The Bond Proceeds Pools investment decisions are primarily driven by frequent and large cash flows. The liquidity necessary to meet highly variable capital project withdrawals on a monthly basis requires diligent portfolio management to ensure cash availability and effective portfolio duration management. Inflows are usually large deposits from NM bond proceeds issuances and tax receipts utilized for debt service. Although the investment policy allows for maturities out to five years, the cash flow requirements of the Bond Proceeds Pools can be more efficiently managed through the maintenance of shorter portfolio durations.

**Investment Activity:** The portfolio managers invest the Bond Proceeds Pools in securities that approximately match expected cash flows with the understanding that securities may need to be sold under the following circumstances:

1. To minimize principal loss in the event of a decline in the credit quality of an issuer.
2. To improve portfolio quality, yield, or target duration through the sale of one security to purchase another.
3. To generate cash when liquidity needs exceed expectations.

**Asset Allocation:** The investment policy provides for the ability to diversify among fixed income sectors utilizing US Treasury, Agency, Corporate, Municipal, Asset and Mortgage-Backed Securities. Currently,

the allowable sectors for investment include US Treasuries, Agencies, Corporates and NM municipal securities.

**Benchmark Recommendation:** The State Treasurer's Investment Division staff and GPA recommend a change to the ICE BofAML 0-2 Year US Treasury Index as the benchmark for the Bond Proceeds Tax Exempt Pool. The Pool receives bond proceeds biennially, requiring the maintenance of a shorter maturity structure, to provide adequate liquidity for capital project withdrawals over a two year time frame. The duration of the Tax Exempt Pool has remained 1 year or below for the past several years and has greatly outperformed during a period of rising interest rates, while underperforming as interest rates fell. The cash flows for this Pool are best reflected when compared versus the shorter benchmark as attempts to lengthen duration while providing adequate liquidity could create yield curve positioning inconsistent with objectives.

**Benchmark Recommendation:** The State Treasurer's Investment Division staff and GPA continue to recommend the ICE BofAML 0-3 Year US Treasury Index as the benchmark for the Bond Proceeds Taxable Pool. This index had a duration of 1.38 years as September 30, 2019 and consists of all US Treasury securities. The reasons for incorporating an all treasury index are threefold: 1) the benchmark provides a reference for the duration management of the Pools, 2) the risk-free asset performance measurement provides a baseline for recognizing value added from investing in alternative sectors, 3) and it most closely resembles the portfolio maturity structures.

The Taxable Pool receives relatively large cash flows biannually, at the end of June and December, when tax receipts received over the prior six month period, are in excess of debt service requirements. As a result of this relatively regular replenishment of funds, the Taxable Pool is able to maintain a duration similar to this benchmark, as new cash can be deployed to lengthen maturities.

#### **Benchmark Characteristics:**

ICE BofAML 0-3 Year Treasury Index Symbol: G1QA

Current Duration: 1.38 years

Price Volatility given 1% change in rates approximately: Tax Exempt \$6,469M - Taxable \$6,425M

Maturity Structure: 0-3 year maturities

Asset Allocation: 100% Treasury Securities

ICE BofAML 0-2 Year Treasury Index Symbol: G1QB

Current Duration: 0.95 years

Price Volatility given 1% change in rates approximately: Tax Exempt \$4,453M

Maturity Structure: 0-2 year maturities

Asset Allocation: 100% Treasury Securities

#### **Bond Proceeds Investment Pool Tax-Exempt Characteristics as of 09/30/19**

Current Duration 0.83 years vs. 0-3 Year Benchmark 1.38 years

Current Market Value \$468,749,033

Price Volatility given 1% change in rates is approximately \$3,891M

Maturity Structure: 0-5 year maturities

Asset Allocation: 57% Treasury Securities  
30% Agencies  
0% Municipals  
7% Corporates  
6% Cash Equivalents

Current Duration 0.83 years vs. 0-2 Year Benchmark 0.95 years  
Current Market Value \$468,749,033  
Price Volatility given 1% change in rates is approximately \$3,891M  
Maturity Structure: 0-5 year maturities  
Asset Allocation: 57% Treasury Securities  
30% Agencies  
0% Municipals  
7% Corporates  
6% Cash Equivalents

**Bond Proceeds Investment Pool Taxable Characteristics as of 09/30/19**

Current Duration 1.33 years vs. Benchmark 1.38 years  
Current Market Value \$465,634,658  
Price Volatility given 1% change in rates is approximately: \$6,193M  
Maturity Structure: 0-5 year maturities  
Asset Allocation: 45% Treasury Securities  
43% Agencies  
0% Municipals  
9% Corporates  
3% Cash Equivalents

Disclosure: Price Volatility is an estimate and does not incorporate yield curve or spread changes.

