The LGIP Team

Vikki Hanges  
Chief Investment Officer  
505.955.1197  
Vikki.Hanges@state.nm.us

Anna Murphy  
Senior Portfolio Manager  
505.955.1199  
Anna.Murphy@state.nm.us

Felicia Anaya  
LGIP Participant Coordinator  
505.955.1142  
Felicia.Anaya@state.nm.us
The NM State Treasurer’s Office (STO)

• What We Do
  • Active Investment Management
    • $6.0 Billion in Total Assets Managed
    • NM Local Government Investment Pool (LGIP)
    • General Fund Investment Pool
    • Bond Proceeds Investment Pools
    • Severance Tax Bonding Fund
    • Repurchase Pool
  • Paying Agent for Outstanding Bond Issues
  • Collateral Manager
The LGIP Introduction

• Short-Term Investment Pool created by NM State Statute.

• Provides a voluntary investment alternative for local and quasi-governmental entities seeking a safe and liquid cash equivalent.

• A pooled fund with qualified and experienced investment management at the State Treasurer’s Office.
Market Overview

• Yield on the Pool is closely associated with the level of Fed Funds
• Current Fed Funds rate 1.75% - 2.00%
  • Reduced from 2.00% - 2.25% on September 18, 2019
  • Market is pricing in 90% probability of a 0.25% Fed Funds rate cut on October 30th
  • Potential for one more in December 2019
• Fed inflation target is 2%
  • CPI Ex Food and Energy is 2.4%
  • Core PCE Deflator, the Fed’s preferred measurement, is 1.8%
• Unemployment rate is at 3.5%, lowest in 50 years
• Expected Gross Domestic Product for 3Q19 is 1.6%
  • 2Q19 = 2.0%
  • 1Q19 = 3.1%
Short-Term Investments Track Fed Funds Rate
LGIP – Investment Objectives

• Safety
  • Maintain Stable Net Asset Value
  • Put a Dollar In; Get a Dollar Out + Interest
  • Highest S&P AAAm Rating – Statute Requires AA

• Liquidity
  • Cash Available within 24-48 Hours’ Notice

• Yield
  • NOT at the expense of the two objectives above
LGIP – Characteristics

- **Safety**
  - Short Portfolio Average Maturity – Maximum 60 Days
  - Treasury & Agency Securities Only
  - Strong Governance – STIC, Board of Finance, Investment Advisor

- **Liquidity**
  - Daily Liquidity vs. “locked up” CD or Treasury Bill Alternatives

- **Yield**
  - Low Fees and Expenses
  - Attractive Yield vs. Privately Managed Money Market Funds

- **Prime Money Market Mutual Fund Rules Don’t Apply:**
  - No Floating NAV
  - No Liquidity Fee on Redemptions During Times of Stress
  - No Redemption Gates
LGIP Maturity Distribution

As of September 30, 2019

- 0-30 Days: 48%
- 31-90 Days: 26%
- 91-180 Days: 8%
- 180 Days +: 19%
LGIP Sector Distribution

As of September 30, 2019
LGIP Rate Comparisons

30-Day Net Yield:
Fidelity US Government Money Market Fund versus LGIP

Fidelity US Government
LGIP

30-Day Net Yields as of 10/11/2019

LGIP: 2.03%  Mgmt. Fee = 14 bps
FIGXX: 1.92%  Mgmt. Fee = 5 bps
Excess: 0.11%

10/11/2019, 2.03
10/11/2019, 1.92
# Investment Choices

<table>
<thead>
<tr>
<th>LIQUIDITY</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(as of 10/17/2019)</td>
<td>LGIP Pool (net)</td>
<td>Bank Deposits - O/N</td>
<td>Treasury Bills - 60 day</td>
<td>Agency Discount Notes - 60 day</td>
</tr>
<tr>
<td></td>
<td>2.00%</td>
<td>1.75% -1.90%</td>
<td>1.64%</td>
<td>1.68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTMENTS</th>
<th>2 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>0-3 Year Treasury Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>(as of 10/17/2019)</td>
<td></td>
<td></td>
<td></td>
<td>1.5 Yr. Weighted Average Maturity</td>
</tr>
<tr>
<td>US Treasury</td>
<td>1.60%</td>
<td>1.58%</td>
<td>1.58%</td>
<td>Effective Yield = 1.65%</td>
</tr>
<tr>
<td>US Agency - Bullets</td>
<td>1.63%</td>
<td>1.59%</td>
<td>1.61%</td>
<td>CYTD Total Return = 2.72%</td>
</tr>
<tr>
<td>NM Municipal Securities</td>
<td>1.20%</td>
<td>1.22%</td>
<td>1.30%</td>
<td>1-year Total Return = 3.83%</td>
</tr>
</tbody>
</table>

- CYTD Total Return = 2.72%
- 1-year Total Return = 3.83%
- Effective Yield = 1.65%
- Weighted Average Maturity = 1.5yr
Coming Soon

NM LGIP online access!
NM LGIP Online Home Page
NM LGIP Online Deposit

New Mexico State Treasurer's Office
Local Government Investment Pool

Deposit

Select the investment that will receive the deposit:
Investment: 3002-5643: LGIP UNITS (POOL)
Funds: 3002: Town of Wins
Positions: 5643: LGIP UNITS (POOL)

Actual Balance: $69,701.99
Contributions Pending Settlement: 0.00 (0 Items)
Withdrawal Pending Settlement: 0.00 (0 Items)
Available Balance: $69,701.99

Select the payment method:
Payment Method: US Bank:550000000

Enter the effective date and the total amount of the deposit.
Deposits for 10/18/2019 are accepted up to 11:00AM CDT on 10/18/2019.

Effective Date: 10/18/2019
Deposit Amount: 5,000.00 \(\geq 10,000.00\)
Transaction Description: 5000

This transaction must be authorized before it will officially be submitted. Users permitted to authorize this transaction will be notified upon logging in.

Submit  Cancel
Disclaimer

- NM LGIP is not a registered Money Market Fund
- NM LGIP is not regulated by the SEC
- Past performance does not guarantee future results
- Risks:
  - Interest rate
  - Credit
  - Counterparty
  - Management
  - NAV not guaranteed
  - The Treasurer has the ability to take measures in order to protect the NAV of the Pool