



***IDAHO STATE TREASURER'S OFFICE
LGIP & DBF 1ST QTR 2012***

LOCAL GOVERNMENT INVESTMENT POOL

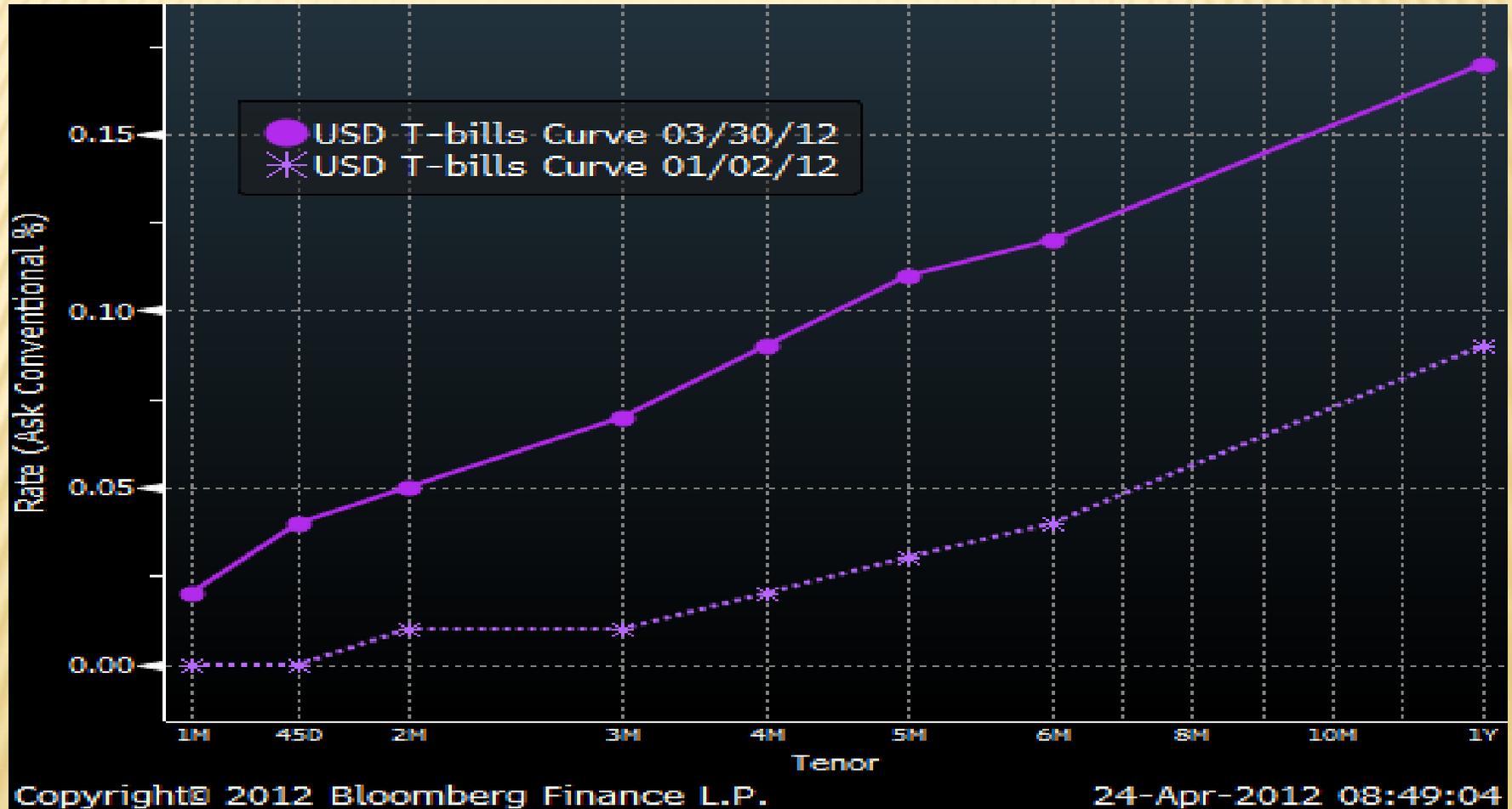
SHORT-TERM INTEREST RATES

- ❖ Change in T-Bill rates over the 1st Quarter
 - ❖ 3-month: +2.6 bps
 - ❖ 6-month: +7.6 bps
 - ❖ 1-year: +6.1 bps