**Relative Performance of the State Treasurer's Portfolios as of 9/30/19:**

<b><i>Fund</i></b>	<b><i>Performance<sup>1</sup></i></b>	
	<b><i>3 Months</i></b>	<b><i>12 Months</i></b>
<b><i>General Fund Liquidity</i></b>	0.61%	2.42%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	0.02%	0.01%
<b><i>General Fund CORE</i></b>	0.78%	4.70%
ICE BofAML 0-5 US Treasury	<u>0.72%</u>	<u>4.98%</u>
Relative Performance (BPs)	0.06%	(0.28)%
<b><i>Bond Proceeds - Tax Exempt</i></b>	0.57%	3.31%
ICE BofAML 0-3 US Treasury	<u>0.58%</u>	<u>3.83%</u>
Relative Performance (BPs)	(0.01)%	(0.52)%
<b><i>Bond Proceeds – Tax Exempt</i></b>	0.57%	3.31%
ICE BofAML 0-2 US Treasury	<u>0.55%</u>	<u>3.20%</u>
Relative Performance (BPs)	0.02%	0.11%
<b><i>Bond Proceeds – Taxable</i></b>	0.68%	3.51%
ICE BofAML 0-3 US Treasury	<u>0.58%</u>	<u>3.83%</u>
Relative Performance (BPs)	0.10%	(0.32)%
<b><i>Local Government Investment Pool</i></b>	0.56%	2.39%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	(0.03)%	(0.02)%
<b><i>Severance Tax Bonding Fund</i></b>	0.59%	2.43%
S&P Government Pools Index (Gross)	<u>0.59%</u>	<u>2.41%</u>
Relative Performance (BPs)	0%	0.02%

***Source: JPMorgan, STO Calculations***

<sup>1</sup> Relative performance is periodic total return compared to the return of the portfolio benchmarks.

Relative Risk based on market price sensitivity of the State Treasurer's Portfolios as of balances on 09/30/19:

<i>Fund</i>	<i>Risk</i>	
	<u><i>Duration</i></u>	<u><i>\$ Value Change per</i></u> <u><i>1% rate rise</i></u>
<b>General Fund CORE (\$2.4BLN)</b>	2.12 years	\$(51,123,000)
ICE BofAML 0-5 US Treasury Index	<u>2.10 years</u>	<u>\$(50,641,000)</u>
Relative Risk Variance	0.02 years	\$(482,000)
<b>Bond Proceeds - Tax Exempt (\$467MM)</b>	0.83 years	\$(3,891,000)
ICE BofAML 0-3 US Treasury	<u>1.38 years</u>	<u>\$(6,469,000)</u>
Relative Risk Variance Protection	(0.55) years	\$2,578,000
<b>Bond Proceeds - Tax Exempt (\$467MM)</b>	0.83 years	\$(3,891,000)
ICE BofAML 0-2 US Treasury	<u>0.95 years</u>	<u>\$(4,453,000)</u>
Relative Risk Variance Protection	(0.12) years	\$ 562,000
<b>Bond Proceeds - Taxable (\$466MM)</b>	1.33 years	\$(6,193,000)
ICE BofAML 0-3 US Treasury	<u>1.38 years</u>	<u>\$(6,425,000)</u>
Relative Risk Variance Protection	(0.05) years	\$ 232,000
<b>Total Investment Funds (\$3.33BLN)</b>	1.83 years	\$(60,939,000)
Combined Index Exposure	<u>1.90 years</u>	<u>\$(63,270,000)</u>
Relative Risk Variance Protection	(0.07) years	\$2,331,000

\$ Value change assumes a parallel yield curve shift and does not include income



## 20. State Agency Deposit Balances



**Tim Eichenberg**  
State Treasurer

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

**Samuel Collins**  
Deputy State Treasurer

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

Date: October 24, 2019  
To: Tim Eichenberg, State Treasurer  
For: Governor Lujan Grisham and Members of the State Board of Finance  
From: Charmaine Cook, State Cash Manager  
Subject: State Fund Deposit Activity for the month ending September 30, 2019

Pursuant to section 8-6-3.1 NMSA 1978, the State Cash Manager shall submit to the State Board of Finance a report showing state fund balances in each Financial Institution. Attached for your review is a summary of State fund balances in each institution through September 30, 2019.

