



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CA 94105-1639

OFFICE OF FINANCE

TELEPHONE: (415) 538-2200

MEMORANDUM

DATE: August 20, 2014
TO: Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: Quarterly Investment Report as of June 30, 2014

Attached is the quarterly investment report for the State Bar of California as of June 30, 2014. This report is presented in a format that conforms to the investment policy adopted by the Board in May 2005. As of the end of June, the market value of the State Bar's investment portfolio totaled \$93.2 million.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 0.26%, compared to 0.27% in 2013. Actual investment earnings increased approximately 279% from \$39,141 at the second quarter in 2013 to \$148,206 in 2014. The unrealized loss for the reporting quarter is \$22,539, which will be amortized over the life of the bonds. As a result, this unrealized loss will offset the effect on investment income when the bonds mature. An unrealized loss is a bond premium incurred when a bond is purchased at a price in excess of its face value. A bond is traded at a premium when it offers a coupon rate that is higher than prevailing interest rates, a reflection of declining interest rate in the existing bond market. This unrealized loss is considered to be a "paper loss" because all investments are held to maturity.

If you have any questions or would like additional information, please contact Christine Wong at www.christine.wong@calbar.ca.gov.

The State Bar of California
Investment Report Summary
June 30, 2014

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Wells Fargo Custody Account:				
- Certificate of Deposit	3,495,000	3,498,621	3.75%	0.47%
- Government Bonds	45,052,500	45,026,340	48.30%	0.28%
- Common Stock-Metlife Inc.	163,124	163,124	0.17%	N.A
- Interest Receivable	-	31,988	0.03%	N.A
Subtotal-Securities, Bonds and Notes	48,710,624	48,720,073	52.26%	
Local Agency Investment Fund	44,472,353	44,504,765	47.74%	0.23%
Subtotal-Other Investments	44,472,353	44,504,765	47.74%	
Grand Total	93,182,977	93,224,838	100%	0.26%

Unrealized Gain/(Loss)-Securities, Bonds and Notes:

Market Value of Portfolio	48,688,085
Original Cost of Portfolio	48,710,624
Unrealized Gain/(Loss):	(22,539)

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of Jun 30, 2014

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>*Yield</u>	<u>Trade/ Purchase Date</u>	<u>Maturity Date</u>
PLAINSCAPITAL BANK	72663QYK9	N/A	CD	250,000	250,000	250,303	-	303	0.35%	01/25/13	01/30/15
SAFRA NATIONAL BANK	78658ACC0	N/A	CD	250,000	250,000	250,463	-	463	0.50%	01/25/13	02/02/15
FARM BUREAU BANK	307660GW4	N/A	CD	250,000	250,000	250,320	-	320	0.35%	01/25/13	02/13/15
MARLIN BUSINESS BANK	57116AGA0	N/A	CD	250,000	250,000	250,063	-	63	0.30%	05/08/13	05/08/15
APPLE BANK SAVING	037830H82	N/A	CD	250,000	250,000	250,043	-	43	0.40%	05/08/13	05/08/15
BANK OF CHINA	06426NV90	N/A	CD	250,000	250,000	250,043	-	43	0.50%	05/08/13	05/08/15
PRIVATEBANK	74267GTC1	N/A	CD	250,000	250,000	250,055	-	55	0.35%	05/10/13	05/11/15
CARDINAL BANK	14147VDL7	N/A	CD	250,000	250,000	250,038	-	38	0.35%	05/17/13	05/18/15
GOLDMAN SACHS GROUP	38143A5E1	N/A	CD	250,000	250,000	250,490	-	490	0.85%	01/25/13	07/30/15
KEY BANK NATL ASSN	49306SRT5	N/A	CD	250,000	250,000	250,295	-	295	0.45%	05/08/13	11/09/15
AMEX CENTURION BK	02587DLZ9	N/A	CD	250,000	250,000	250,748	-	748	0.75%	01/29/13	02/08/16
FIRST NATIONAL BK	321086FK1	N/A	CD	245,000	245,000	245,929	-	929	0.50%	01/29/13	02/12/16
FOX CHASE BANK	35137QAJ3	N/A	CD	250,000	250,000	250,945	-	945	0.45%	01/29/13	02/16/16
JP MORGAN CHASE BANK	48124JSS8	N/A	CD	250,000	250,000	248,890	-	(1,110)	0.50%	01/29/13	02/16/16
				TOTAL CASH EQUIVALENTS (SAVINGS & CDs) :							
Total CDs :				3,495,000	3,495,000	3,498,621	-	3,621	0.47%		

