



# THE STATE BAR OF CALIFORNIA

FINANCE

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## MEMORANDUM

**DATE:** November 8, 2010  
**TO:** Board of Governors  
**FROM:** The Office of Finance  
**SUBJECT:** Quarterly Investment Report as of September 30, 2010

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Attached is the quarterly investment report for the State Bar of California as of September 30, 2010. 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 September, the market value of the State Bar's investment portfolio totaled \$86.9 million.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 0.60%, compared to 1.51% for the same period in the prior year. Actual investment earnings decreased approximately 39% from \$1,093,473 at the third quarter in 2009 to \$659,206 for the reported quarter in 2010. This decrease is due primarily to lower short-term interest rates and duration-shortening actions taken to protect the portfolio from interest rate risk associated with longer term investments.

**The State Bar of California  
Investment Report Summary  
September 30, 2010**

| <b><u>Asset Group</u></b>                   | <b><u>Original<br/>Cost</u></b> | <b><u>Market<br/>Value</u></b> | <b><u>Portfolio<br/>Percentage</u></b> | <b><u>Weighted<br/>Average Yield</u></b> |
|---|---------------------------------|--------------------------------|--|--|
| Wells Fargo Custody Account:                |                                 |                                |  |  |
| - Corporate Bonds                           | 1,046,150                       | 1,016,750                      | 1.17%                                  | 5.20%                                    |
| - Government Bonds                          | 35,700,145                      | 35,614,210                     | 40.99%                                 | 0.54%                                    |
| - Common Stock-Metlife Inc.                 | 112,889                         | 112,889                        | 0.13%                                  | N.A                                      |
| - Interest Receivable                       | -                               | 131,310                        | 0.15%                                  | N.A                                      |
| <b>Subtotal-Securities, Bonds and Notes</b> | <b>36,859,184</b>               | <b>36,875,159</b>              | <b>42.44%</b>                          |  |
| Local Agency Investment Fund                | 49,844,807                      | 50,004,627                     | 57.56%                                 | 0.54%                                    |
| <b>Subtotal-Other Investments</b>           | <b>49,844,807</b>               | <b>50,004,627</b>              | <b>57.56%</b>                          |  |
| <b>Grand Total</b>                          | <b>86,703,991</b>               | <b>86,879,786</b>              | <b>100%</b>                            | 0.60%                                    |

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

|                            |                  |
|----------------------------|------------------|
| Market Value of Portfolio  | 36,743,849       |
| Original Cost of Portfolio | 36,859,184       |
| Unrealized Gain/(Loss):    | <u>(115,335)</u> |