Additionally, the State Treasurer's Office is required to report to the State Board of Finance any Financial Institution that exceeds certain equity capital and deposit ratios and notify all state agencies who maintain State fund deposits within those institutions of the violation. Agencies are also advised not to make any new deposits until the violations are corrected.

Pursuant to section 6-10-24.1 NMSA 1978, there were no Financial Institutions exceeding the statutory limitations on equity capital and deposit ratios for the month ending September 30, 2019.

(Attachments 3)

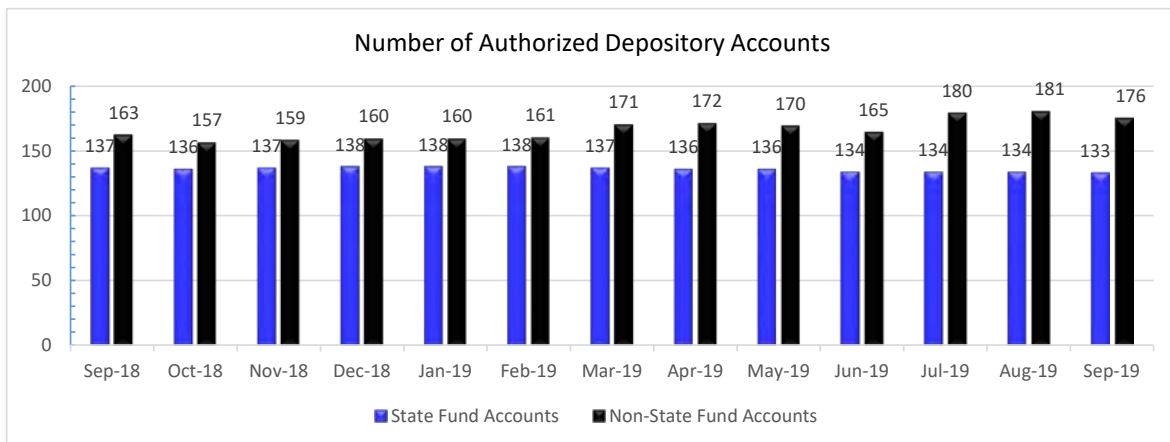
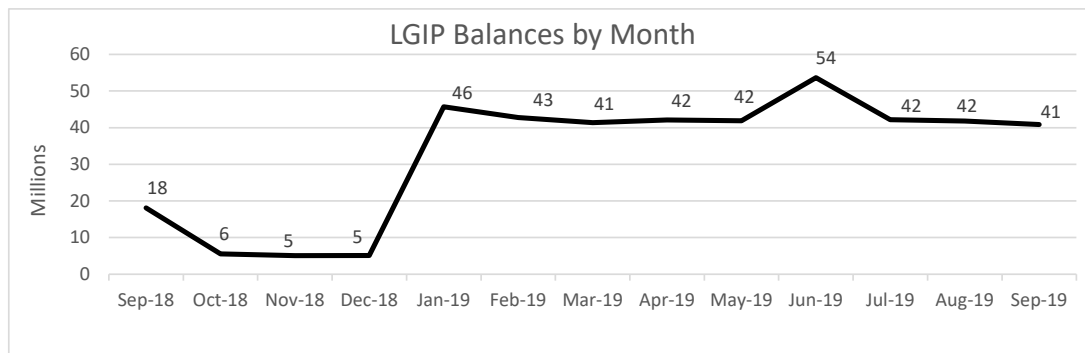
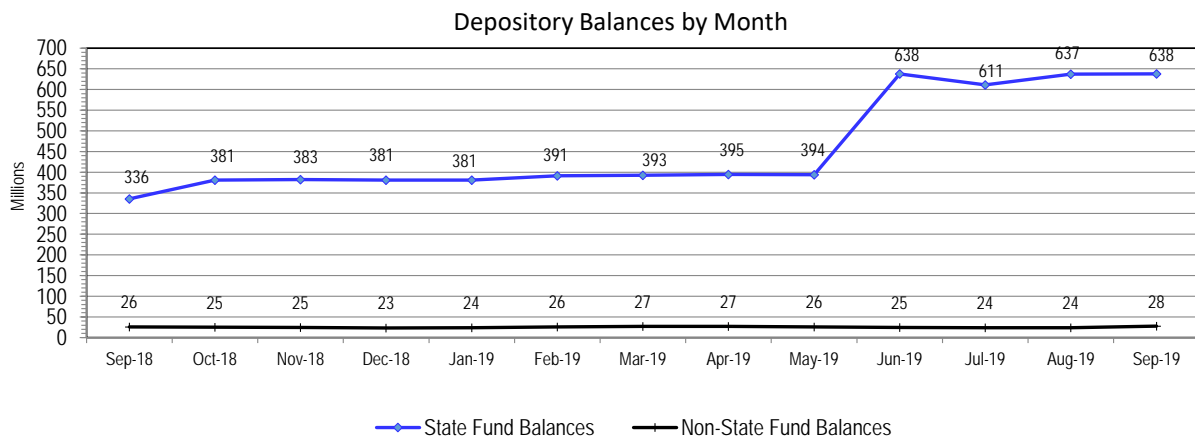


