



Overview

Investment of State of Nevada General Portfolio funds is a function performed by the State Treasurer, who, by the provisions of State statute, has adopted guidelines for the prudent investment of these funds. The General Portfolio encompasses governmental, proprietary, and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, moderate duration portfolio of securities.

Investment Guidelines

The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds, and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no single security extending longer than ten years.

The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrent with cash needs in the short- and medium-term. Monies deemed to have a longer investment horizon are invested to take advantage of longer-term market opportunities.

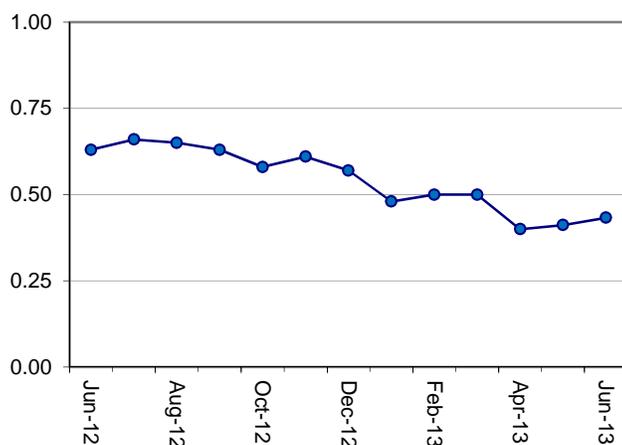
Performance

The suggested benchmark monitors the weekly General Portfolio yield against the six-month U.S. Treasury Bill's average yield over the last six month period (Rolling six-month T-Bill). As of June 30, 2013, the General Portfolio yield was .43%, and the outperformance of the benchmark was 34 basis points.

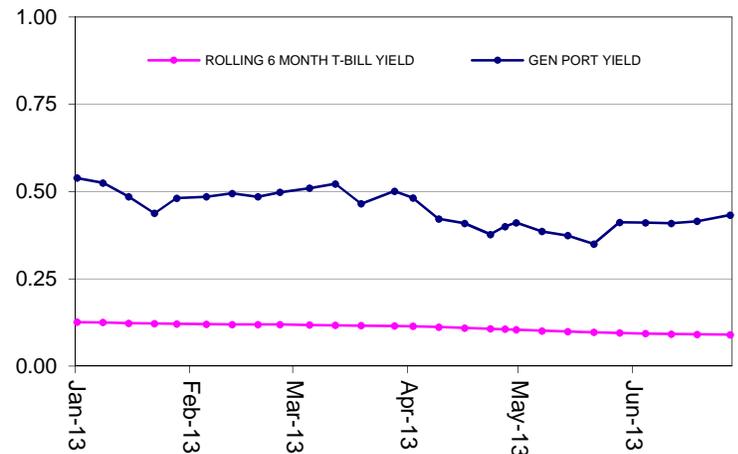
Market Conditions

In the quarter ending in June, payroll growth averaged 196,000 jobs per month, versus the previous quarter of 168,000. The unemployment rate remained the same as last quarter at 7.6%, versus Nevada's rate of 9.6%. Consumer confidence jumped to a reading of 81.4 in June; this is the highest level of confidence since January 2008, when the economy stumbled in recession. In addition, national tourism spending posted its fastest growth in two years. In May, pending home sales decreased to .4%. The decrease reflects a recent increase in mortgage rates as well as limited available inventory. Nevada, meanwhile, experienced a drop in mortgage delinquencies, a slowdown in foreclosures, and an increase in home prices. Lastly, the GDP slightly increased for the quarter to 1.7% versus a 1.1% from last quarter. The increase reflects gains from personal consumption expenditures, exports, residential investment, and offset by decrease in federal government spending.

