



THE STATE BAR OF CALIFORNIA

Finance
Phone: 415-538-2200
Fax : 415-538-2389

MEMORANDUM

DATE: February 23, 2011
TO: Board of Governors
FROM: The Office of Finance
SUBJECT: Annual Investment Report as of December 31, 2010

Attached is the annual investment report for the State Bar of California as of December 31, 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 December 31, 2010, the market value of the State Bar's investment portfolio totaled \$86.3 million.

The time-weighted average rate of return of the investment portfolio at the end of the year is 0.58%, compared to 1.47% for the same period in the prior year. Actual investment earnings decreased approximately 52% from \$1,208,129 in 2009 to \$584,619 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
December 31, 2010**

<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:				
- Corporate Bonds	1,046,150	1,002,040	1.16%	5.20%
- Government Bonds	35,105,015	35,064,735	40.62%	0.51%
- Common Stock-Metlife Inc.	130,476	130,476	0.15%	N.A
- Interest Receivable	-	82,221	0.10%	N.A
Subtotal-Securities, Bonds and Notes	36,281,641	36,279,472	42.03%	
Local Agency Investment Fund	49,909,182	50,039,129	57.97%	0.52%
Subtotal-Other Investments	49,909,182	50,039,129	57.97%	
Grand Total	86,190,823	86,318,601	100%	0.58%

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

Market Value of Portfolio	36,197,251
Original Cost of Portfolio	36,281,641
Unrealized Gain/(Loss):	<u>(84,390)</u>

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of December 31, 2010

<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>
CITIGROUP INC	172967BC4	AA	Corporate Bonds	1,000,000	1,046,150	1,002,040	29,431	(44,110)	5.20%	01/25/07	01/18/11
TL CORP BONDS AND NOTES:				1,000,000	1,046,150	1,002,040	29,431	(44,110)	5.20%		
FED HOME LN BK	3133XUBV4	AAA	Government Agency	3,000,000	3,015,720	3,000,750	11,807	(14,970)	0.27%	03/09/10	01/20/11
FED FARM CREDIT BK	31331JCY7	AAA	Government Agency	2,000,000	2,002,000	2,000,260	2,917	(1,740)	0.24%	03/01/10	02/11/11
FED FARM CREDIT BK	31331JCY7	AAA	Government Agency	2,000,000	2,000,700	2,000,260	2,917	(440)	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	2,009,040	5,868	(16,540)	0.44%	03/25/10	04/26/11
FED HOME LN BK	3133XTJ64	AAA	Government Agency	2,000,000	1,998,640	2,008,760	3,438	10,120	1.41%	06/12/09	05/16/11
FED HOME LN BK	31331YQ45	AAA	Government Agency	1,500,000	1,545,225	1,516,695	5,513	(28,530)	0.51%	03/25/10	05/19/11
FED FARM CREDIT BK	31331GXR5	AAA	Government Agency	3,000,000	2,987,040	3,012,240	2,204	25,200	1.37%	06/09/09	06/08/11
FED HOME LN BK	3133XVTL5	AAA	Government Agency	2,000,000	2,005,860	2,003,960	1,322	(1,900)	0.44%	04/08/10	05/27/11
FED HOME LN BK	3133XXUB1	AAA	Government Agency	2,000,000	2,000,280	2,000,880	2,000	600	0.36%	04/08/10	03/25/11
FED HOME LN BK	3133XXEL7	AAA	Government Agency	3,000,000	2,998,800	3,000,300	2,625	1,500	0.30%	05/11/10	02/25/11
FED HOME LN BK	3133XYMV4	AAA	Government Agency	2,500,000	2,506,900	2,509,500	1,667	2,600	0.61%	06/11/10	12/01/11
FED FARM CREDIT BK	31331JFT5	AAA	Government Agency	3,000,000	3,008,130	3,006,510	6,800	(1,620)	0.45%	06/23/10	09/01/11
FED FARM CREDIT BK	31331JN25	AAA	Government Agency	2,000,000	2,007,560	1,998,000	2,842	(9,560)	0.35%	11/02/10	09/28/12
FED HOME LN BK	313371WV4	AAA	Government Agency	2,000,000	2,000,180	1,998,540	533	(1,640)	0.29%	12/21/10	12/01/11
FED HOME LN BK	313372AQ7	AAA	Government Agency	3,000,000	3,002,400	2,999,040	339	(3,360)	0.29%	12/29/10	01/04/12
TOTAL GOVERNMENT BONDS AND NOTES:				35,000,000	35,105,015	35,064,735	52,790	(40,280)	0.51%		
TOTAL FIXED INCOME INVESTMENT HELD BY WELLS FARGO:				36,000,000	36,151,165	36,066,775	82,221	(84,390)			
METLIFE INC	59156R108	N/A	Common Stock	-	-	130,476	-	130,476			N/A
TL Common Stock:				-	-	130,476	-	130,476			
TOTAL INVESTMENT HELD BY WELLS FARGO:				36,000,000	36,151,165	36,197,251	82,221	46,086	-		

Wells Fargo Custody Total Assets [Mkt Value (incl MetLife) + Interest Receivable]: 36,279,472