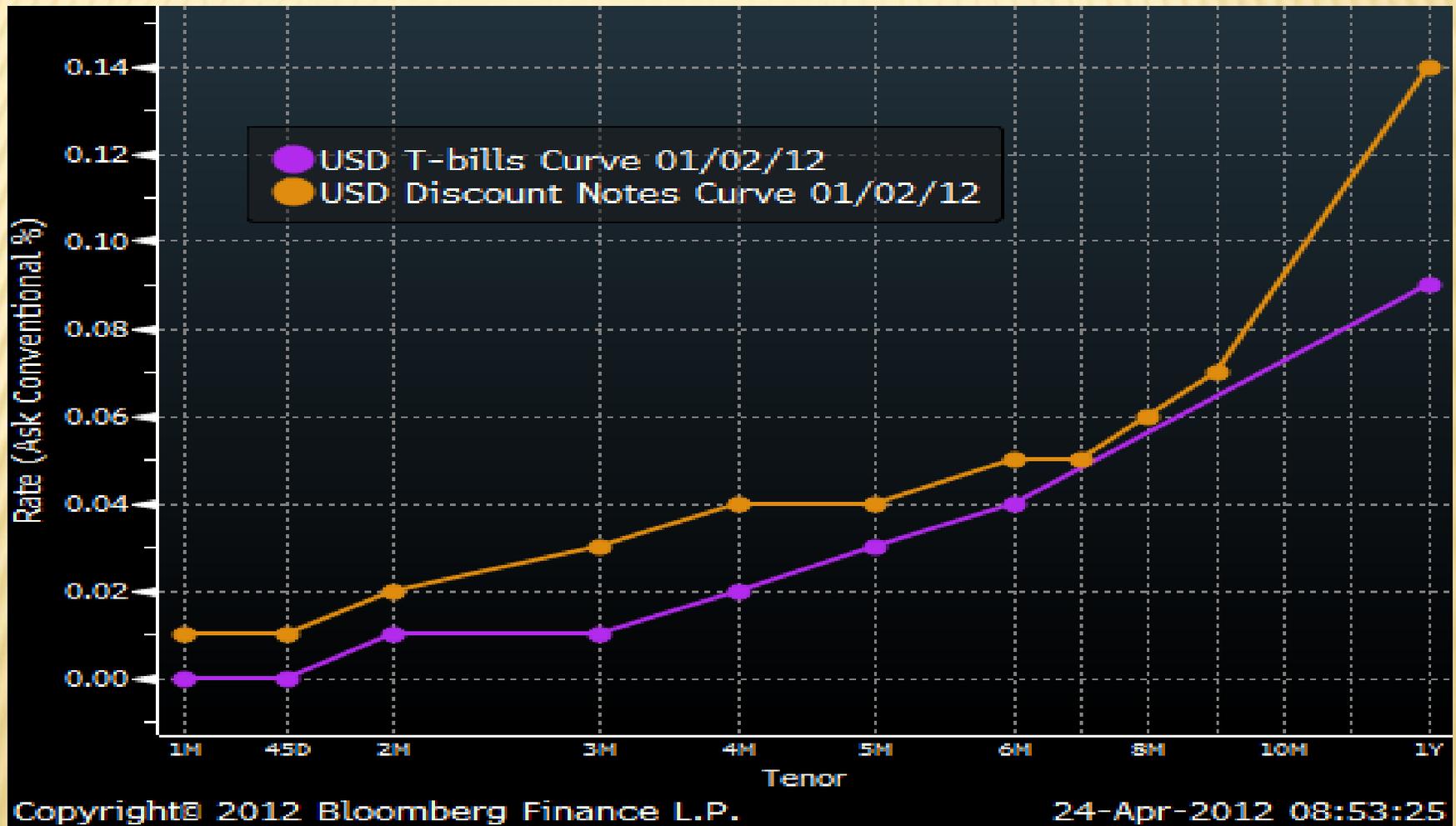
- ❖ Current Rates as of 4/24/12:

Term	T-Bills	Agency Disco's
3-Month	0.079%	0.07%
6-Month	0.129%	0.11%
1-Year	0.165%	0.20%

