State Bar of Texas

Review of Investment Performance
Quarter Ended May 31, 2012

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Portfolio & Performance Summary

May 31, 2012

Below is a summary of the State Bar of Texas' investment holdings as of May 31, 2012. For additional, specific investment holding information, please refer to the attached statements for PFM Asset Management LLC, as well as the respective money market fund and checking account bank statements.

Account Name	Month End Market Value
Money Market Mutual Fund Investments	
JP Morgan U.S. Government Money Market Fund - General Fund	645.47
JP Morgan U.S. Government Money Market Fund - Client Security Fund	235.71
PFM Funds Prime Series - General Fund	3,970,235.01
PFM Funds Prime Series - Client Security Fund	251,305.36
PFM Funds Prime Series - Texas Law Center	11,011.69
PFM Funds CD Program	1,984,000.00
High Yield Savings Accounts	
JP Morgan Chase Bank - Hatton Sumner Grant Account	215,605.65
JP Morgan Chase Bank - College Fund	279,218.99
JP Morgan Chase Bank - Convention Fund	470,240.84
JP Morgan Chase Bank - Board of Legal Special Fund	1,138,069.80
Total Short-Term Funds	***8,320,568.52***
Individual Portfolios	
Client Security Fund	2,209,954.57
General Fund	17,556,916.77
Texas Law Center Fund	1,415,035.92
Total Indivdual Portfolios	***21,181,907.26***
Grand Total	**29,502,475.78**

If you have any questions, don't hesitate to contact me at 210-563-4393 or couchk@pfm.com.

Sincerely,

Ken Couch

Portfolio Summary

Total Portfolio Value	May 31, 2012	February 29, 2012
College Fund	**$279,218.99**	$325,498.39
Client Security Fund	**$2,461,495.64**	$3,120,828.61
Board of Legal Specialization Fund	**$1,138,069.80**	$902,215.74
Law Focused Education Fund	**$215,605.65**	$286,008.30
Texas Law Center Fund	**$1,426,047.61**	$1,434,579.82
Convention Fund	**$470,240.84**	$309,380.26
General Fund	**$23,511,797.25**	$22,662,803.51
Totals	**$29,502,475.78**	$29,041,314.63

Portfolio Recap

General Fund

- The portfolio is fully invested in U.S Treasury securities, federal agency securities, high quality commercial paper, and AAAm-rated money market mutual funds. Overall, the portfolio is highly liquid and maintains high credit quality.

- The portfolio complies with Texas statutes and the State Bar's investment policy.

- The portfolio generated a quarterly total return of 0.03%, which underperformed the benchmark 6-month Merrill Lynch Treasury Index return of 0.05% . Returns were kept low by the historically low level of rates available on shorter maturities.

- We will continue to communicate closely with the State Bar regarding investment policy constraints, cash flow needs, and liquidity requirements to determine the most appropriate investment strategy.

Other Funds

- The portfolio for each fund is designed to match the specific cash and liquidity needs of that fund.

- We continue to hold federal agency securities as the primary investments for the Texas Law Center and Client Security Fund portfolios.

- The other specialized funds are in overnight investments only and contain no securities. PFM will continue to work with the State Bar to manage cash flow needs in the specialized funds.

- We will work with the State Bar to identify funds in overnight investments that could be invested in securities, adding value to the portfolios.

Portfolio Summary *(continued)*

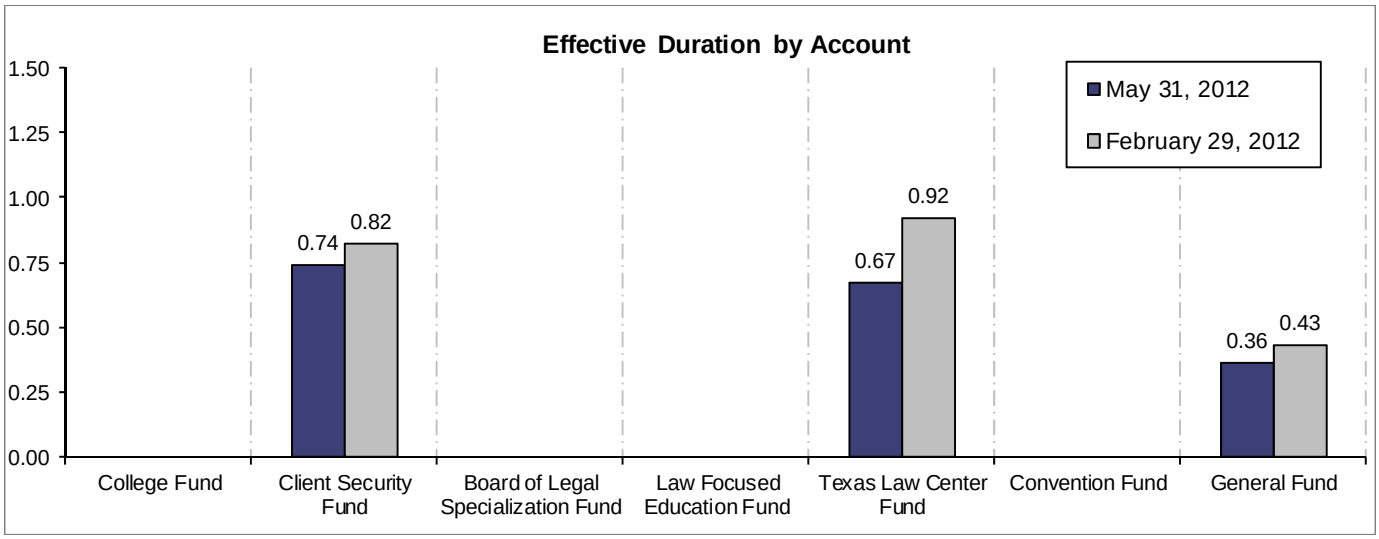
Portfolio Strategy

- The European economic crisis deepened, threatening to set back global economic growth. Investors continued to show concern that Greece may leave the euro and that Spain may default on its debt.
- The Bureau of Economic Analysis revised first-quarter gross domestic product growth in the U.S. down to 1.9%, below the advance estimate of 2.2%. The Department of Commerce attributes the slow pace to government budget-cutting and a slowdown in business investment.
- U.S. employers added 69,000 jobs in May, roughly 90,000 less than expected, marking the lowest rate in a year and bumping the jobless rate up to 8.2% from 8.1%. This first increase in the jobless rate since last June has deepened pessimism for economists, with all eyes on current U.S. policies.
- Concerns surrounding Europe's debt and economic situation, combined with weak U.S. job growth, drove 10-year Treasury yields to 1.4%, their lowest level in at least 60 years. Thirty-year Treasury yields also dropped to 2.5%, the lowest since December 2008.
- The yield curve generally flattened during May, as the rally in longer-maturity Treasuries extended into the intermediate term, while two-year and shorter maturities remained in a narrow range.
- Agency spreads widened modestly during the month, as the rally in Treasuries in part passed them by; as a result, Treasury benchmarks continued to outperform comparable-duration Agencies.
- Until the uncertainties surrounding the European debt and economic situation are resolved, investors will likely continue to prefer "safe" assets, buying bonds of the U.S., Germany and a diminished list of havens. Even though two-year German bonds yielded zero in April and 10-year U.S. Treasuries reached record low yields, betting against the trend of declining rates in the short run remains risky.
- All eyes are on the Federal Reserve, with speculation that the end of "Operation Twist" in June will be followed by a new effort to reflate the economy. This has supported intermediate and long-duration Treasury prices.

