

#### 4.3 Approval of 2024 Quarter Two Investment Report



# The State Bar of California

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## **OPEN SESSION**

### **AGENDA ITEM**

**4.2 SEPTEMBER 2024**

### **FINANCE COMMITTEE**

**DATE:** September 19, 2024

**TO:** Members, Finance Committee  
Members, Board of Trustees

**FROM:** Aracely Montoya-Chico, Chief Financial Officer

**SUBJECT:** Approval of 2024 Quarter Two Investment Report

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### **EXECUTIVE SUMMARY**

This staff report presents the Investment Report for the three months ended June 30, 2024, for approval by the Finance Committee.

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### **RECOMMENDED ACTION**

That the Finance Committee approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024.

### **DISCUSSION**

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 item provides the Finance Committee with a report it needs to fulfill these responsibilities.

The report for review and approval by the committee is the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, which provides the committee with an overview of the State Bar's investments held, purchased and interest rates/yields earned on those investments.

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 Principal Custody Solutions, Wells Fargo Bank, and the State Treasurer's Local

Agency Investment Fund (LAIF). As of June 30, 2024, the market value of the investment portfolio was \$353.8 million, compared to \$221.1 million as of June 30, 2023.

The quarterly rate of return of the investment portfolio for this quarter is 5.04 percent. Interest rates are higher in comparison to the prior year at 3.86 percent. The quarterly interest rate on deposits in the LAIF increased from 3.01 percent for the quarter ended June 30, 2023, to 4.36 percent for the quarter ended June 30, 2024. As of June 30, 2024, the daily rate at LAIF is 4.49 percent. Year-to-date investment earnings resulted in a \$8.5 million gain in 2024, an increase from the \$1.9 million gain earned in the same period in 2023.

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.

## **PREVIOUS ACTION**

None

## **FISCAL/PERSONNEL IMPACT**

None

## **AMENDMENTS TO RULES**

None

## **AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL**

None

## **STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS**

None – compliance

## **RESOLUTIONS**

**Should the Finance Committee concur, it is:**

**RESOLVED**, that the Finance Committee recommends that the Board of Trustees approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, in the form presented this day.

**Should the Board of Trustees, concur, it is:**

**RESOLVED**, that the Board of Trustees, upon recommendation of the Finance Committee, approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, in the form presented this day before the Board.

**ATTACHMENT LIST**

- A. 2024 Quarter Two Investment Report

**The State Bar of California  
2024 Quarter Two Investment Report  
Summary as of June 30, 2024**

<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>
Principal Custody Account:				
- Common Stock-Metlife Inc. & Brighthouse Financial Inc.	-	217,606	0.1%	N/A
	-	217,606	0.1%	
Wells Fargo Safekeeping Investment Account:				
- Commercial Paper	4,813,325	4,948,744	1.4%	5.33%
- Money Market Mutual Fund	149,121,662	149,121,662	42.1%	5.21%
- Government Bonds and Notes	169,469,899	169,971,628	48.0%	5.27%
Subtotal-Securities, Bonds, CP, MMF and Notes	323,404,886	324,042,033	91.6%	
Interest Receivable	-	399,088	0.1%	N/A
Local Agency Investment Fund	29,251,153	29,143,393	8.2%	4.36%
<b>Total</b>	<b>352,656,039</b>	<b>353,802,120</b>	<b>100%</b>	5.04%

**Unrealized Gain/(Loss):**

Market Value of Portfolio -Securities, Bonds, CP, MMF and Notes	324,259,639	
Cost of Portfolio -Securities, Bonds, CP, MMF and Notes	323,404,886	
Unrealized Gain/(Loss)	854,753	Gain

**The State Bar of California**  
**Investment Quarter End Report - Principal Custody and Wells Fargo Safekeeping Accounts**  
**Balance as of June 30, 2024**

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&amp;P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>	<u>Yield</u>	<u>Settlement Date</u>	<u>Maturity Date</u>
UNITED STATE TREASURY BILL	91279KL0	NR	Government Agency	152,000,000	150,044,900	150,239,165	194,265	5.28%	06/21/24	09/19/24
<b>Government Agency (LSTF)</b>				<b>152,000,000</b>	<b>150,044,900</b>	<b>150,239,165</b>	<b>194,265</b>	<b>5.28%</b>		
UNITED STATES TREASURY NOTE	91282CEX5	NR	Government Agency	5,000,000	4,965,216	5,000,000	34,784	5.15%	06/21/23	06/30/24
FED HOME LN DISCOUNT NT	313384ZP7	NR	Government Agency	5,000,000	4,783,986	4,984,702	200,716	5.41%	09/21/23	07/19/24
FED HOME LN DISCOUNT NT	313384P94	NR	Government Agency	5,000,000	4,831,597	4,898,907	67,310	5.05%	03/13/24	11/18/24
FED HOME LN DISCOUNT NT	313385BG0	NR	Government Agency	5,000,000	4,844,200	4,848,853	4,653	5.12%	06/17/24	01/31/25
<b>Government Agency</b>				<b>20,000,000</b>	<b>19,424,999</b>	<b>19,732,463</b>	<b>307,463</b>	<b>5.18%</b>		
<b>TOTAL GOVERNMENT BONDS AND NOTES:</b>				<b>172,000,000</b>	<b>169,469,899</b>	<b>169,971,628</b>	<b>501,728</b>	<b>5.27%</b>		
MUFG BANK LTD/NY DISCOUNTED CC 62479LJ55	A-1		Commerical Paper	5,000,000	4,813,325	4,948,744	135,419	5.33%	12/18/23	09/05/24
<b>TOTAL COMMERCIAL PAPER :</b>				<b>5,000,000</b>	<b>4,813,325</b>	<b>4,948,744</b>	<b>135,419</b>	<b>5.33%</b>		
SE STATE ST US GOVT FD OPPTY	85749T517	N/A	Money Market Mutual Fund	149,121,662	149,121,662	149,121,662	-	5.21%	Various	N/A
<b>TOTAL MONEY MARKET MUTUAL FUND :</b>				<b>149,121,662</b>	<b>149,121,662</b>	<b>149,121,662</b>	<b>-</b>	<b>5.21%</b>		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	11,528	11,528			
METLIFE INC	59156R108	N/A	Common Stock	-	-	206,078	206,078			
<b>TOTAL COMMON STOCKS:</b>				<b>-</b>	<b>-</b>	<b>217,606</b>	<b>217,606</b>			
<b>TOTAL INVESTMENT HELD BY WELLS FARGO/PRINCIPAL:</b>				<b>326,121,662</b>	<b>323,404,886</b>	<b>324,259,639</b>	<b>854,753</b>			