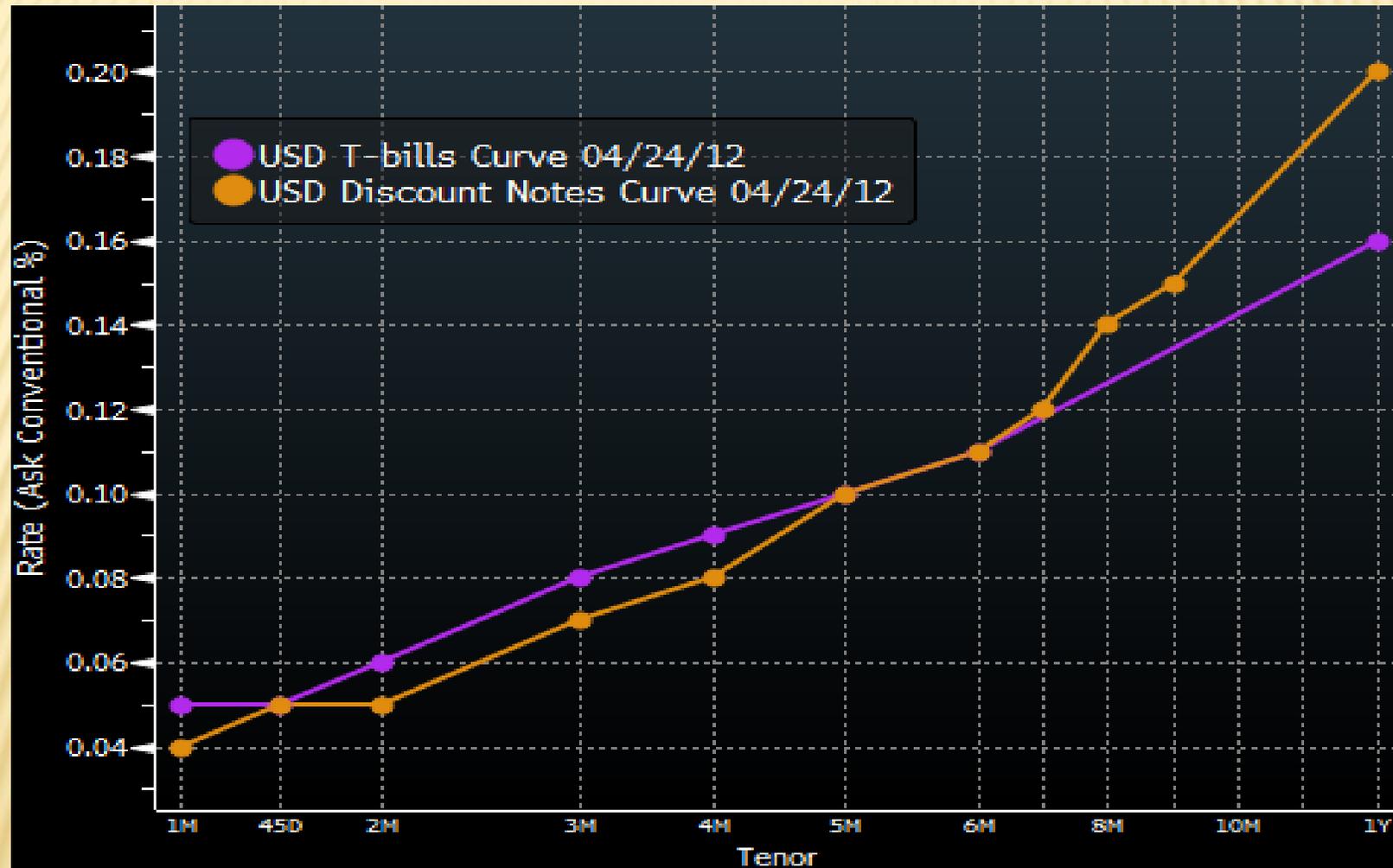
1ST QTR. CHANGE IN THE SHORT END



DISCOUNT NOTES VS. T-BILLS



DISCOUNT NOTES VS. T-BILLS