Portfolio Performance

Yields[1]	Yield To Maturity - At Market		Yield To Maturity - On Cost	
	May 31, 2012	February 29, 2012	**May 31, 2012**	February 29, 2012
College Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
Client Security Fund[1]	**0.20%**	0.21%	**0.35%**	0.30%
Board of Legal Specialization Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
Law Focused Education Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
Texas Law Center Fund[1]	**0.18%**	0.20%	**0.38%**	0.38%
Convention Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
General Fund[1]	**0.15%**	0.15%	**0.36%**	0.33%

Duration[1]	**May 31, 2012**	February 29, 2012
College Fund[2]	**0.00**	0.00
Client Security Fund[1]	**0.74**	0.82
Board of Legal Specialization Fund[2]	**0.00**	0.00
Law Focused Education Fund[2]	**0.00**	0.00
Texas Law Center Fund[1]	**0.67**	0.92
Convention Fund[2]	**0.00**	0.00
General Fund[1]	**0.36**	0.43

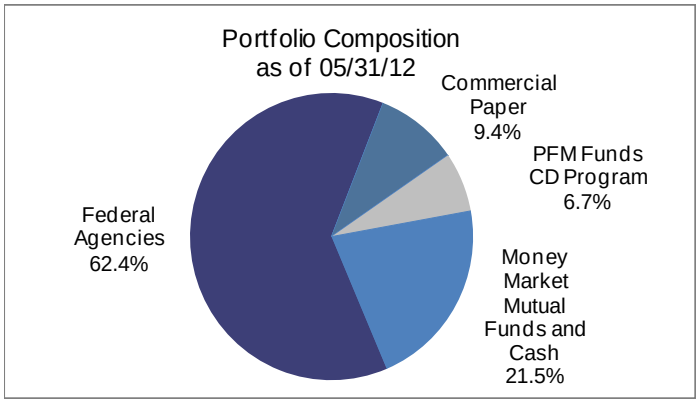


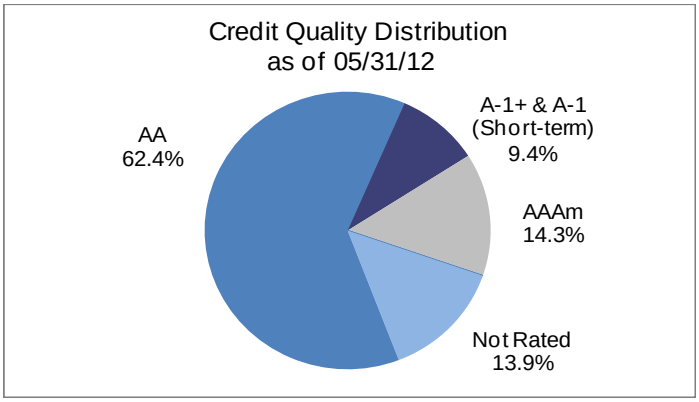
Notes:

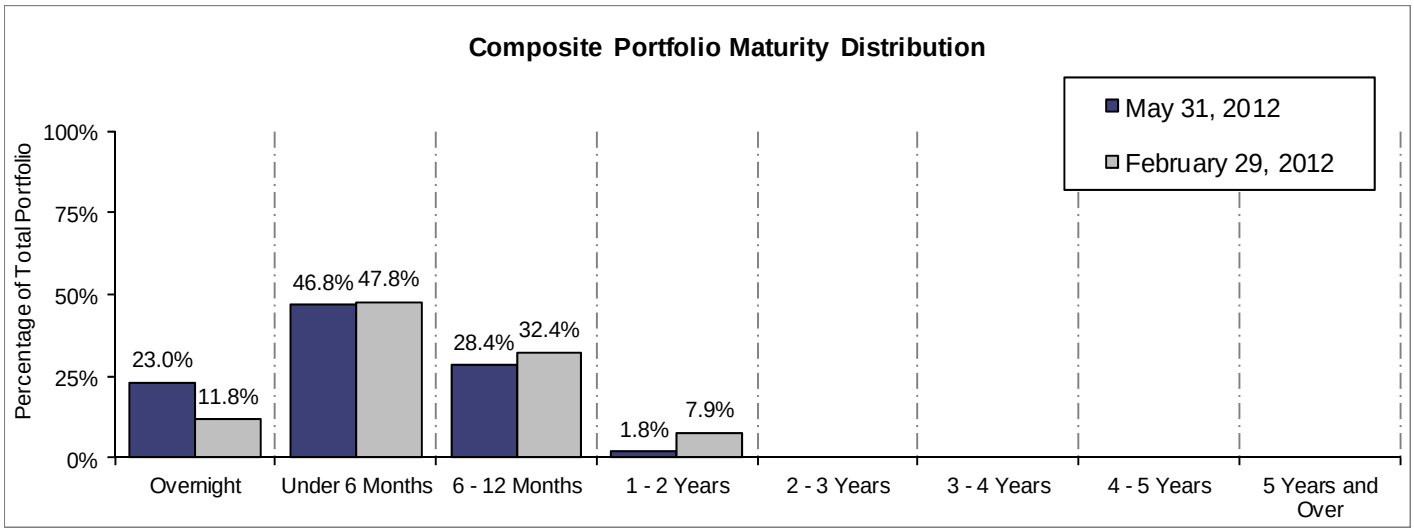
1. Does not include money market funds or cash equivalents in performance, duration, and yield computations.
2. Yields for these funds represent the APY earned for the month prior to quarter end. Duration of each of the funds is equal to 1 day or approximately 0.003 years.

Composite Portfolio Composition and Credit Quality

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio	Permitted by Investment Policy
U.S. Treasuries	**$0.00**	**0.0%**	$4,969,148.06	17.1%	100%
Federal Agencies	**$18,396,306.16**	**62.4%**	$19,130,867.03	65.9%	100%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%	30%
Commercial Paper	**$2,785,601.10**	**9.4%**	$1,499,967.00	5.2%	15%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%	20%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%	15%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%	30%
PFM Funds CD Program	**$1,984,000.00**	**6.7%**	$0.00	0.0%	30%
Money Market Mutual Funds and Cash	**$6,336,568.52**	**21.5%**	$3,441,332.54	11.8%	30%
Totals	**$29,502,475.78**	**100.0%**	**$29,041,314.63**	**100.0%**	





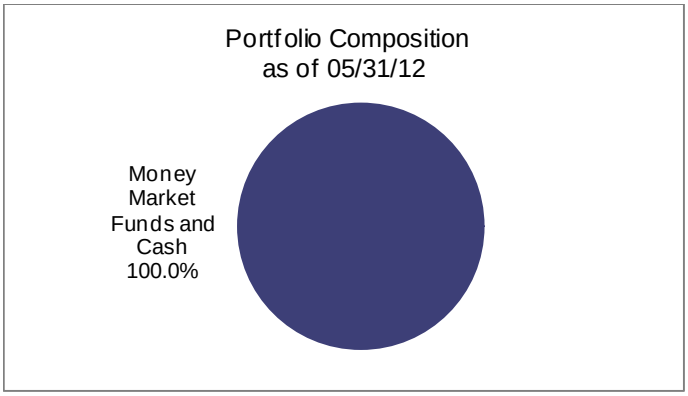


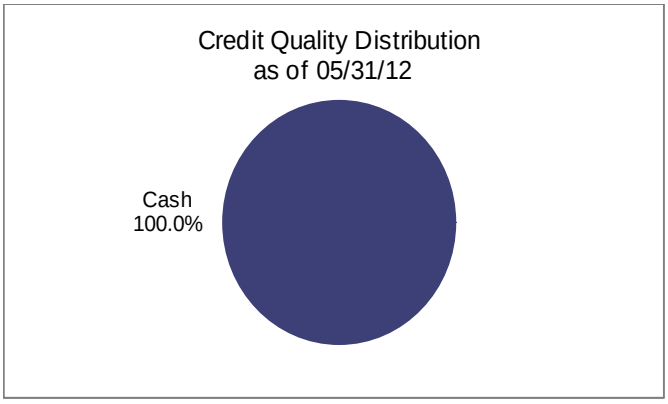
Notes:

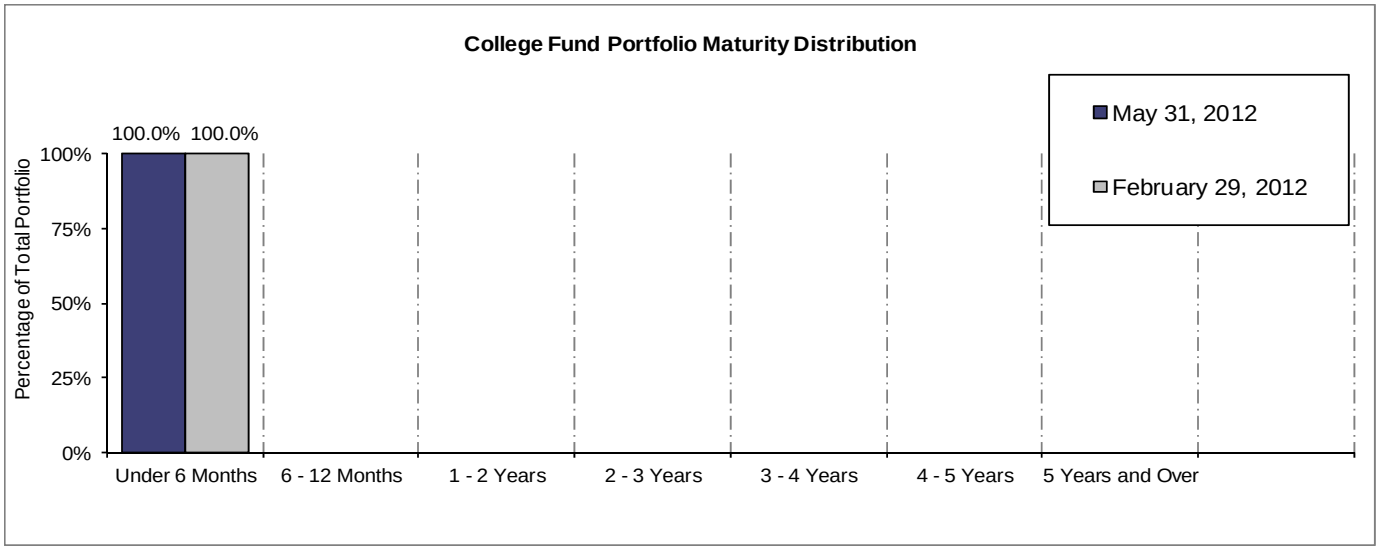
Data represents end of quarter trade-date market values of portfolio holdings, including accrued interest. Percentages may not add up to 100% due to rounding.

State Bar College Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$0.00**	**0.0%**	$0.00	0.0%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$279,218.99**	**100.0%**	$325,498.39	100.0%
Totals	**$279,218.99**	**100.0%**	**$325,498.39**	**100.0%**







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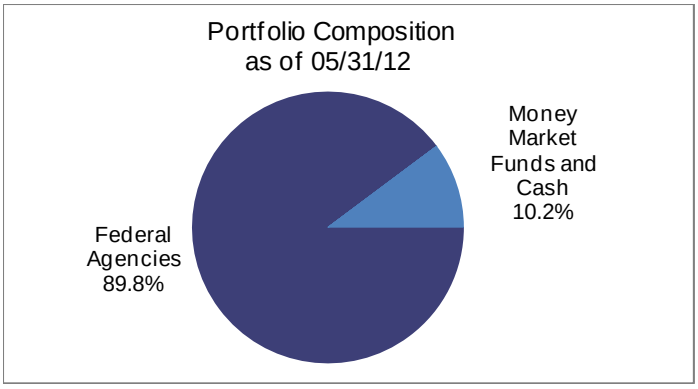
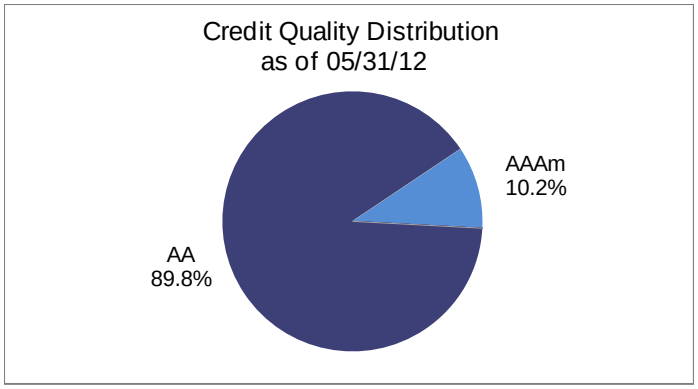
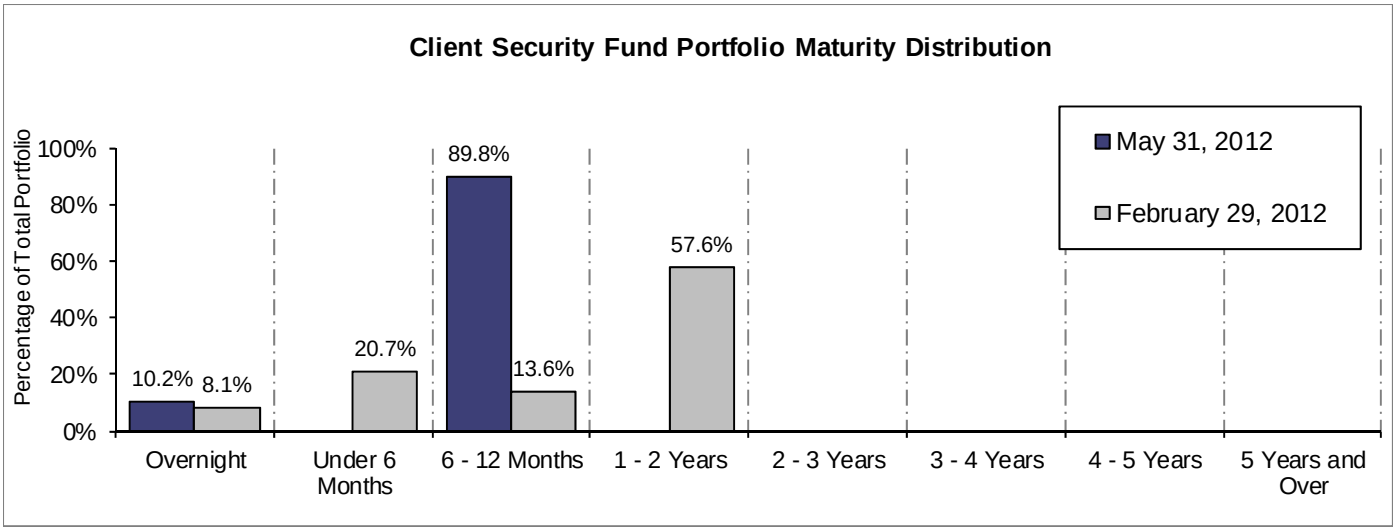
State Bar Client Security Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$2,209,954.57**	**89.8%**	$2,869,438.66	91.9%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$251,541.07**	**10.2%**	$251,389.95	8.1%
Totals	**$2,461,495.64**	**100.0%**	**$3,120,828.61**	**100.0%**







Notes:

