



The State Bar of California

OPEN SESSION

AGENDA ITEM

50-5 SEPTEMBER 2022

FINANCE COMMITTEE III.A

DATE: September 22, 2022

TO: Members, Finance Committee
Members, Board of Trustees

FROM: Aracely Montoya-Chico, Chief Financial Officer

SUBJECT: Approval of 2022 Quarter Two Investment Report

EXECUTIVE SUMMARY

This agenda item presents the Investment Report for the six months ended June 30, 2022.

BACKGROUND

The charter of the Finance Committee directs the committee to thoroughly examine the State Bar's finances on a quarterly basis to ensure a "functional and detailed understanding of the State Bar's revenue streams, expenditures, and overall fiscal conditions and issues." This agenda item provides the Finance Committee with the reports it needs to fulfill these responsibilities.

DISCUSSION

None

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES OF THE STATE BAR OF CALIFORNIA

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RECOMMENDATIONS

Should the Finance Committee concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Finance Committee recommends that the Board of Trustees approves the 2022 Second Quarter Investment Report in the form presented this day before the Board, for the six months ended June 30, 2022, as certified by the chief financial officer and filed with the San Francisco office of the State Bar.

Should the Board of Trustees concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that upon recommendation of the Finance Committee, the Board of Trustees approves the 2022 Second Quarter Investment Report in the form presented this day before the Board, for the six months ended June 30, 2022, as certified by the chief financial officer and filed with the San Francisco office of the State Bar.

ATTACHMENT LIST

- A.** Investment Report for the six months ended June 30, 2022



The State Bar of California

ATTACHMENT A

Date: September 22, 2022

To: Members, Finance Committee
Members, Board of Trustees

From: Aracely Montoya-Chico, Chief Financial Officer

Subject: Investment Report for the Second Quarter Ended June 30, 2022

Attached is the quarterly Investment Report for the State Bar of California as of June 30, 2022. The report is presented in a format that conforms to the investment policy adopted by the Board of Trustees. The State Bar's investment portfolio consists of fixed income securities and deposits with Wells Fargo Bank, with the State Treasurer's Local Agency Investment Fund (LAIF), and with the Bank of New York Mellon Trust Company. As of June 30, 2022, the market value of the investment portfolio was \$103.7 million, compared to \$141.4 million as of June 30, 2021.

The quarterly rate of return of the investment portfolio for this quarter is 1.33 percent. Interest rates are slightly lower in comparison to the year prior 1.35 percent. The quarterly interest rate on deposits in the LAIF increased from 0.31 percent for the quarter ended June 30, 2021, to 0.69 percent for the quarter ended June 30, 2022. As of June 30, 2022, the daily rate at LAIF was 0.99 percent. Year-to-date actual investment earnings decreased from a \$0.2 million gain in 2021 to a \$0.5 million loss in 2022.

The State Bar's investment strategy is to purchase bonds and hold them until maturity to realize the full value of the investment. Unrealized gains or losses in the portfolio would only be recognized if a security was sold before maturity. Temporary price changes or market value fluctuations in the portfolio of held-to-maturity securities are recorded in the State Bar's quarterly financials.

The State Bar of California Investment Report
Summary As of June 30, 2022

<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:				
- Government Bonds	\$ 10,879,401	\$ 10,743,700	10.4%	2.79%
- Corporate Bonds	3,060,483	3,119,198	3.0%	2.44%
- Common Stock-Metlife Inc.	-	195,263	0.2%	N/A
Subtotal-Securities, Bonds and Notes	13,939,883	14,058,160	13.6%	
Interest Receivable	-	132,458	0.1%	0.69%
Local Agency Investment Fund	74,281,132	74,281,132	71.7%	0.69%
Bank of New York Mellon Trust Company, N.A. Investment	15,182,494	15,182,494	14.6%	0.03%
Total	\$ 103,403,509	\$ 103,654,244	100.0%	1.33%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds and Notes	\$ 14,058,160
Original Cost of Portfolio -Securities, Bonds and Notes	13,939,883
Unrealized Gain/(Loss)	<u>\$ 118,277</u>

State Bar of California
Investment Month End Report - Wells Fargo Custody Account
Balance as of June 30, 2022

<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>Pur Date</u>	<u>Maturity Date</u>
RIVERSIDE CA UNIF SCH DIST	769059A22	AA-	Municipal Bond	1,250,000	1,250,000	1,225,625	10,318	-24,375	1.98%	12/17/2019	2/1/2024
TOTAL MUNICIPAL BONDS AND NOTES:				1,250,000	1,250,000	1,225,625	10,318	-24,375	1.98%		
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	3,000,000	2,978,490	3,001,890	28,104	23,400	2.38%	8/9/2017	8/9/2022
FED HOME LN BK	313383WD9	AA+	Government Agency	6,500,000	6,650,911	6,516,185	63,194	-134,726	3.13%	8/15/2013	9/9/2022
TOTAL FEDERAL BONDS AND NOTES:				9,500,000	9,629,401	9,518,075	91,299	-111,326	2.89%		
TOTAL GOVERNMENT BONDS				10,750,000	10,879,401	10,743,700	101,616	-135,701	2.79%		
TOYOTA MOTOR CREDIT CORP	89236TEC5	A+	Corporate Bond	1,500,000	1,452,690	1,499,430	10,123	46,740	2.15%	9/8/2017	9/8/2022
TOYOTA MOTOR CREDIT CORP	89236TEL5	A+	Corporate Bond	1,625,000	1,607,793	1,619,768	20,719	11,975	2.70%	1/11/2018	1/11/2023
TOTAL CORPORATE BONDS :				3,125,000	3,060,483	3,119,198	30,842	58,715	2.44%		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	10,911	-	10,911			
METLIFE INC	59156R108	N/A	Common Stock	-	-	184,351	-	184,351			
TOTAL COMMON STOCKS:				-	-	195,263	-	195,263			
TOTAL INVESTMENT HELD BY WELLS FARGO:				13,875,000	13,939,883	14,058,160	132,458	118,277			