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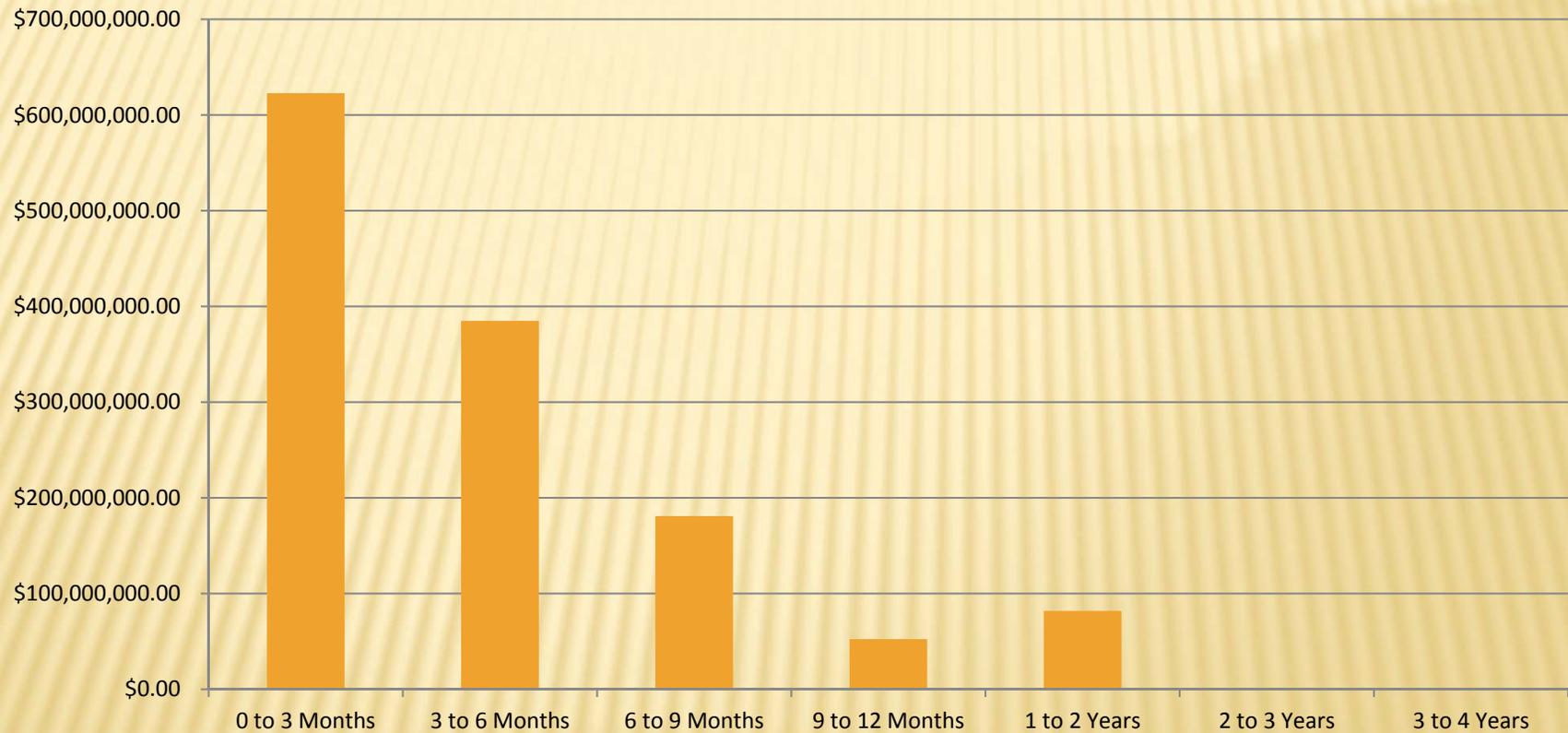
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LGIP ATTRIBUTES