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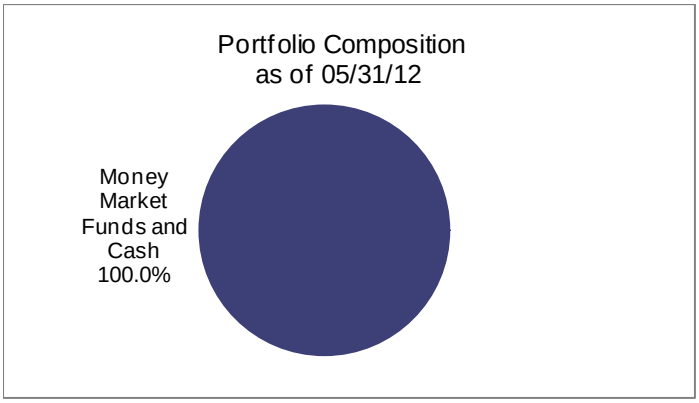
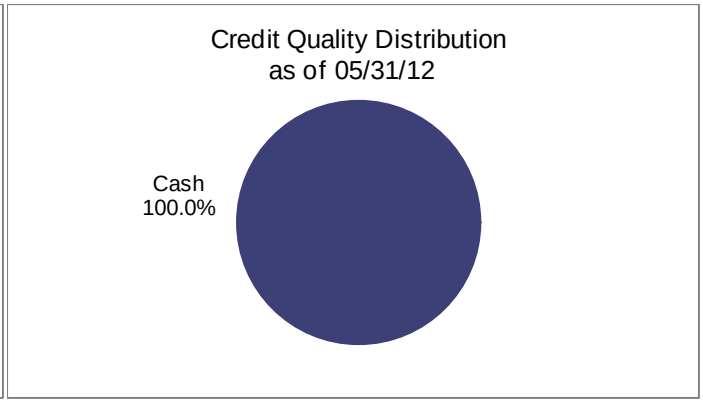
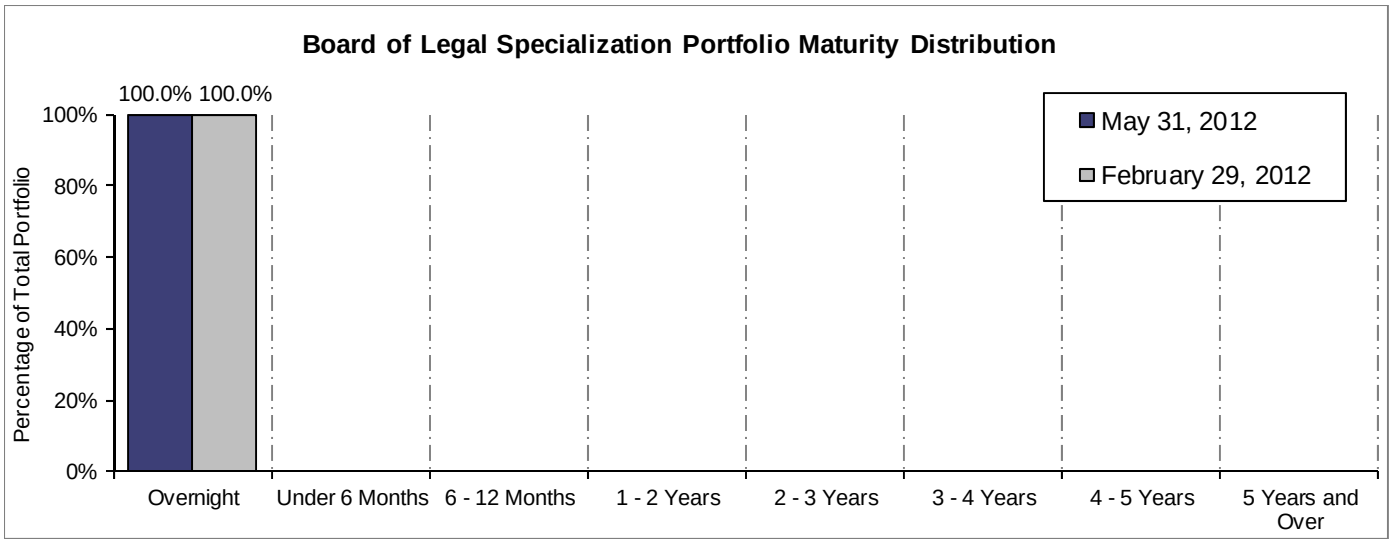
State Bar Board of Legal Specialization Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$0.00**	**0.0%**	$0.00	0.0%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$1,138,069.80**	**100.0%**	$902,215.74	100.0%
Totals	**$1,138,069.80**	**100.0%**	**$902,215.74**	**100.0%**







Notes:

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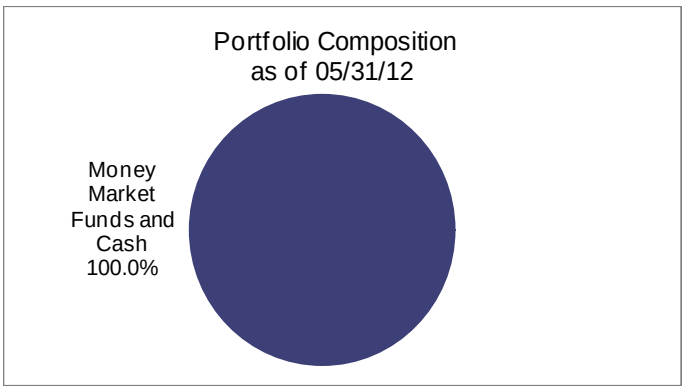
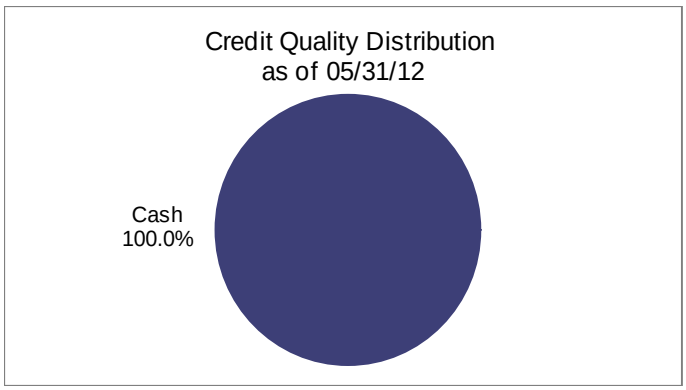
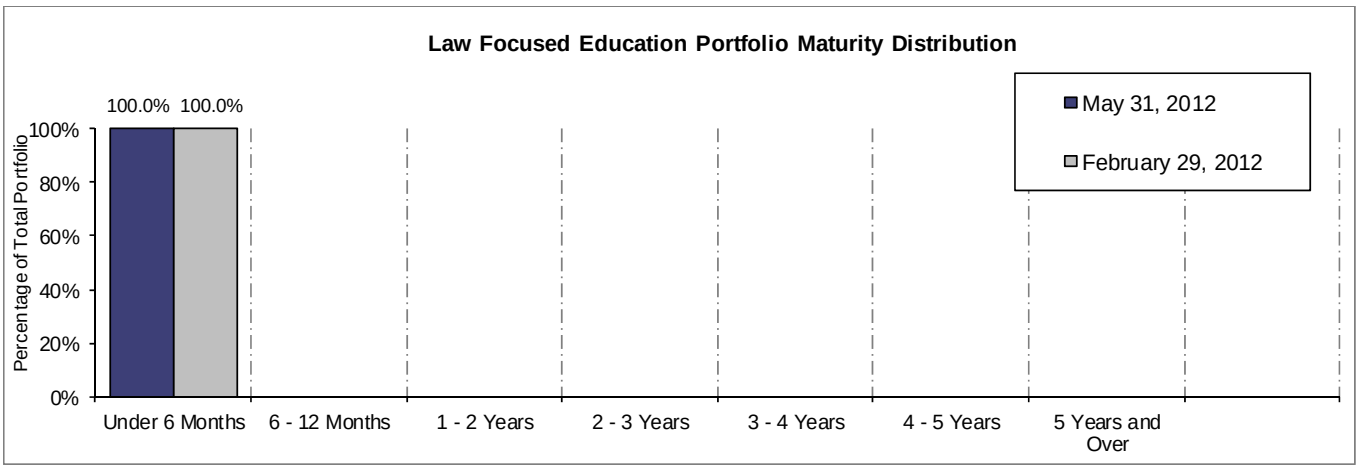
State Bar Law Focused Education Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$0.00**	**0.0%**	$0.00	0.0%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$215,605.65**	**100.0%**	$286,008.30	100.0%
Totals	**$215,605.65**	**100.0%**	**$286,008.30**	**100.0%**







Notes:

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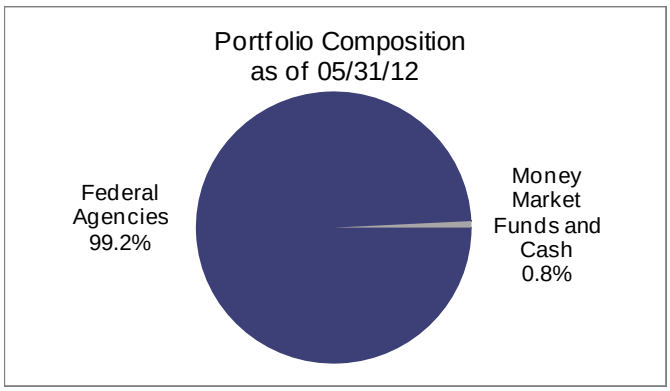
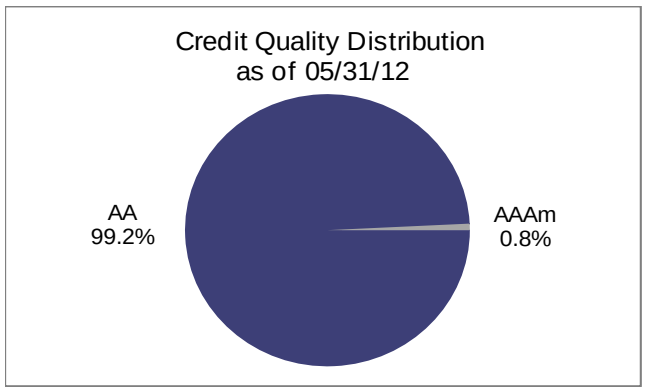
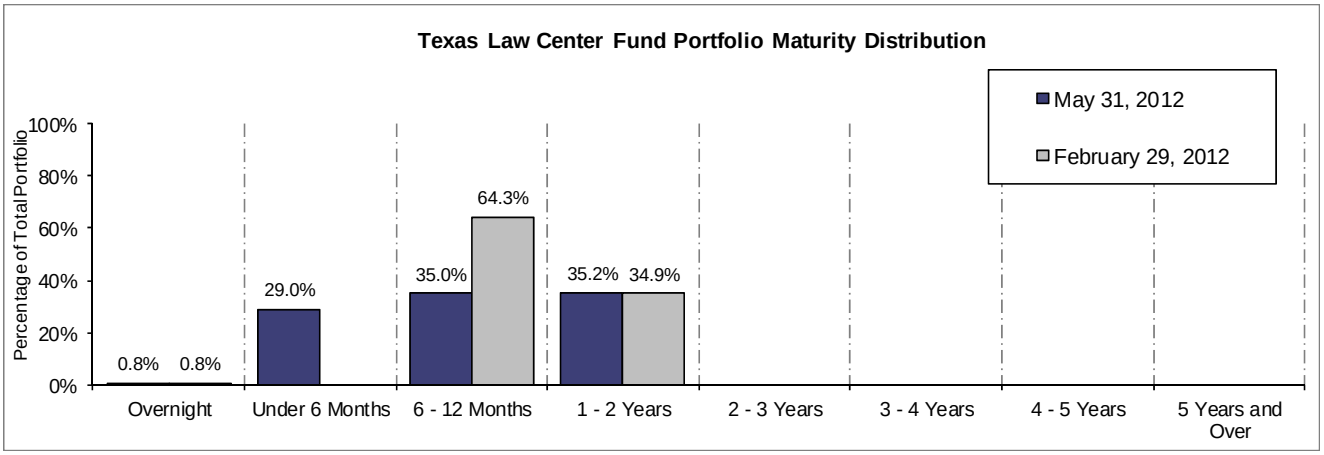
State Bar Texas Law Center Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$1,415,035.92**	**99.2%**	$1,423,574.76	99.2%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$11,011.69**	**0.8%**	$11,005.06	0.8%
Totals	**$1,426,047.61**	**100.0%**	**$1,434,579.82**	**100.0%**







Notes:

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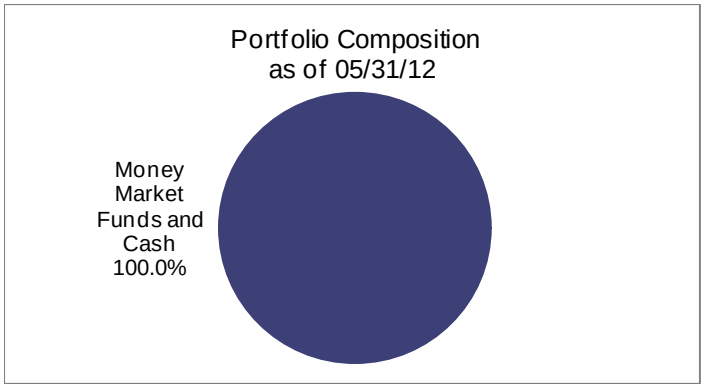
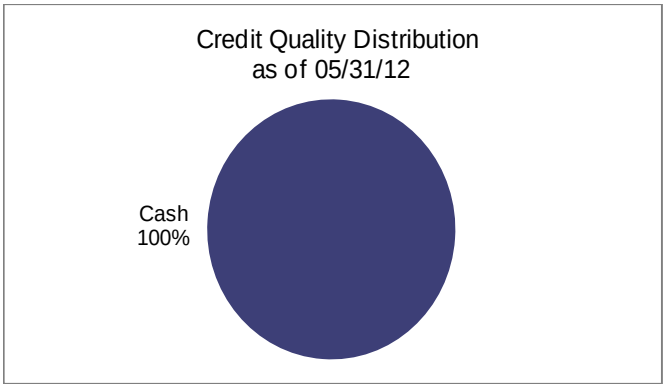
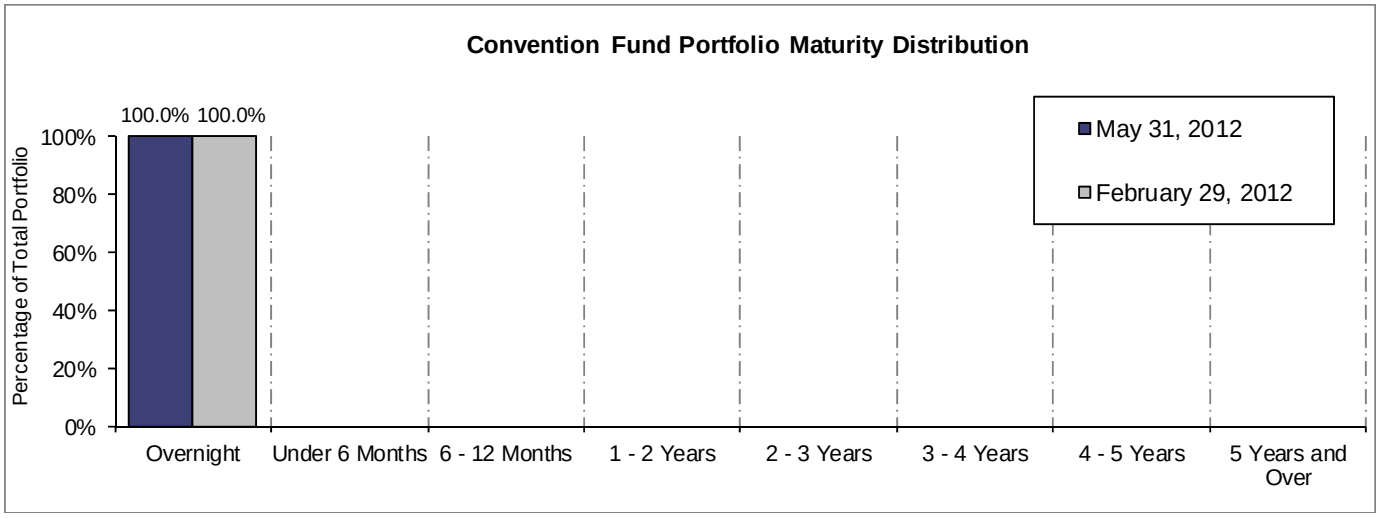
State Bar Convention Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$0.00**	**0.0%**	$0.00	0.0%
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
Money Market Funds and Cash	**$470,240.84**	**100.0%**	$309,380.26	100.0%
Totals	**$470,240.84**	**100.0%**	**$309,380.26**	**100.0%**







Notes:

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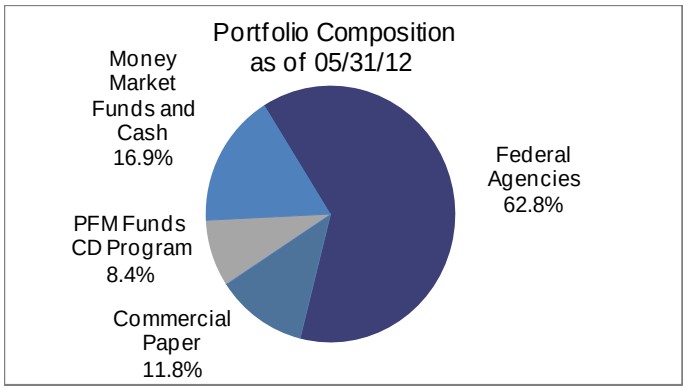
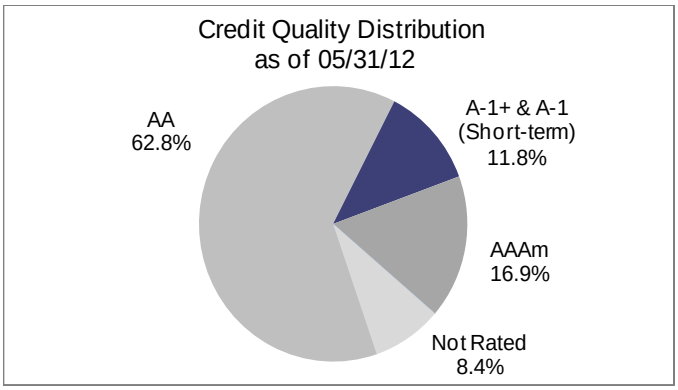
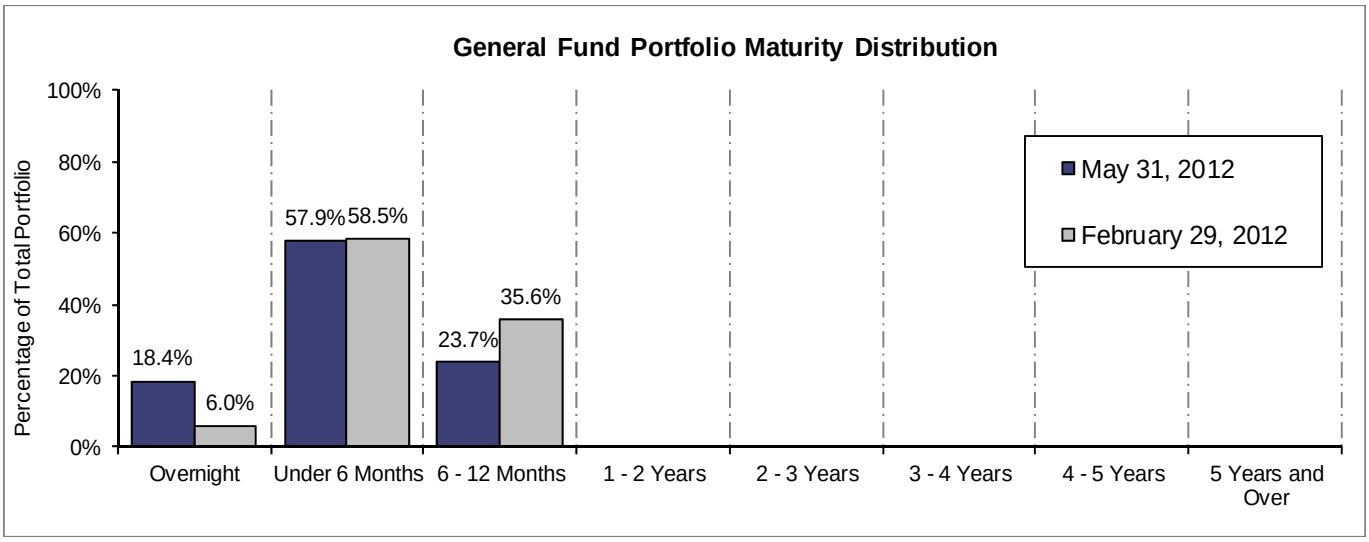
State Bar General Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	May 31, 2012	% of Portfolio	February 29, 2012	% of Portfolio
U.S. Treasuries	**$0.00**	**0.0%**	$4,969,148.06	21.9%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%
Federal Agencies	**$14,771,315.67**	**62.8%**	$14,837,853.61	65.5%
Commercial Paper	**$2,785,601.10**	**11.8%**	$1,499,967.00	6.6%
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%
PFM Funds CD Program	**$1,984,000.00**	**8.4%**	$0.00	0.0%
Money Market Funds and Cash	**$3,970,880.48**	**16.9%**	$1,355,834.84	6.0%
Totals	**$23,511,797.25**	**100.0%**	**$22,662,803.51**	**100.0%**







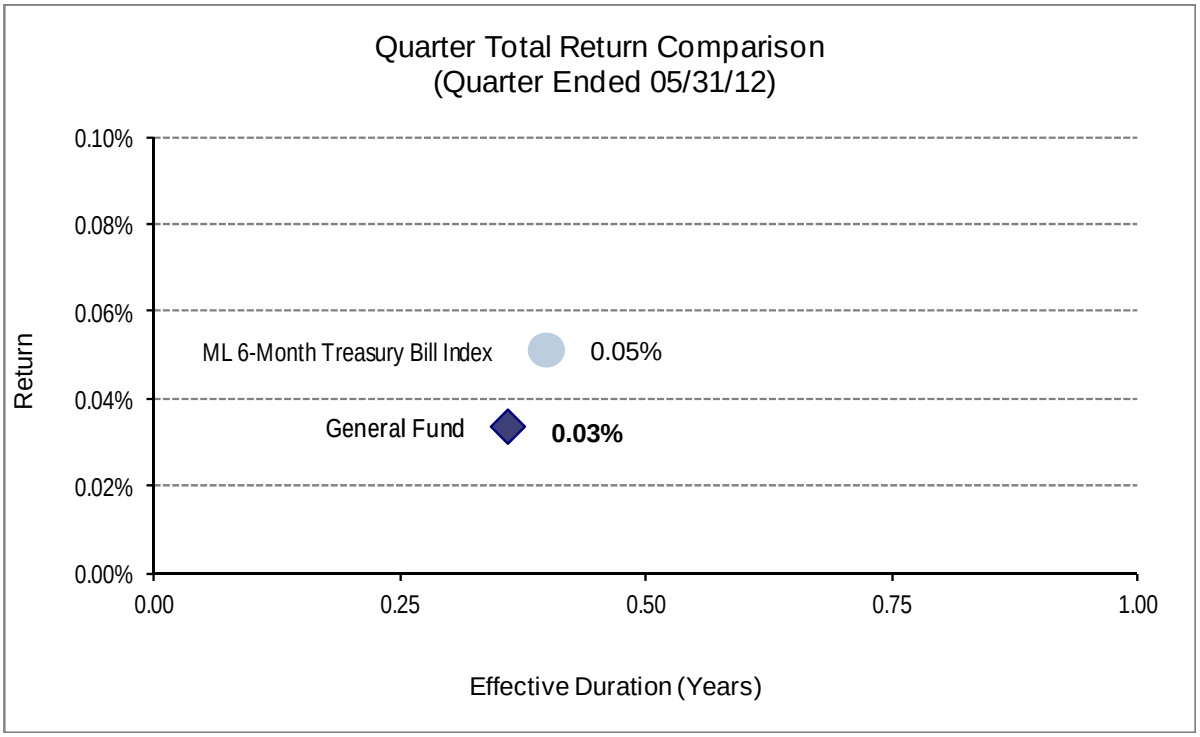
Notes:

Data represents end of quarter trade-date market values of portfolio holdings, including accrued interest. Percentages may not add up to 100% due to rounding.

General Fund Portfolio Performance

Total Return	May 31, 2012	Annualized Quarter	Last 6 Months	Annualized Since Inception
State Bar of Texas General Fund	**0.03%**	**0.13%**	**0.10%**	**2.19%**
Merrill Lynch 6-Month Treasury Bill Index	0.05%	0.20%	0.06%	**2.22%**

Duration	May 31, 2012	February 29, 2012	Yields	May 31, 2012
State Bar of Texas General Fund	**0.36**	0.43	Yield at Market	**0.15%**
Merrill Lynch 6-Month Treasury Bill Index	0.40	0.40	Yield on Cost	**0.36%**



Notes:

1. Performance on trade date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. The total returns shown for periods longer than a year are the annualized returns for the stated period.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the quarterly return is compounded at the same rate for four quarters and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from May 31, 2006 to present.
6. Does not include money market fund in performance, duration, and yield computations as we do not consider these funds to be discretionary in nature.