HISTORICAL GENERAL PORTFOLIO YIELD



ROLLING 6 MONTH T-BILL YIELD VS. GENERAL PORTFOLIO YIELD

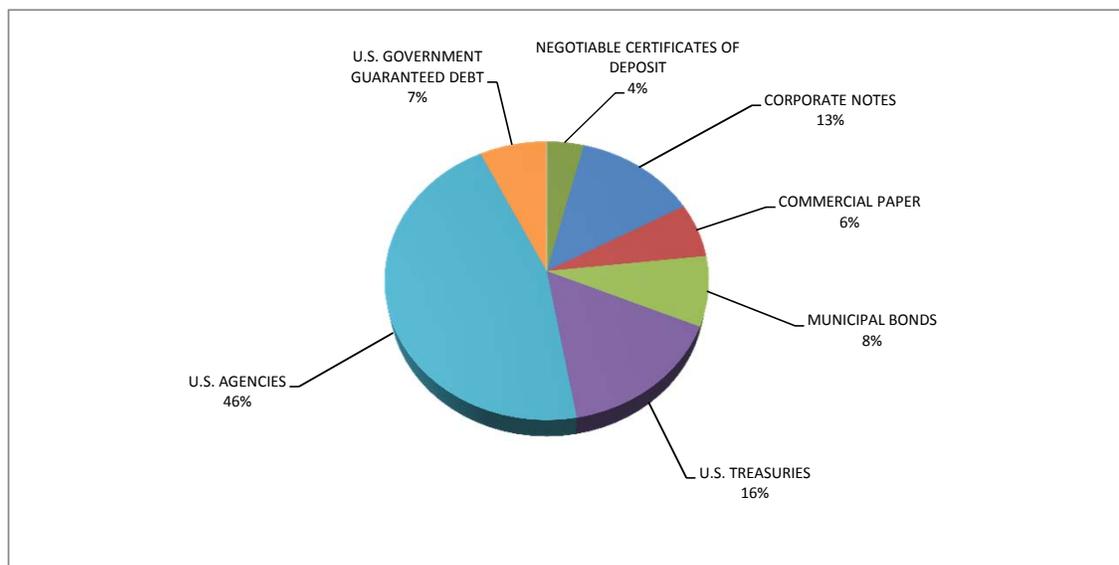


Administration

The State Treasurer has adopted an Investment Policy relating specifically to the General Portfolio. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the State at least every four months. The State Treasurer hereby confirms all General Portfolio investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The General Portfolio may be audited at any time, either internally or externally. A copy of the detailed investment portfolio holdings is available upon request or at the State Treasurer's website at: <https://nevadatreasurer.gov/StatePortfolios.htm>.

GENERAL PORTFOLIO Amortized Book Value and Purchased Interest

	<u>June 30, 2013</u>		<u>March 31, 2013</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
REPURCHASE AGREEMENTS	\$ -		\$ -	
TIME CERTIFICATES OF DEPOSIT	200,000		200,000	
NEGOTIABLE CERTIFICATES OF DEPOSIT	60,000,000		55,000,000	
MONEY MARKET FUNDS	0		0	
ASSET-BACKED SECURITIES	0		0	
MORTGAGE-BACKED SECURITIES	29,513		30,806	
CORPORATE NOTES	199,797,924	8,556	235,081,277	
COMMERCIAL PAPER	95,718,845		64,197,246	
MUNICIPAL BONDS	124,513,365	3,472	128,384,153	77,757
U.S. TREASURIES	242,423,005	62,572	427,620,874	484,139
U.S. AGENCIES	697,920,464 -		411,057,392	6,631
U.S. GOVERNMENT GUARANTEED DEBT	109,596,990	40,183	75,312,746	52,423
TOTAL	<u>\$ 1,530,200,106</u>	<u>\$ 114,784</u>	<u>\$ 1,396,884,494</u>	<u>\$ 620,950</u>
GRAND TOTAL	<u>\$1,530,314,890</u>		<u>\$1,397,505,444</u>	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
TOTAL PORTFOLIO	\$1,530,314,890	\$ 1,367,237,410

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue
For the quarter ending June 30, 2013

	Quarter Ended 09/30/2012	Quarter Ended 12/31/2012	Quarter Ended 03/31/2013	Quarter Ended 06/30/2013	FY 2013 YTD Totals
<u>Average Daily Balances of Funds</u>					
General Fund	437,662,878	360,948,705	442,584,087	579,741,167	454,962,410
All Funds	1,536,606,225	1,548,509,223	1,676,247,838	1,907,254,569	1,666,446,829
<u>Annualized Interest Rate (prior to Lehman Loss Adjustment)</u>					
Cash Basis (see Note 1)	0.4927%	0.7405%	0.2164%	0.4553%	0.4083%
Accrual Basis	0.4521%	0.5087%	0.4287%	0.3411%	0.3139%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	472,825	610,812	209,159	564,769	1,857,564
General Fund Interest Revenue - Distributed	130,194	268,054	0	222,006	620,254
Undistributed General Fund Interest Revenue (see Note 2)	342,759	342,759	208,808	342,759	1,237,086
Cumulative Undistributed General Fund Interest Revenue (see Note 2)	7,066,763	7,409,522	7,618,330	7,961,090	7,618,330
Adjustments to General Fund for Prior Period (see Note 3)	(129)	2	(351)	(4)	(482)
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	1,660,057	2,620,448	791,813	1,857,998	6,930,316
All Funds Interest Revenue - Distributed	762,237	1,632,811	240,409	971,708	3,607,165
Undistributed Interest Revenue (see Note 2)	897,818	987,631	551,755	886,289	3,323,493
Cumulative Undistributed Interest Revenue (see Note 2)	20,395,777	21,383,409	21,935,164	22,821,453	21,935,164
Adjustments to Funds for Prior Period (see Note 3)	2	-	351	4	357

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.

