



# THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

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180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

## MEMORANDUM

**DATE:** April 27, 2016

**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, 2016

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Attached is the quarterly investment report for the State Bar of California as of March 31, 2016. 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 \$113.7 million.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 0.54%, compared to 0.30% in 2015. Actual investment earnings increased approximately 181.29% from \$59,161 at the first quarter in 2015 to \$166,416 in 2016. The unrealized loss for the reporting quarter is \$6,894, 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 rates in the existing bond market. This unrealized loss is considered to be a "paper loss" because all investments are held to maturity.

**The State Bar of California**  
**Investment Report Summary**  
**March 31, 2016**

<b><u>Asset Group</u></b>	<b><u>Original Cost</u></b>	<b><u>Market Value</u></b>	<b><u>Portfolio Percentage</u></b>	<b><u>Weighted Average Yield</u></b>
Wells Fargo Custody Account:				
- Government Bonds	48,831,474	48,824,580	42.94%	0.65%
- Common Stock-Metlife Inc.	129,008	129,008	0.11%	N.A
- Interest Receivable	-	71,215	0.06%	N.A
<b>Subtotal-Securities, Bonds and Notes</b>	<b>48,960,482</b>	<b>49,024,803</b>	<b>43.11%</b>	
Local Agency Investment Fund	64,661,076	64,690,691	56.89%	0.46%
<b>Subtotal-Other Investments</b>	<b>64,661,076</b>	<b>64,690,691</b>	<b>56.89%</b>	
<b>Grand Total</b>	<b>113,621,558</b>	<b>113,715,494</b>	<b>100%</b>	0.54%

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

Market Value of Portfolio	48,953,588
Original Cost of Portfolio	48,960,482
Unrealized Gain/(Loss):	<u>(6,894)</u>

State Bar of California  
Investment Report - Wells Fargo Custody Account  
Balance as of March 31, 2016

Issuer	CUSIP #	S&P Rating	Type	Par Value	Cost	Mkt Value	Interest Receivable	Unrealized Gain/(Loss)	Yield	Trade/ Purchase Date	Maturity Date
FED HOME LOAN BANK	3133834R9	AA+	Government Agency	3,000,000	3,002,400	2,999,970	3,031	(2,430)	0.34%	02/27/14	06/24/16
FED FARM CREDIT BANK	3133EDMB5	AA+	Government Agency	3,000,000	3,003,720	3,001,560	1,583	(2,160)	0.41%	03/30/15	08/23/16
FED FARM CREDIT BANK	3133EEZB9	AA+	Government Agency	3,000,000	3,002,520	2,998,680	563	(3,840)	0.39%	04/14/15	09/16/16
FED HOME LN MTG CORP	3134G6PJ6	AA+	Government Agency	3,000,000	3,006,090	3,000,600	4,447	(5,490)	0.46%	04/14/15	12/29/16
FED HOME LN MTG CORP	3137EADU0	AA+	Government Agency	3,000,000	2,999,970	2,996,670	2,667	(3,300)	0.50%	03/30/15	01/27/17
FED HOME LOAN BANK	3130A4M41	AA+	Government Agency	3,000,000	3,011,880	3,008,160	10,500	(3,720)	0.55%	04/14/15	04/13/17
FED HOME LOAN BANK	3130A4U42	AA+	Government Agency	3,000,000	3,005,580	3,007,170	6,067	1,590	0.65%	03/29/16	06/30/17
FED FARM CREDIT BANK	3133EFK30	AA+	Government Agency	3,000,000	3,000,780	3,002,700	1,540	1,920	0.75%	03/09/16	07/07/17
FED HOME LN MTG CORP	3137EADV8	AA+	Government Agency	3,000,000	2,995,050	3,001,080	4,813	6,030	0.86%	01/08/16	07/14/17
FED FARM CREDIT BANK	3133EE4K3	AA+	Government Agency	3,000,000	3,003,810	2,999,670	4,200	(4,140)	0.63%	02/16/16	07/21/17
FED HOME LOAN BANK	3130A62S5	AA+	Government Agency	2,000,000	1,995,480	2,000,880	1,375	5,400	0.89%	01/11/16	08/28/17
FED FARM CREDIT BANK	3133EFPH4	AA+	Government Agency	3,000,000	2,999,970	3,008,400	10,385	8,430	0.93%	01/11/16	11/17/17
FED HOME LOAN BANK	313381B20	AA+	Government Agency	3,000,000	2,999,970	2,998,290	7,063	(1,680)	0.75%	02/19/16	12/08/17
FED HOME LN MTG CORP	3137EADN6	AA+	Government Agency	3,000,000	3,002,820	2,998,950	4,938	(3,870)	0.70%	02/16/16	01/12/18
FED HOME LN MTG CORP	3137EADN6	AA+	Government Agency	3,000,000	2,997,780	2,998,950	4,938	1,170	0.79%	03/08/16	01/12/18
FED HOME LN MTG CORP	3137EADN6	AA+	Government Agency	1,800,000	1,799,514	1,799,370	2,963	(144)	0.77%	03/29/16	01/12/18
FED FARM CREDIT BANK	3133EFV87	AA+	Government Agency	3,000,000	3,004,140	3,003,480	146	(660)	0.81%	03/29/16	03/29/18

**TOTAL GOVERNMENT BONDS AND NOTES:** **48,800,000** **48,831,474** **48,824,580** **71,215** **(6,894)** **0.65%**

METLIFE INC	59156R108	N/A	Common Stock	-	129,008	-	129,008
<b>TotalCommon Stocks :</b>				<b>-</b>	<b>-</b>	<b>129,008</b>	<b>129,008</b>

**TOTAL INVESTMENT HELD BY WELLS FARGO:** **48,800,000** **48,831,474** **48,953,588** **71,215** **122,114**

Wells Fargo Custody Total Assets [Mkt Value (incl MetLife) + Interest Receivable]: **49,024,803**



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## MEMORANDUM

**DATE:** April 27, 2016

**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, 2016

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Attached is the 2016 first quarter investment report for the State Bar's Executive Retirement Health Benefit (known as OPEB) asset.

As of March 31, 2016, the market value of the OPEB assets totaled \$20.8 million. Rate of return of the entire portfolio since date of inception is 8.63%, with an unrealized gain of \$1.65 million.

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. The last valuation report was completed in January 2016, with measurement date of June 30, 2015. In this valuation report, the actuary determined that the annual required contributions for 2015 is approximately \$1.0 million. The Year to Date actual contribution for 2016 is \$0.25 million.

**The State Bar of California  
OPEB Investment Report Summary  
March 31, 2016**

<b><u>Asset Group</u></b>	<b><u>Original Cost</u></b>	<b><u>Market Value</u></b>	<b><u>Yield from Date of inception</u></b>
- CalPERS CERBT Fund Stratgy 3 Investment	\$ 19,150,401	\$ 20,803,804	8.63%
<b>Subtotal-CalPERS CERBT Fund Investment:</b>	<b><u>\$ 19,150,401</u></b>	<b><u>\$ 20,803,804</u></b>	
 <b>Grand Total</b>	 <b><u><u>\$ 19,150,401</u></u></b>	 <b><u><u>\$ 20,803,804</u></u></b>	
 <b>Unrealized Gain/(Loss)-Securities, Bonds and Notes:</b>			
Market Value of Portfolio		\$ 20,803,804	
Original Cost of Portfolio		19,150,401	
Unrealized Gain/(Loss):		<b><u><u>\$ 1,653,403</u></u></b>	