## State Fund Balances by Financial Institution September 2019

Bank of America/Albuquerque	\$	715,212
Bank of the Southwest/Roswell	\$	684,230
Bank of the West/Albuquerque	\$	322,984,639
Carlsbad National Bank/Carlsbad	\$	600
Centinel Bank/Taos	\$	43,425
Century Bank/Santa Fe	\$	500
Citizens Bank/Aztec	\$	4,496
Citizens Bank/Clovis	\$	5,551
Community 1st Bank/Las Vegas	\$	115,606
Compass Bank/Albuquerque	\$	256,573,371
Enterprise Bank/Los Alamos	\$	1,995
Farmers/Stockmens Bank/Clayton	\$	47,077
First American Bank/Artesia	\$	40,051
First National Bank/Alamogordo	\$	63,702
First National Bank/Clayton	\$	217,261
First State Bank/Socorro	\$	1,248
International Bank/Raton	\$	22,456
Lea County State Bank/Hobbs	\$	65,873
NM Bank & Trust/Albuquerque	\$	59,903
Southwest Capital/Las Vegas	\$	96,607
US Bank/Albuquerque	\$	10,449
Valley Bank of Commerce/Roswell	\$	40,602
Washington Federal/Albuquerque	\$	51,156,110
Wells Fargo Bank/Albuquerque	\$	4,570,784
Western Bank/Lordsburg	\$	32,464
Western Commerce Bank/Carlsbad	\$	138,378

*Total:* \$ 637,692,590

# Depository Account Summary for September 2019



**Depository accounts authorized in September 2019 pursuant to Section 6-1-13 NMSA :**

Depository accounts opened in September 2019      2   13th. District Court

Depository accounts closed in September 2019    5   13th. District Court  
     1   13th. District Attorney  
     1   Superintendent of Ins.  
     1   Office of the State Engineer

## Depository Account Summary by Agency September 2019

### STATE FUNDS

### NON-STATE FUNDS

AGENCY	# OF ACCTS.	BALANCE
AOC (fines, fees etc.)	43	\$1,464,687
BERN. CO. METRO COURT	2	\$509,844
1-13 DISTRICT ATTORNEY	4	\$22,253
EDUCATION RETIREMENT BOARD	2	\$321,490
TAXATION & REVENUE DEPT.	6	\$39,097
PUBLIC SCHOOL INS. AUTHORITY	5	\$2,023,203
NMRHCA	0	\$0
PUBLIC DEFENDER	1	\$560
SECRETARY OF STATE	0	\$0
STATE TREASURER (JDC)	6	\$21,764
STATE TREASURER (OTHER)	1	\$38,598,857
STATE TREASURER (Liq. Reserve)	3	\$587,299,475
NM RACING COMMISSION	0	\$0
DEPT. OF GAME & FISH	2	\$147,706
SOUTHWEST REGION ED.	1	\$4,786,557
ENERGY & MINERALS	4	\$657,952
STATE ENGINEER'S OFFICE	5	\$62,449
IRRG WKS CONST	1	\$252,830
HUMAN SERVICES DEPT.	3	\$15,395
WORKFORCE SOLUTIONS	5	\$282,306
MINER'S HOSPITAL	1	\$194,862
DEPARTMENT OF HEALTH	33	\$888,840
ENVIRONMENT DEPARTMENT	0	\$0
CORRECTIONS DEPARTMENT	3	\$950
DEPT. OF PUBLIC SAFETY	2	\$101,120
HIGHWAY & TRANSPORTATION	1	\$393
		<hr/>

