

THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: May 7, 2015

TO: Members, Planning and Budget Committee
Members, Board of Trustees

FROM: Christine Wong, Finance Director

SUBJECT: Investment Report for the First Quarter Ended March 31, 2015

Attached is the quarterly investment report for the State Bar of California as of March 31, 2015. The report is presented in a format that conforms to the investment policy adopted by the Board of Governors in May 2005. As of the end of March, the market value of the State Bar's investment portfolio totaled \$88.5 million.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 0.30%, compared to 0.27% in 2014. Actual investment earnings increased approximately 8.12% from \$54,720 at the first quarter in 2014 to \$59,161 in 2015. Unrealized loss for the reporting quarter is \$26,707, 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. 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 christine.wong@calbar.ca.gov.

The State Bar of California
Investment Report Summary
March 31, 2015

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average</u>
Wells Fargo Custody Account:				
- Certificate of Deposit	2,745,000	2,748,023	3.10%	0.49%
- Government Bonds	36,047,730	36,018,000	40.69%	0.35%
- Common Stock-Metlife Inc.	148,415	148,415	0.17%	N.A
- Interest Receivable	-	41,119	0.05%	N.A
Subtotal-Securities, Bonds and Notes	38,941,145	38,955,557	44.01%	
Local Agency Investment Fund	49,528,541	49,555,439	55.99%	0.26%
Subtotal-Other Investments	49,528,541	49,555,439	55.99%	
Grand Total	88,469,686	88,510,996	100%	0.30%

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

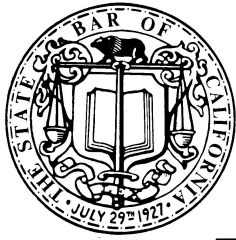
Market Value of Portfolio	38,914,438
Original Cost of Portfolio	38,941,145
Unrealized Gain/(Loss):	<u>(26,707)</u>