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>*Yield</u>	<u>Trade/ Purchase Date</u>	<u>Maturity Date</u>
FED FARM CREDIT BK	3133ECCM4	AA+	Government Agency	3,000,000	3,003,150	3,001,500	979	(1,650)	0.19%	02/07/13	11/14/14
FED FARM CREDIT BK	3133ECCE2	AA+	Government Agency	3,000,000	3,001,770	3,001,050	3,625	(720)	0.22%	01/15/13	01/07/15
FED HOME LN BK	313381H24	AA+	Government Agency	3,000,000	3,002,940	3,002,160	3,438	(780)	0.20%	01/22/13	01/16/15
FED FARM CREDIT BK	3133EDFC1	AA+	Government Agency	3,000,000	3,000,870	3,000,330	2,283	(540)	0.18%	02/10/14	02/08/15
FED HOME LN BK	3130AOWM8	AA+	Government Agency	3,000,000	3,000,000	2,999,490	1,469	(510)	0.13%	02/10/14	02/10/15
FED HOME LN BK	313381YP4	AA+	Government Agency	3,000,000	3,000,600	3,002,070	2,729	1,470	0.24%	01/25/13	02/20/15
FED FARM CREDIT BK	3133ECBB9	AA+	Government Agency	3,000,000	3,005,430	3,006,420	3,533	990	0.33%	02/05/13	09/15/15
FED FARM CREDIT BK	3133ECB86	AA+	Government Agency	3,000,000	3,006,570	3,003,630	2,660	(2,940)	0.34%	01/09/13	10/15/15
FED FARM CREDIT BK	3133ECB86	AA+	Government Agency	3,000,000	3,004,800	3,003,630	2,660	(1,170)	0.36%	02/05/13	10/15/15
FED FARM CREDIT BK	3133ECBJ2	AA+	Government Agency	3,000,000	3,003,330	3,003,510	1,613	180	0.39%	01/29/13	11/16/15
FED FARM CREDIT BK	3133ECBJ2	AA+	Government Agency	3,000,000	3,005,730	3,003,510	1,613	(2,220)	0.36%	02/12/13	11/16/15
FED HOME LN MTG CORP	3134G3W55	AA+	Government Agency	3,000,000	3,007,380	3,005,130	1,388	(2,250)	0.36%	02/21/13	11/24/15
FED FARM CREDIT BK	3133EDAE2	AA+	Government Agency	3,000,000	3,003,840	3,004,650	248	810	0.26%	02/14/14	12/22/15
FED HOME LN MTG CORP	3134G4VH8	AA+	Government Agency	3,000,000	3,003,690	2,997,630	3,533	(6,060)	0.34%	02/14/14	03/15/16
FED HOME LN BK	3133834R9	AA+	Government Agency	3,000,000	3,002,400	2,991,630	219	(10,770)	0.34%	02/27/14	06/24/16
Total Bonds & Notes :			TOTAL GOVERNMENT BONDS AND NOTES:	45,000,000	45,052,500	45,026,340	31,988	(26,160)	0.28%		

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>*Yield</u>	<u>Trade/ Purchase Date</u>	<u>Maturity Date</u>
METLIFE INC	59156R108	N/A	Common Stock		-	163,124	-	163,124			N/A
Total Common Stocks :			TL Common Stock:	-	-	163,124	-	163,124	-		

Wells Fargo Custody Total Assets [Mkt Value (incl MetLife) + Interest Receivable]:

48,720,074

* Original yield when purchase, keep it, DO NOT change. Except money market.



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OFFICE OF FINANCE

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MEMORANDUM

DATE: August 20, 2014
TO: Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: Executive Retirement Health Benefit Quarterly Investment Report as of June 30, 2014

Attached is the 2014 second quarter investment report for the State Bar's Executive Retirement Health Benefit Plan (known as OPEB).

On December 15, 2008, the State Bar established an irrevocable trust for the OPEB Plan to set aside assets to fund the cost of retiree health care benefits to eligible executive employees. The annual required contribution is determined based on an actuarial valuation.

In July 2012, the Board adopted staff's recommendation to systematically transfer the State Bar's OPEB assets from Wells Fargo Bank to a higher-yielding investment pool managed by CalPERS and, on an ongoing basis, to make annual transfers to the pool to pay the Bar's Annual Required Contribution (ARC), as determined by the Bar's actuary. The first \$3 million OPEB asset transfer to CalPERS began in December 2012, and as of December 31, 2013, the entire \$14.4 million of OPEB assets were transferred to CalPERS.

As of June 30, 2014, the market value of the OPEB assets totaled \$15.8 million. The average rate of return of the entire portfolio is 13.58% and year to date investment income is \$1,046,514 with an unrealized gain of \$1,423,122.

The Governmental Accounting Standards Board (GASB) requires employers to prepare an actuarial valuation report and to measure the net OPEB liability on a biennial basis. In 2014, staff engaged Milliman Inc. and completed an updated valuation report with a measurement date of June 30, 2013. In this valuation report, the actuary determined that the annual required contributions for both 2013 and 2014 are approximately \$1.7 million. The actuarial accrued liability of this benefit plan as of June 30, 2013 was \$25.8 million. The current OPEB asset value is \$14.2 million, resulting in a unfunded actuarial accrued liability balance of \$11.6 million, or a 55.1% funding level of the accrued liability.

If you have any questions or would like additional information, please contact Christine Wong at christine.wong@calbar.ca.gov.

The State Bar of California
OPEB Investment Report Summary
June 30, 2014

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
- CalPERS CERBT Fund Stratgy 3 Investment	14,400,401	15,823,522	100.00%	13.58%
Subtotal-CalPERS CERBT Fund Investment:	14,400,401	15,823,522	100.00%	
 Grand Total	 14,400,401	 15,823,522	 100%	

Unrealized Gain/(Loss)-Securities, Bonds and Notes:

Market Value of Portfolio	15,823,522
Original Cost of Portfolio	14,400,401
Unrealized Gain/(Loss):	1,423,122

State Bar of California
OPEB Trust Investment Report
Balance as of June 30, 2014

<u>Issuer</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>*Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>
CalPERS	N/A	CERBT Strategy 3	14,400,401	14,400,401	15,823,522	13.58%	N/A	NA
TOTAL INVESTMENT HELD BY CalPERS CERBT FUNDS:			14,400,401	14,400,401	15,823,522	13.58%		
TOTAL OPEB ASSET:			14,400,401	14,400,401	15,823,522			