AGENCY	# OF ACCTS.	BALANCE
AOC	2	\$15,015
1ST JUDICIAL DIST. COURT	3	\$7,260,687
2ND JUDICIAL DIST. COURT	2	\$359,127
3RD JUDICIAL DIST. COURT	1	\$609,117
4TH JUDICIAL DIST. COURT	4	\$154,920
5TH JUDICIAL DIST. COURT	3	\$3,104,590
6TH JUDICIAL DIST. COURT	3	\$49,807
7TH JUDICIAL DIST. COURT	3	\$133,448
8TH JUDICIAL DIST. COURT	4	\$912,741
9TH JUDICIAL DIST. COURT	2	\$657,549
10TH JUDICIAL DIST. COURT	2	\$68,263
11TH JUDICIAL DIST. COURT	2	\$827,210
12TH JUDICIAL DIST. COURT	2	\$812,195
13TH JUDICIAL DIST. COURT	95	\$3,783,251
7TH DISTRICT ATTORNEY	1	\$1,687
2ND DISTRICT ATTORNEY	1	\$59
10TH DISTRICT ATTORNEY		\$0
13TH DISTRICT ATTORNEY	1	\$0
PUBLIC DEFENDERS	1	\$920
ATTORNEY GENERAL	1	\$1,246
LGIP	3	\$40,843,828
SUPERINTENDENT OF INSURANCE	8	\$1,386,012
NM STATE FAIR	5	\$2,210,282
SOUTHWEST REGION ED.	1	\$15
MINER'S HOSPITAL	1	\$5,306
DEPARTMENT OF HEALTH	8	\$680,700
CHILDREN, YOUTH & FAMILIES	6	\$98,071
CORRECTIONS DEPARTMENT	12	\$2,542,692
DEPT. OF PUBLIC SAFETY	2	\$50,326
ED. RETIREMENT BOARD	1	\$1,976,688
GENERAL SERVICES DEPT	1	\$0
		<hr/>

sub-total: 134      \$637,692,590  
**Total Depository Balance:**      \$706,238,342  
**Total Depository Accounts:**      315

sub-total: • 181      \$68,545,752



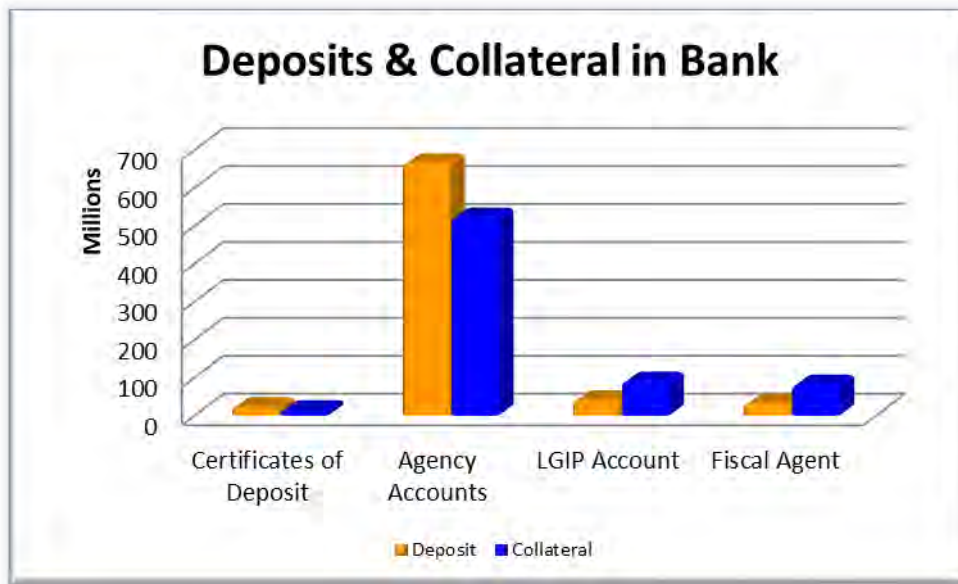
## 21. Collateral Report on Agency Deposits & CDs