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of March 31, 2015

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>*Yield</u>	<u>Trade/ Purchase Date</u>	<u>Maturity Date</u>
MARLIN BUSINESS BANK	57116AGA0	N/A	CD	250,000	250,000	250,100	296	100	0.30%	05/08/13	05/08/15
APPLE BANK SAVING	037830H82	N/A	CD	250,000	250,000	250,098	395	98	0.40%	05/08/13	05/08/15
BANK OF CHINA	06426NV90	N/A	CD	250,000	250,000	250,098	493	98	0.50%	05/08/13	05/08/15
PRIVATEBANK	74267GTC1	N/A	CD	250,000	250,000	250,108	340	108	0.35%	05/10/13	05/11/15
CARDINAL BANK	14147VDL7	N/A	CD	250,000	250,000	250,128	-	128	0.35%	05/17/13	05/18/15
GOLDMAN SACHS GROUP	38143A5E1	N/A	CD	250,000	250,000	250,433	355	433	0.85%	01/25/13	07/30/15
KEY BANK NATL ASSN	49306SRT5	N/A	CD	250,000	250,000	250,560	444	560	0.45%	05/08/13	11/09/15
AMEX CENTURION BK	02587DLZ9	N/A	CD	250,000	250,000	250,875	272	875	0.75%	01/29/13	02/08/16
FIRST NATIONAL BK	321086FK1	N/A	CD	245,000	245,000	245,963	-	963	0.50%	01/29/13	02/12/16
FOX CHASE BANK	35137QAJ3	N/A	CD	250,000	250,000	249,778	-	(223)	0.45%	01/29/13	02/16/16
JP MORGAN CHASE BANK	48124JSS8	N/A	CD	250,000	250,000	249,885	154	(115)	0.50%	01/29/13	02/16/16
TOTAL CASH EQUIVALENTS (SAVINGS & CDs) :				2,745,000	2,745,000	2,748,023	2,749	3,023	0.49%		
FED FARM CREDIT BK	3133EDFC1	AA+	Government Agency	3,000,000	3,000,870	2,999,220	783	(1,650)	0.18%	02/10/14	08/14/15
FED FARM CREDIT BK	3133ECBB9	AA+	Government Agency	3,000,000	3,005,430	3,002,130	533	(3,300)	0.33%	02/05/13	09/15/15
FED FARM CREDIT BK	3133ECB86	AA+	Government Agency	3,000,000	3,006,570	3,003,660	5,810	(2,910)	0.34%	01/09/13	10/15/15
FED FARM CREDIT BK	3133ECB86	AA+	Government Agency	3,000,000	3,004,800	3,003,660	5,810	(1,140)	0.36%	02/05/13	10/15/15
FED FARM CREDIT BK	3133ECBJ2	AA+	Government Agency	3,000,000	3,003,330	3,004,020	4,838	690	0.39%	01/29/13	11/16/15
FED FARM CREDIT BK	3133ECBJ2	AA+	Government Agency	3,000,000	3,005,730	3,004,020	4,838	(1,710)	0.36%	02/12/13	11/16/15
FED HOME LN MTG CORP	3134G3W55	AA+	Government Agency	3,000,000	3,007,380	3,004,230	4,763	(3,150)	0.36%	02/21/13	11/24/15
FED FARM CREDIT BK	3133EDAE2	AA+	Government Agency	3,000,000	3,003,840	3,000,540	2,723	(3,300)	0.26%	02/14/14	12/22/15
FED HOME LN MTG CORP	3134G4VH8	AA+	Government Agency	3,000,000	3,003,690	3,000,600	533	(3,090)	0.34%	02/14/14	03/15/16
FED HOME LN BK	3133834R9	AA+	Government Agency	3,000,000	3,002,400	2,998,350	3,031	(4,050)	0.34%	02/27/14	06/24/16
FED FARM CREDIT BK	3133EDMB5	AA+	Government Agency	3,000,000	3,003,720	3,002,730	1,583	(990)	0.41%	03/30/15	08/23/16
FED HOME LN MTG CORP	3137EADU0	AA+	Government Agency	3,000,000	2,999,970	2,994,840	3,125	(5,130)	0.50%	03/30/15	01/27/17
TOTAL GOVERNMENT BONDS AND NOTES:				36,000,000	36,047,730	36,018,000	38,370	(29,730)	0.35%		
METLIFE INC	59156R108	N/A	Common Stock	-	-	148,415	-	148,415			N/A
Total Common Stocks :				-	-	148,415	-	148,415			
TOTAL INVESTMENT HELD BY WELLS FARGO:				38,745,000	38,792,730	38,914,438	41,119	121,708			

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

38,955,557



THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD

MEMORANDUM

DATE: May 7, 2015

TO: Members, Planning and Budget Committee
Members, Board of Trustees

FROM: Christine Wong, Finance Director

SUBJECT: Executive Retirement Health Benefit (OPEB) Investment Report
for the First Quarter Ended March 31, 2015

Attached is the 2015 first quarter investment report for the State Bar's Executive Retirement Health Benefit (known as OPEB) asset.

As of March 31, 2015, the market value of the OPEB assets totaled \$17.6 million. The average rate of return of the entire portfolio is 8.85%, compared to 10.55% in 2014. Year-to-date investment income for the entire investment portfolio is \$381,703, with an unrealized gain of \$1,730,430.

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 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. As of June 30, 2013, the actuarial accrued liability of this benefit plan was \$25.8 million and the actuarial value of the OPEB asset is \$14.2 million, resulting in an unfunded actuarial accrued liability balance of \$11.6 million, or a funding level of 55.1%.

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
March 31, 2015

<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	15,900,401	17,630,831	100.00%	8.85%
Subtotal-CalPERS CERBT Fund Investment:	15,900,401	17,630,831	100.00%	
 Grand Total	 15,900,401	 17,630,831	 100%	

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

Market Value of Portfolio	17,630,831
Original Cost of Portfolio	15,900,401
Unrealized Gain/(Loss):	<u>1,730,430</u>

State Bar of California
OPEB Trust Investment Report
Balance as of March 31, 2015

<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	15,900,401	15,900,401	17,630,831	8.85%	N/A	NA
TOTAL INVESTMENT HELD BY CalPERS CERBT FUNDS:			15,900,401	15,900,401	17,630,831	8.85%		
TOTAL OPEB ASSET:			15,900,401	15,900,401	17,630,831			