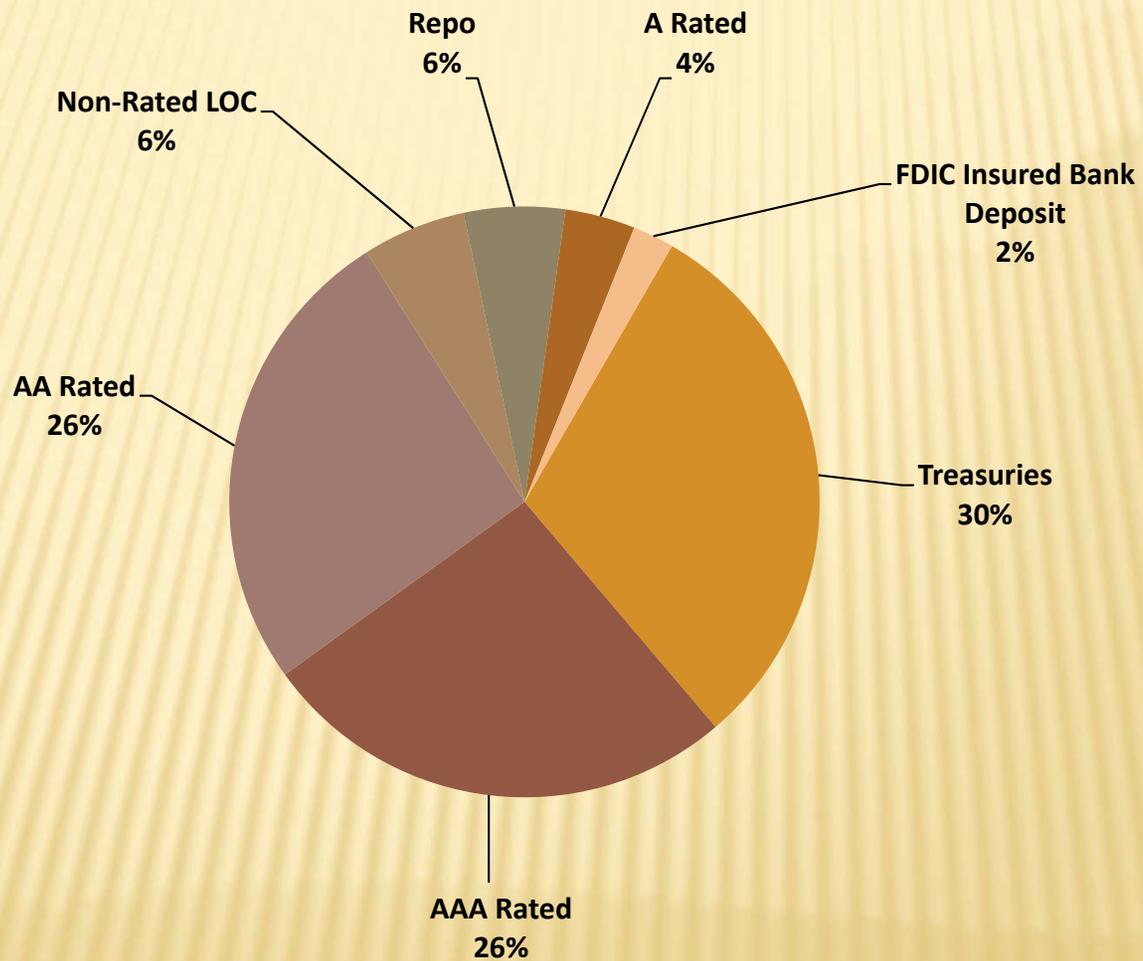
March 2012

	LGIP	90 DAY CONSTANT MATURITY
Yield to Maturity	0.20%	0.07%
Weighted Average Maturity	107 days	90 days
Effective Duration	0.29 years	0.25 years
Amortized Book Value	\$1,318,851,616.39	
Market Value	\$1,321,917,476.76	
Net Asset Value	1.00232	

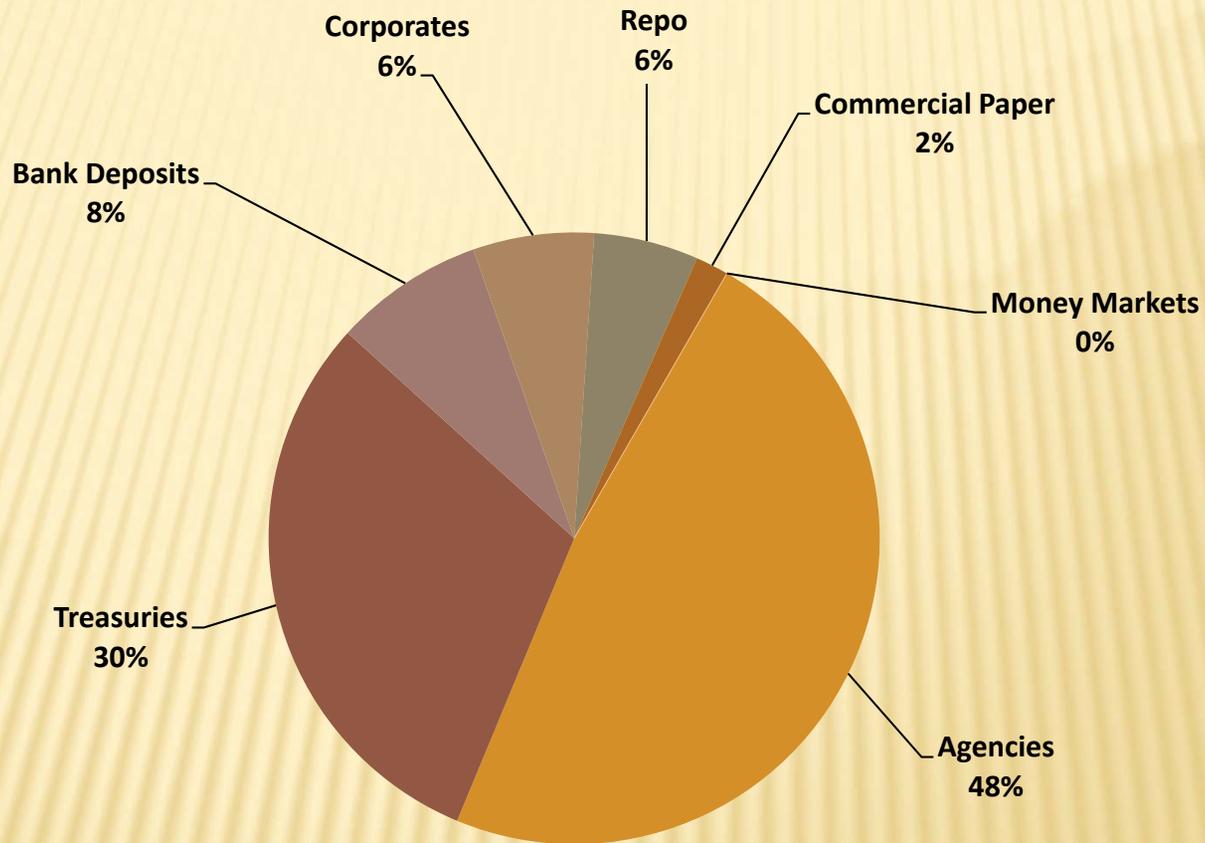
LGIP DURATION DISTRIBUTION



LGIP QUALITY DISTRIBUTION



LGIP SECTOR DISTRIBUTION



STRATEGY DURING 1ST QTR.