# Office of the Treasurer

## Collateral Summary Review

### September 30, 2019

As of September 30, 2019 there was one depository institution holding state funds that was deficient in their collateral levels. Bank of America was deficient by \$218,963. Once notified of their deficiency Bank of America pledged additional collateral. All other depository institutions holding public funds 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>
<b>Certificates of Deposit</b>	\$ 22.2 Million	\$ 12.3 Million	55.3%
<b>Agency Accounts</b>	665.4 Million	521.1 Million	78.3%
<b>LGIP Account</b>	40.8 Million	90.4 Million	221.4%
<b>Fiscal Agent</b>	32.4 Million	82.4 Million	254.1%
<b>Totals:</b>	<b>760.9 Million</b>	<b>706.2 Million</b>	<b>92.8%</b>

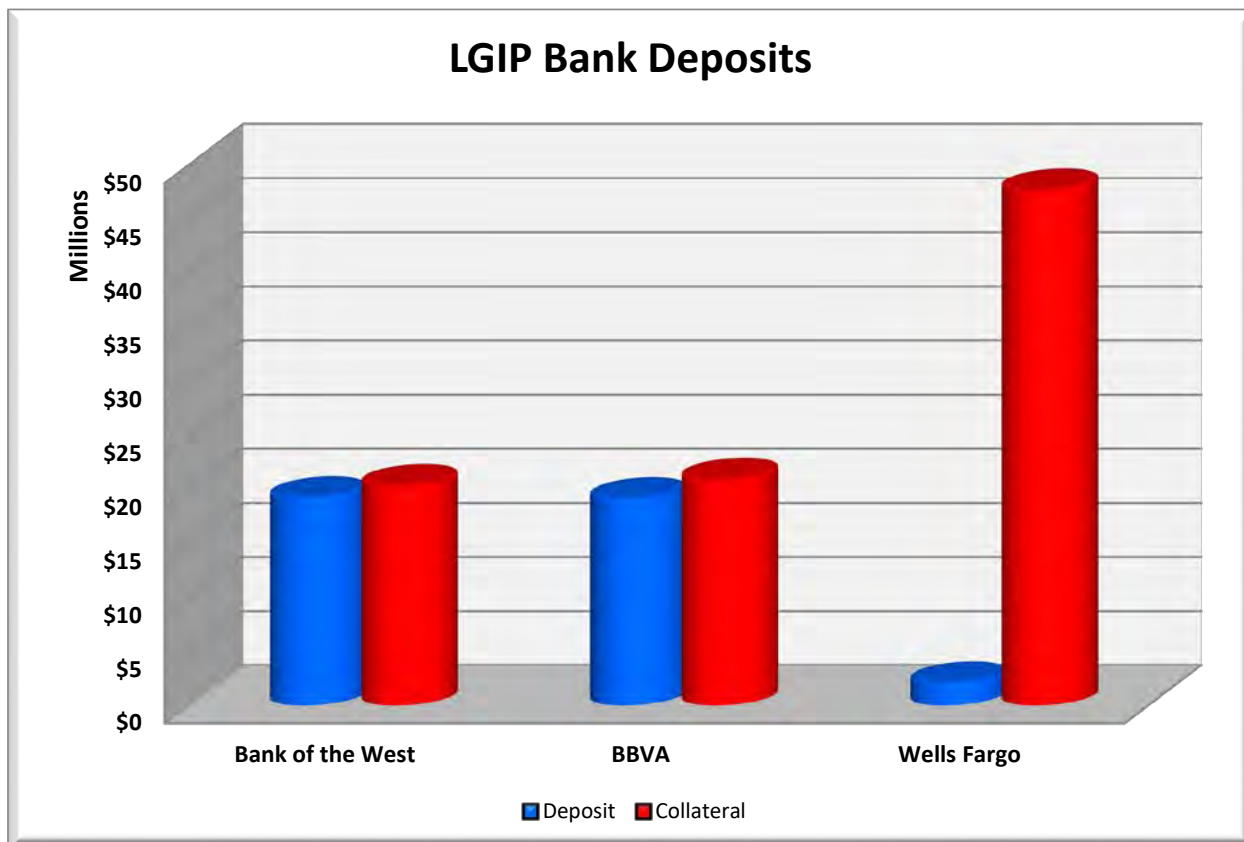


**Office of the Treasurer**  
**Collateral Review**  
**Accumulated Total by Institution**  
**September 30, 2019**

FINANCIAL INSTITUTION	%	TOTAL	FDIC / NCUA	LESS INSURANCE	SUBJECT TO BE	COLLATERAL	EXCESS (UNDER)
		DEPOSITS	INSURANCE	COVERAGE	COLLATERALIZED	PLEDGED	
First National - Alamogordo	50%	63,701	63,701	0	0	700,936	700,936
First Savings	50%	3,600,000	250,000	3,350,000	1,675,000	2,000,000	325,000
Bank of America	50%	784,212	250,000	534,212	267,106	48,143	(218,963)
Bank of the West	50%	342,953,399	250,000	342,703,399	171,351,700	329,758,901	158,407,201
BBVA Compass	50%	275,849,411	250,000	275,599,411	137,799,705	151,000,000	13,200,295
US Bank	50%	1,600,102	250,000	1,350,102	675,051	1,100,000	424,949
Wells Fargo	50%	28,834,251	250,000	28,584,251	14,292,125	79,494,328	65,202,203
First American	50%	2,540,051	250,000	2,290,051	1,145,026	1,454,089	309,063
United Business Bank	50%	351,357	250,000	101,357	50,679	250,000	199,322
Carlsbad National	50%	600	600	0	0	0	0