Note 2 Lehman Brothers Holdings, Inc. (LBHI) filed for Chapter 11 bankruptcy protection on September 15, 2008. On December 6, 2011, LBHI won approval from the US Bankruptcy court for a proposed reorganization plan. As a creditor, the State will receive future distributions over several years. The expected amount of recovery is 30-33 cents, but the actual amount to be distributed will be determined based in part on the actual liquidation proceeds. To date, LBHI has made three distributions, \$3,055,614.81 on 04/17/2012, \$1,943,598.08 on 10/02/2012, and on \$2,534,056.92 04/05/2013. In order to smooth the loss out for the affected agencies, we are amortizing the expected loss over a multi-year period. The undistributed amount is the amount of the possible loss allocable to funds for that period.

Note 3 As the Treasurer's Office is notified of accounts that should earn interest, they are added to the distribution. Occasionally those accounts require adjustments to prior periods. Those adjustments are shown in this line item.



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of June 30, 2013, there were 86 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 10% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at least 50% of the fund will mature within 90 days to minimize risks that market value of securities will significantly fall due to adverse changes in general interest rates.

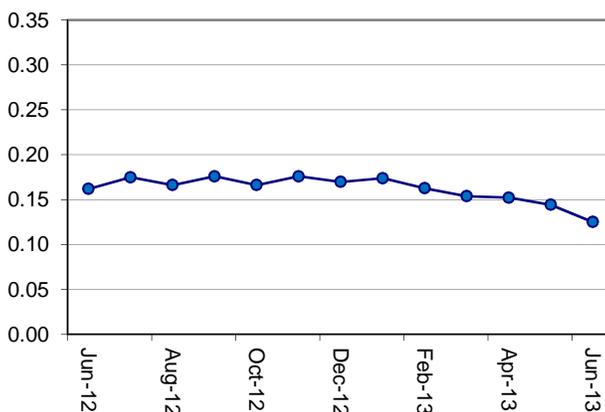
Performance

The suggested benchmark monitors the weekly LGIP portfolio yield against the 90 day U.S. Treasury Bill's average yield over the last three month period (Rolling 90 day T-bill). As of June 30, 2013, the LGIP's portfolio yield was .15% and the outperformance of the benchmark was 11 basis points.

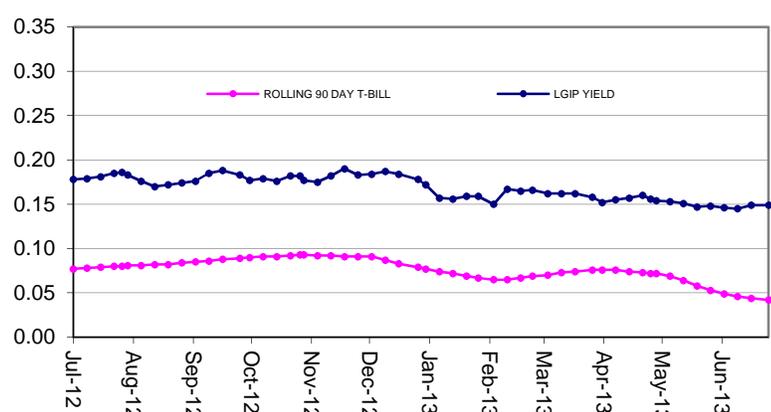
Market Conditions

In the quarter ending in June, payroll growth averaged 196,000 jobs per month, versus the previous quarter of 168,000. The unemployment rate remained the same as last quarter at 7.6%, versus Nevada's rate of 9.6%. Consumer confidence jumped to a reading of 81.4 in June; this is the highest level of confidence since January 2008, when the economy stumbled in recession. In addition, national tourism spending posted its fastest growth in two years. In May, pending home sales decreased to .4%. The decrease reflects a recent increase in mortgage rates as well as limited available inventory. Nevada, meanwhile, experienced a drop in mortgage delinquencies, a slowdown in foreclosures, and an increase in home prices. Lastly, the GDP slightly increased for the quarter to 1.7% versus a 1.1% from last quarter. The increase reflects gains from personal consumption expenditures, exports, residential investment, and offset by decreases in federal government spending.