- ❖ Continued to avoid commercial paper by issuers with exposure to Europe
 - ❖ Progress being made in Greece, however Spain and Italy are looking like the next victims
- ❖ Able to add Royal Bank of Scotland to approved brokers for Repurchase Agreements
 - ❖ Now have reached agreements with four brokers for repurchase agreements
- ❖ Treasury market sold off in March
 - ❖ Added 1 yr. T-Notes to take advantage of the rise in yields
 - ❖ Increased exposure to T's by 85%+
- ❖ Took advantage of new issue corps for diversification
 - ❖ Added 2 yr. Coke FRN and 1.25 yr. US Bank note
- ❖ Continued to take advantage of the “Boon” in O/N repo with repo rates remaining high

STRATEGY DURING 2ND QTR.

- ❖ Look to add strong industrial, consumer staples, manufacturing, and technology credits in corporates
 - ❖ Added CSCO, CAT, KO, and JNJ
 - ❖ Maintain corporate exposure
- ❖ Look to replace Treasuries rolling off during the quarter with 1 yr. Treasuries to maintain exposure
- ❖ Continue take advantage of the “Windfall” in O/N repo with rates 0.15% - 0.25%
- ❖ Look to take advantage of divergence between FNMA and FHLMC
 - ❖ Add attractively priced secondary pieces of FNMA paper