Western Commerce	50%	4,138,377	250,000	3,888,377	1,944,188	2,566,151	621,963
Farmers & Stockmen	50%	6,064,243	250,000	5,814,243	2,907,122	3,100,000	192,878
First National - Clayton	50%	3,749,765	250,000	3,499,765	1,749,883	3,000,000	1,250,117
Bank of Clovis	50%	657,550	250,000	407,550	203,775	819,187	615,412
Citizens - Clovis	50%	5,551	5,551	0	0	0	0
NM Bank & Trust	50%	186,193	186,193	0	0	314,638	314,638
Western - Clovis	50%	2,600,000	250,000	2,350,000	1,175,000	1,253,988	78,988
Lea County State	50%	65,873	65,873	0	0	0	0
Southwest Capital	50%	605,379	250,000	355,379	177,689	500,000	322,311
Community 1st - Las Vegas	50%	115,606	115,606	0	0	524,023	524,023
Western - Lordsburg	50%	39,064	39,064	0	0	526,648	526,648
Enterprise Bank	50%	1,994	1,994	0	0	0	0
International	102%	50,163	50,163	0	0	0	0
Bank of the Southwest	50%	884,977	250,000	634,977	317,489	511,952	194,463
Valley Commerce	50%	40,601	40,601	0	0	0	0
Century	50%	1,386,512	250,000	1,136,512	568,256	1,218,320	650,064
First State	50%	64,455	64,455	0	0	0	0
Centinel	50%	43,425	43,425	0	0	0	0
Washington Federal	50%	51,156,110	250,000	50,906,110	25,453,055	44,117,818	18,664,763
Citizens Bank of Aztec	50%	5,416	5,416	0	0	0	0
Bank of Albuquerque	50%	0	0	0	0	45,000	0
		<b>728,438,340</b>	<b>4,927,228</b>	<b>723,505,696</b>	<b>361,752,848</b>	<b>624,304,121</b>	<b>262,506,273</b>

# LGIP Bank Deposits September 30, 2019

<u>Financial Institution</u>	<u>Percentage</u>	<u>Deposit</u>	<u>Collateral</u>
Bank of the West	105.5%	19,359,644	20,425,528
BBVA	108.9%	19,276,025	21,000,000
Wells Fargo	2161.0%	2,208,159	47,717,709
<b>Totals</b>	<b>218.3%</b>	<b>40,843,828</b>	<b>89,143,237</b>



*Standards & Poor's requires bank deposits to be collateralized @ a minimal of 100% collateral levels to maintain rating*