**State Bar of California**  
**Investment Report - Wells Fargo Custody Account**  
**Balance as of September 30, 2010**

| <u>Issuer</u>   | <u>CUSIP #</u> | <u>S&amp;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> |
|---|----------------|-----------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|-------------------------------|---------------|----------------------------|----------------------|
| CITIGROUP INC   | 172967BC4      | AA                    | Corporate Bonds   | 1,000,000         | 1,046,150         | 1,016,750         | 13,181                     | (29,400)                      | 5.20%         | 01/25/07                   | 01/18/11             |
| <b>TL CORP BONDS AND NOTES:</b>                           |                |                       |                   | <b>1,000,000</b>  | <b>1,046,150</b>  | <b>1,016,750</b>  | <b>13,181</b>              | <b>(29,400)</b>               | <b>5.20%</b>  |                            |                      |
| FED HOME LN MTG CORP                                      | 3128X4QK0      | AAA                   | Government Agency | 1,500,000         | 1,593,390         | 1,503,255         | 33,958                     | (90,135)                      | 1.33%         | 01/27/09                   | 10/18/10             |
| FED HOME LN BK  | 3133XVL90      | AAA                   | Government Agency | 3,000,000         | 3,004,350         | 3,000,930         | 5,738                      | (3,420)                       | 0.21%         | 03/18/10                   | 10/28/10             |
| FED HOME LN BK  | 3133XV5G2      | AAA                   | Government Agency | 3,000,000         | 3,007,530         | 3,002,820         | 4,370                      | (4,710)                       | 0.25%         | 03/15/10                   | 12/29/10             |
| FED HOME LN BK  | 3133XUBV4      | AAA                   | Government Agency | 3,000,000         | 3,015,720         | 3,004,680         | 5,207                      | (11,040)                      | 0.27%         | 03/09/10                   | 01/20/11             |
| FED FARM CREDIT BK  | 31331JCY7      | AAA                   | Government Agency | 2,000,000         | 2,002,000         | 2,000,620         | 1,167                      | (1,380)                       | 0.24%         | 03/01/10                   | 02/11/11             |
| FED FARM CREDIT BK  | 31331JCY7      | AAA                   | Government Agency | 2,000,000         | 2,000,700         | 2,000,620         | 1,167                      | (80)                          | 0.31%         | 03/09/10                   | 02/11/11             |
| FED HOME MTG CORP M-T NOTE                                | 3137EABZ1      | AAA                   | Government Agency | 2,000,000         | 2,025,580         | 2,015,000         | 13,993                     | (10,580)                      | 0.44%         | 03/25/10                   | 04/26/11             |
| FED HOME LN BK  | 3133XTJ64      | AAA                   | Government Agency | 2,000,000         | 1,998,640         | 2,013,120         | 10,313                     | 14,480                        | 1.41%         | 06/12/09                   | 05/16/11             |
| FED HOME LN BK  | 31331YQ45      | AAA                   | Government Agency | 1,500,000         | 1,545,225         | 1,527,195         | 17,325                     | (18,030)                      | 0.51%         | 03/25/10                   | 05/19/11             |
| FED FARM CREDIT BK  | 31331GXR5      | AAA                   | Government Agency | 3,000,000         | 2,987,040         | 3,016,890         | 10,829                     | 29,850                        | 1.37%         | 06/09/09                   | 06/08/11             |
| FED HOME LN BK  | 3133XVTL5      | AAA                   | Government Agency | 2,000,000         | 2,005,860         | 2,005,000         | 4,822                      | (860)                         | 0.44%         | 04/08/10                   | 05/27/11             |
| FED HOME LN BK  | 3133XXUB1      | AAA                   | Government Agency | 2,000,000         | 2,000,280         | 2,001,260         | 125                        | 980                           | 0.36%         | 04/08/10                   | 03/25/11             |
| FED HOME LN BK  | 3133XXEL7      | AAA                   | Government Agency | 3,000,000         | 2,998,800         | 3,000,930         | 750                        | 2,130                         | 0.30%         | 05/11/10                   | 02/25/11             |
| FED HOME LN BK  | 3133XYMV4      | AAA                   | Government Agency | 2,500,000         | 2,506,900         | 2,512,500         | 6,667                      | 5,600                         | 0.61%         | 06/11/10                   | 12/01/11             |
| FED FARM CREDIT BK  | 31331JFT5      | AAA                   | Government Agency | 3,000,000         | 3,008,130         | 3,009,390         | 1,700                      | 1,260                         | 0.45%         | 06/23/10                   | 09/01/11             |
| <b>TOTAL GOVERNMENT BONDS AND NOTES:</b>                  |                |                       |                   | <b>35,500,000</b> | <b>35,700,145</b> | <b>35,614,210</b> | <b>118,129</b>             | <b>(85,935)</b>               | <b>0.54%</b>  |                            |                      |
| <b>TOTAL FIXED INCOME INVESTMENT HELD BY WELLS FARGO:</b> |                |                       |                   | <b>36,500,000</b> | <b>36,746,295</b> | <b>36,630,960</b> | <b>131,310</b>             | <b>(115,335)</b>              |               |                            |                      |
| METLIFE INC   | 59156R108      | N/A                   | Common Stock      | -                 | -                 | 112,889           | -                          | 112,889                       |               |                            | N/A                  |
| <b>TL Common Stock:</b>                                   |                |                       |                   | <b>-</b>          | <b>-</b>          | <b>112,889</b>    | <b>-</b>                   | <b>112,889</b>                |               |                            |                      |
| <b>TOTAL INVESTMENT HELD BY WELLS FARGO:</b>              |                |                       |                   | <b>36,500,000</b> | <b>36,746,295</b> | <b>36,743,849</b> | <b>131,310</b>             | <b>(2,446)</b>                | <b>-</b>      |                            |                      |

Wells Fargo Custody Total Assets [Mkt Value (incl MetLife) + Interest Receivable]: 36,875,159