DIVERSIFIED BOND FUND

Intermediate-Term Interest Rates

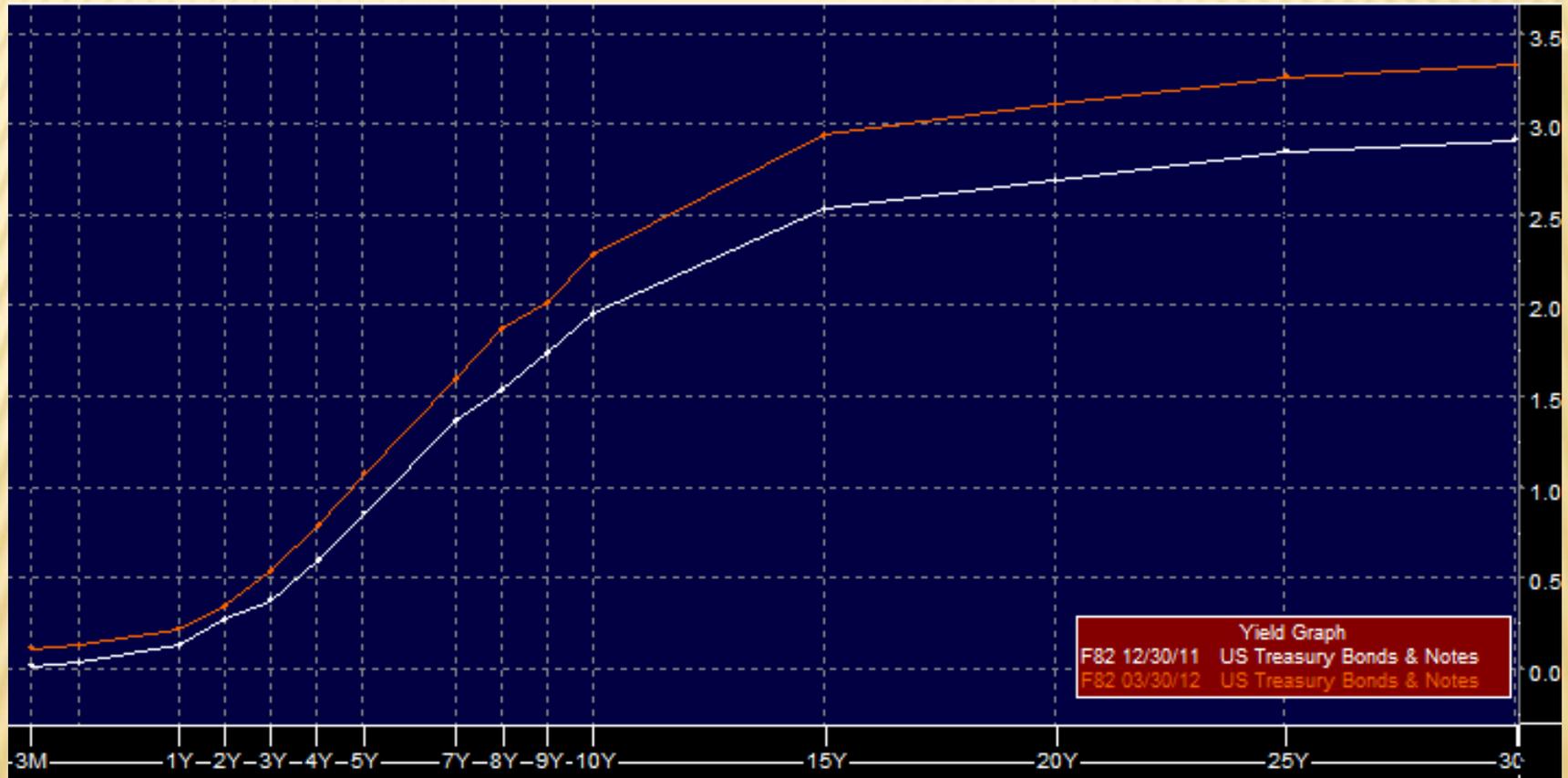
❖ Change in rates over the 1st Quarter

- 3 year: +15 bps
- 5 year: +21 bps
- 7 year: +26 bps

❖ Current Rates as of April 18, 2012

Term	Treasuries	Agencies
3 Year	0.41%	0.56%
5 Year	0.84%	1.06%
7 Year	1.37%	1.62%

YIELD CURVE



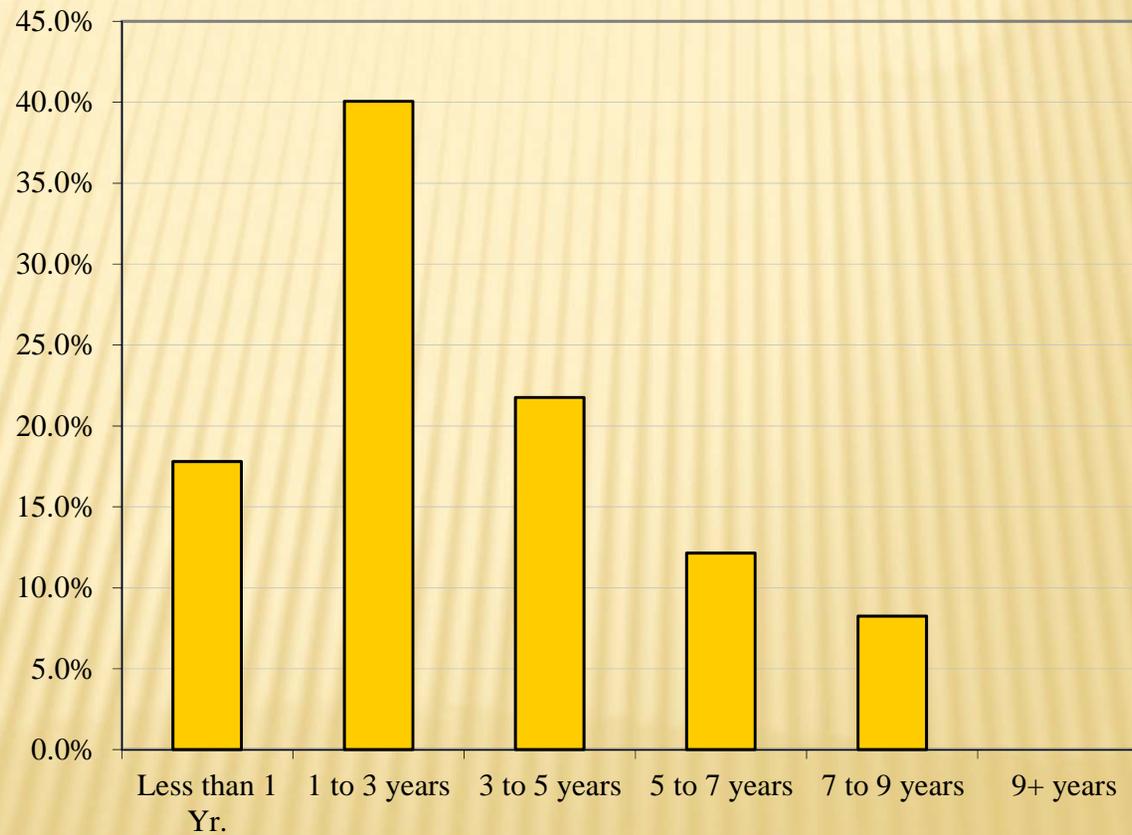
Source: Bloomberg

Diversified Bond Fund

March 2012		
	DBF	Barclay's Cap. Int. Agg. A Or Better Index
Yield to Maturity	1.6%	1.7%
Weighted Average Maturity	3.9 years	4.1 years
Effective Duration	3.1 years	3.5 years
Amortized Book Value	\$529,940,341.81	
Market Value	\$556,047,531.14	