HISTORICAL LGIP PORTFOLIO YIELD



ROLLING 90 DAY T-BILL YIELD VS. LGIP PORTFOLIO YIELD

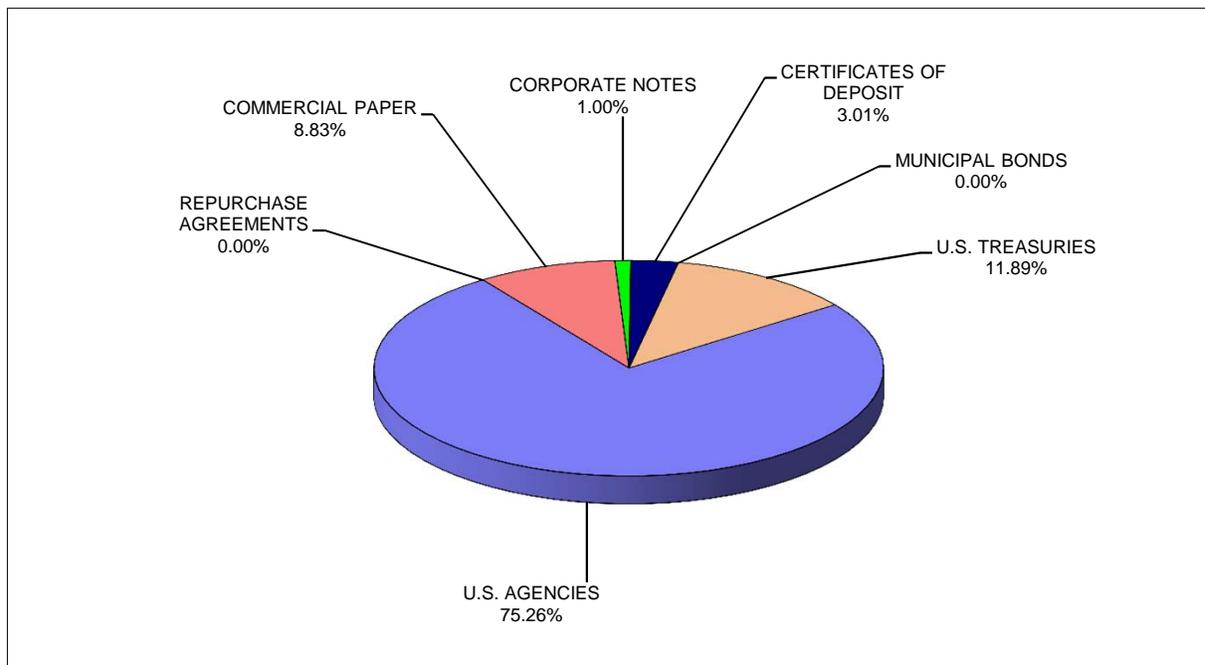


Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting. A copy of the detailed investment holdings report is available upon request or at the State Treasurer's website at: <https://nevadatreasurer.gov/StatePortfolios.htm>.

LGIP PORTFOLIO Amortized Book Value and Purchased Interest

	<u>June 30, 2013</u>		<u>March 31, 2013</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
REPURCHASE AGREEMENTS	\$ -		\$ -	
COMMERCIAL PAPER	44,008,712		32,208,261	
CORPORATE NOTES	5,003,771		5,008,297	
CERTIFICATES OF DEPOSIT	15,000,000		20,000,000	
MUNICIPAL BONDS	-		-	
U.S. TREASURIES				
NOTES	59,286,538		79,334,114	6,423
BILLS	-		19,999,996	
U.S. AGENCIES	375,149,899	20,488	394,529,265	31,466
TOTAL	<u>\$ 498,448,920</u>	<u>\$ 20,488</u>	<u>\$ 551,079,932</u>	<u>\$ 37,889</u>
GRAND TOTAL	<u>\$498,469,408</u>		<u>\$551,117,821</u>	



TOTAL INTEREST EARNED FY 2013 THROUGH JUNE 30, 2013: \$862,088

YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2013</u>		<u>June 30, 2012</u>
TOTAL PORTFOLIO	\$498,469,408	\$	506,042,772