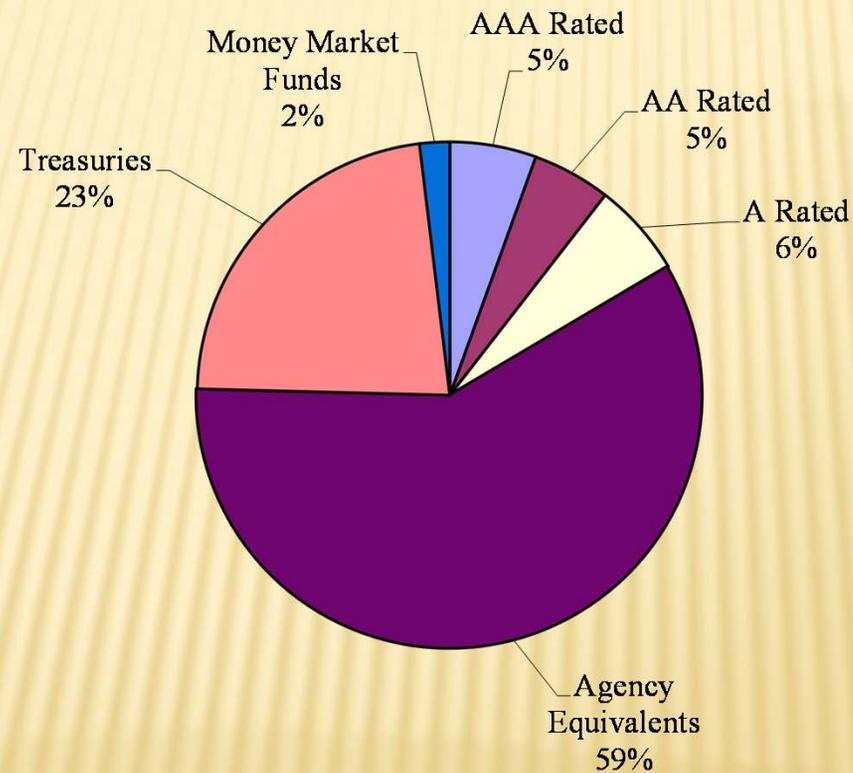
DBF DURATION DISTRIBUTION

Duration Distribution



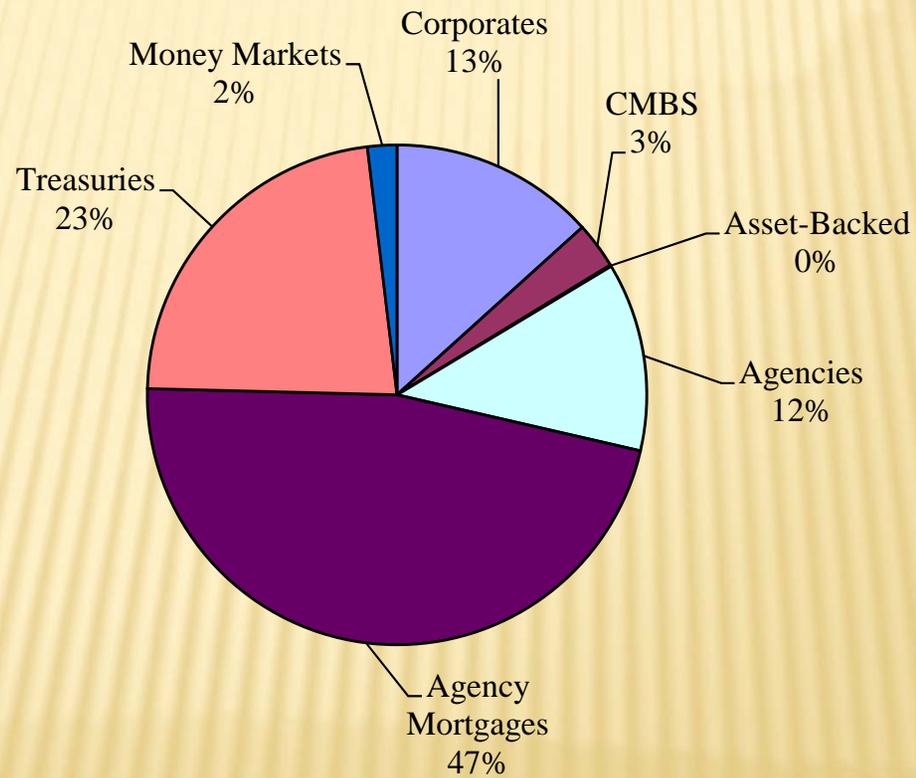
DBF QUALITY DISTRIBUTION

Quality Distribution



DBF SECTOR DISTRIBUTION

Sector Distribution



PORTFOLIO STRATEGY

- ❖ Focus on sector, structure, and security relative value more than relative duration in the short-term.
- ❖ Look for opportunities to take advantage of interest rate trading ranges
- ❖ Maintain “conservative” stance both in quality/security selection and in regard to duration.
- ❖ Look for value in well-structured U.S. Government Agency mortgage pools.
- ❖ Focus on government and fed actions.

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