General Fund

Managed Account Summary Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Transaction Summary - Managed Account	
Opening Market Value	**$14,715,991.05**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	2,785,533.42
Unsettled Trades	0.00
Change in Current Value	(24,723.45)
Closing Market Value	**$17,476,801.02**

Cash Transactions Summary - Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	5,990.63
Principal Payments	0.00
Security Purchases	(2,785,533.42)
Net Cash Contribution	2,779,542.79
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	5,990.63
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	**$5,990.63**

Cash Balance	
Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)	Total
Ending Amortized Value of Securities	17,463,159.16
Ending Accrued Interest	80,115.75
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	5,990.63
Less Cost of New Purchases	(2,785,533.42)
Less Beginning Amortized Value of Securities	(14,700,169.16)
Less Beginning Accrued Interest	(58,773.55)
Total Accrual Basis Earnings	**$4,789.41**

Portfolio Summary and Statistics

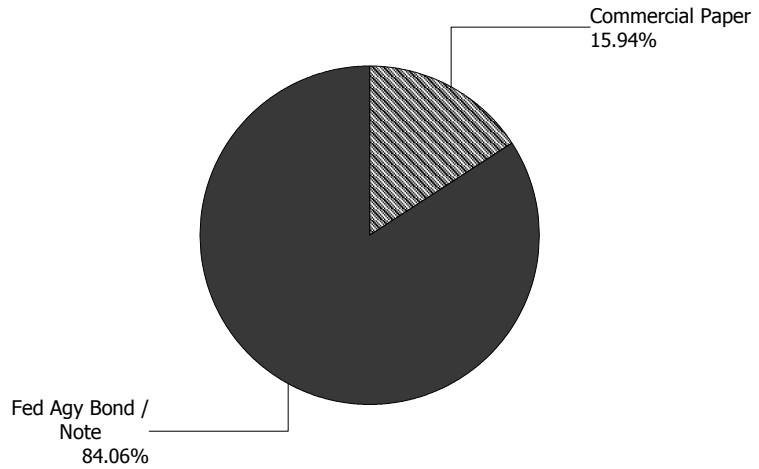
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

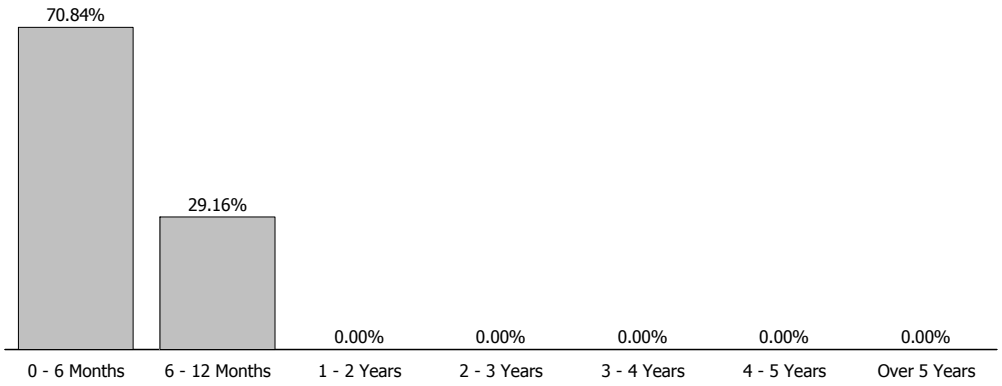
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	14,610,000.00	14,691,199.92	84.06
Commercial Paper	2,790,000.00	2,785,601.10	15.94
Managed Account Sub-Total	**17,400,000.00**	**17,476,801.02**	**100.00%**
Accrued Interest		80,115.75	
Total Portfolio	**17,400,000.00**	**17,556,916.77**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.36%
Yield to Maturity at Market	0.15%
Duration to Worst	0.36
Weighted Average Days to Maturity	133

Managed Account Issuer Summary

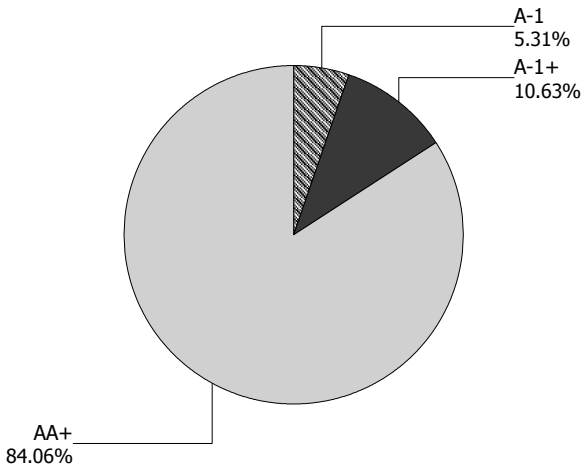
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Issuer Summary

Issuer	Market Value of Holdings	Percent
FANNIE MAE	1,897,160.30	10.86
FEDERAL HOME LOAN BANKS	7,773,457.83	44.48
FREDDIE MAC	5,020,581.79	28.73
GENERAL ELECTRIC CO	928,538.04	5.31
TOYOTA MOTOR CORP	928,514.79	5.31
US BANCORP	928,548.27	5.31
Total	**$17,476,801.02**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLMC GLOBAL REFERENCE NOTES DTD 07/16/2002 5.125% 07/15/2012	3134A4QD9	1,810,000.00	AA+	Aaa	07/19/11	07/20/11	1,896,536.10	0.27	35,043.61	1,820,732.67	1,821,223.81
FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	4,885,000.00	AA+	Aaa	08/03/11	08/04/11	4,960,473.25	0.28	23,509.06	4,901,185.67	4,902,571.35
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	2,825,000.00	AA+	Aaa	04/15/11	04/18/11	2,997,014.25	0.48	18,509.64	2,866,809.80	2,870,886.48
FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	3,195,000.00	AA+	Aaa	05/12/11	05/13/11	3,191,741.10	0.44	33.28	3,193,950.47	3,199,357.98
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	1,895,000.00	AA+	Aaa	05/27/11	05/31/11	1,894,116.93	0.40	3,020.16	1,894,677.17	1,897,160.30
Security Type Sub-Total		**14,610,000.00**					**14,939,881.63**	**0.37**	**80,115.75**	**14,677,355.78**	**14,691,199.92**
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 11/19/2012	89233GLK0	930,000.00	A-1+	P-1	05/21/12	05/21/12	928,448.45	0.33	0.00	928,542.23	928,514.79
GENERAL ELEC CAP CORP COMM PAPER -- 0.000% 11/19/2012	36959HLK1	930,000.00	A-1+	P-1	05/21/12	05/21/12	928,495.47	0.32	0.00	928,586.40	928,538.04
US BANK NA COMM PAPER -- 0.000% 11/19/2012	9033E0LK0	930,000.00	A-1	P-1	05/21/12	05/21/12	928,589.50	0.30	0.00	928,674.75	928,548.27
Security Type Sub-Total		**2,790,000.00**					**2,785,533.42**	**0.32**	**0.00**	**2,785,803.38**	**2,785,601.10**
Managed Account Sub-Total		**17,400,000.00**					**17,725,415.05**	**0.36**	**80,115.75**	**17,463,159.16**	**17,476,801.02**
Securities Sub-Total		**$17,400,000.00**					**$17,725,415.05**	**0.36%**	**$80,115.75**	**$17,463,159.16**	**$17,476,801.02**
Accrued Interest											**$80,115.75**
Total Investments											**$17,556,916.77**

Managed Account Fair Market Value & Analytics

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note										
FHLMC GLOBAL REFERENCE NOTES DTD 07/16/2002 5.125% 07/15/2012	3134A4QD9	1,810,000.00	KEYBAN		100.62	1,821,223.81	(75,312.29)	491.14	0.13	0.05
FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	4,885,000.00	SOC GEN		100.36	4,902,571.35	(57,901.90)	1,385.68	0.23	0.15
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	2,825,000.00	DEUTSCHE		101.62	2,870,886.48	(126,127.77)	4,076.68	0.36	0.09
FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	3,195,000.00	MERRILL		100.14	3,199,357.98	7,616.88	5,407.51	0.50	0.10
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	1,895,000.00	DEUTSCHE		100.11	1,897,160.30	3,043.37	2,483.13	0.57	0.18
Security Type Sub-Total		**14,610,000.00**				**14,691,199.92**	**(248,681.71)**	**13,844.14**	**0.34**	**0.12**
Commercial Paper										
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 11/19/2012	89233GLK0	930,000.00	TOYOTA		99.84	928,514.79	66.34	(27.44)	0.47	0.33
GENERAL ELEC CAP CORP COMM PAPER -- 0.000% 11/19/2012	36959HLK1	930,000.00	GECC		99.84	928,538.04	42.57	(48.36)	0.47	0.33
US BANK NA COMM PAPER -- 0.000% 11/19/2012	9033E0LK0	930,000.00	US BANK		99.84	928,548.27	(41.23)	(126.48)	0.47	0.33
Security Type Sub-Total		**2,790,000.00**				**2,785,601.10**	**67.68**	**(202.28)**	**0.47**	**0.33**
Managed Account Sub-Total		**17,400,000.00**				**17,476,801.02**	**(248,614.03)**	**13,641.86**	**0.36**	**0.15**
Securities Sub-Total		**$17,400,000.00**				**$17,476,801.02**	**($248,614.03)**	**$13,641.86**	**0.36**	**0.15%**
Accrued Interest						**$80,115.75**				
Total Investments						**$17,556,916.77**				

Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY										
05/21/12	05/21/12	US BANK NA COMM PAPER -- 0.000% 11/19/2012	9033E0LK0	930,000.00	(928,589.50)	0.00	(928,589.50)			
05/21/12	05/21/12	TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 11/19/2012	89233GLK0	930,000.00	(928,448.45)	0.00	(928,448.45)			
05/21/12	05/21/12	GENERAL ELEC CAP CORP COMM PAPER -- 0.000% 11/19/2012	36959HLK1	930,000.00	(928,495.47)	0.00	(928,495.47)			
Transaction Type Sub-Total				**2,790,000.00**	**(2,785,533.42)**	**0.00**	**(2,785,533.42)**			
INTEREST										
05/30/12	05/30/12	FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	3,195,000.00	0.00	5,990.63	5,990.63			
Transaction Type Sub-Total				**3,195,000.00**	**0.00**	**5,990.63**	**5,990.63**			
Managed Account Sub-Total					**(2,785,533.42)**	**5,990.63**	**(2,779,542.79)**			
Total Security Transactions					**($2,785,533.42)**	**$5,990.63**	**($2,779,542.79)**			

PFM Funds

Account Statement - Transaction Summary

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - STATE BAR OF TEXAS - MM - 200-00

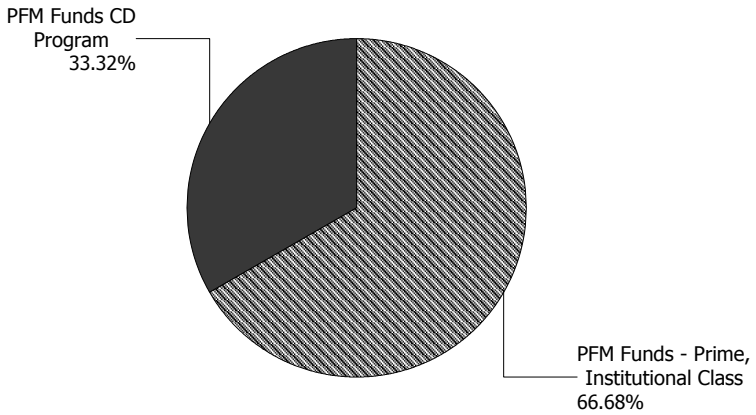
PFM Funds - Prime, Institutional Class	
Opening Market Value	4,856,412.12
Purchases	3,100,798.89
Redemptions	(3,986,976.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$3,970,235.01**
Cash Dividends and Income	798.89

PFM Funds CD Program	
Opening Market Value	0.00
Purchases	1,984,000.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$1,984,000.00**
Cash Dividends and Income	0.00

Asset Summary

	May 31, 2012	April 30, 2012
PFM Funds - Prime, Institutional Class	3,970,235.01	4,856,412.12
PFM Funds CD Program	1,984,000.00	0.00
Total	**$5,954,235.01**	**$4,856,412.12**

Asset Allocation



PFM Funds

Investment Holdings

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - STATE BAR OF TEXAS - MM - 200-00

Trade Date	Settlement Date	Security Description	Maturity Date	Rate	Investment Amount	Accrued Interest	Est. Value at Maturity
PFM Funds CD Program							
05/16/12	05/16/12	CD - Orrstown Bank, PA	05/16/13	0.45	248,000.00	48.92	249,116.00
05/16/12	05/16/12	CD - Tristate Capital Bank, PA	05/16/13	0.55	248,000.00	59.79	249,364.00
05/16/12	05/16/12	CD - Privatebank & Trust Co. (The) (Acqd Privatebank, Bloomfield Hil	05/16/13	0.55	248,000.00	59.79	249,364.00
05/16/12	05/16/12	CD - First Commons Bank, Na, MA	05/16/13	0.55	248,000.00	59.79	249,364.00
05/16/12	05/16/12	CD - Bank Of The West, CA	05/16/13	0.70	248,000.00	76.10	249,736.00
05/16/12	05/16/12	CD - Onewest Bank, Fsb, CA	05/16/13	0.60	248,000.00	65.23	249,488.00
05/16/12	05/16/12	CD - Israel Discount Bank Of New York, NY	05/16/13	0.70	248,000.00	76.10	249,736.00
05/16/12	05/16/12	CD - Sterling National Bank, NY	05/16/13	0.45	248,000.00	48.92	249,116.00
Total					**$1,984,000.00**	**$494.64**	**$1,995,284.00**

PFM Funds

Account Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - STATE BAR OF TEXAS - MM - 200-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
PFM Funds - Prime, Institutional Class					
Opening Balance					**4,856,412.12**
05/11/12	05/11/12	Purchase - Wire Purchase	1.00	600,000.00	5,456,412.12
05/16/12	05/16/12	Redemption - Wire Redemption	1.00	(1,000,000.00)	4,456,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	4,208,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	3,960,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	3,712,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	3,464,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	3,216,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,968,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,720,412.12
05/16/12	05/16/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,472,412.12
05/17/12	05/17/12	IA_FEE CD GROUPED FEE TRANSACTION FOR: 5-16-2012	1.00	(2,976.00)	2,469,436.12
05/21/12	05/21/12	Redemption - Wire Redemption	1.00	(1,000,000.00)	1,469,436.12
05/24/12	05/24/12	Purchase - Wire Purchase	1.00	2,500,000.00	3,969,436.12
05/31/12	06/01/12	Accrual Income Div Reinvestment - Distributions	1.00	798.89	3,970,235.01

PFM Funds

Account Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - STATE BAR OF TEXAS - MM - 200-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
Closing Balance					**3,970,235.01**

	Month of May	Fiscal YTD January-May
Opening Balance	4,856,412.12	1,754,579.72
Purchases	3,100,798.89	10,802,631.29
Redemptions (Excl. Checks)	(3,986,976.00)	(8,586,976.00)
Check Disbursements	0.00	0.00
Closing Balance	**3,970,235.01**	**3,970,235.01**
Cash Dividends and Income	798.89	2,631.29

Closing Balance	3,970,235.01
Average Monthly Balance	4,011,643.05
Monthly Distribution Yield	0.23 %

PFM Funds

Account Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - STATE BAR OF TEXAS - MM - 200-00

Trade Date	Settlement Date	Transaction Description	Maturity Date	Rate	Dollar Amount of Transaction
PFM Funds CD Program					
05/16/12	05/16/12	BOUGHT - CD - Privatebank & Trust Co. (The) (Acqd Privatebank, Bloomfield Hills, Mi), IL (365 basis); Exp. Inc 1,364.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.5500	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Orrstown Bank, PA (365 basis); Exp. Inc 1,116.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.4500	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Tristate Capital Bank, PA (365 basis); Exp. Inc 1,364.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.5500	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Onewest Bank, Fsb, CA (365 basis); Exp. Inc 1,488.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.6000	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Israel Discount Bank Of New York, NY (365 basis); Exp. Inc 1,736.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.7000	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Sterling National Bank, NY (365 basis); Exp. Inc 1,116.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.4500	248,000.00
05/16/12	05/16/12	BOUGHT - CD - First Commons Bank, Na, MA (365 basis); Exp. Inc 1,364.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.5500	248,000.00
05/16/12	05/16/12	BOUGHT - CD - Bank Of The West, CA (365 basis); Exp. Inc 1,736.00; Days to Maturity 365; Adv. BP 15.00	05/16/13	0.7000	248,000.00

Client Security Fund

Managed Account Summary Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Transaction Summary - Managed Account	
Opening Market Value	**$2,850,978.69**
Maturities/Calls	(645,000.00)
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	(1,669.10)
Closing Market Value	**$2,204,309.59**

Cash Transactions Summary - Managed Account	
Maturities/Calls	645,000.00
Sale Proceeds	0.00
Coupon/Interest Income	1,891.88
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(646,891.88)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Coupons Received	1,891.88
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	(2,871.53)
Total Cash Basis Earnings	**($979.65)**

Cash Balance	
Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)	Total
Ending Amortized Value of Securities	2,202,057.84
Ending Accrued Interest	5,644.98
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	645,000.00
Plus Coupons Received	1,891.88
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(2,848,974.84)
Less Beginning Accrued Interest	(4,917.42)
Total Accrual Basis Earnings	**$702.44**

Portfolio Summary and Statistics

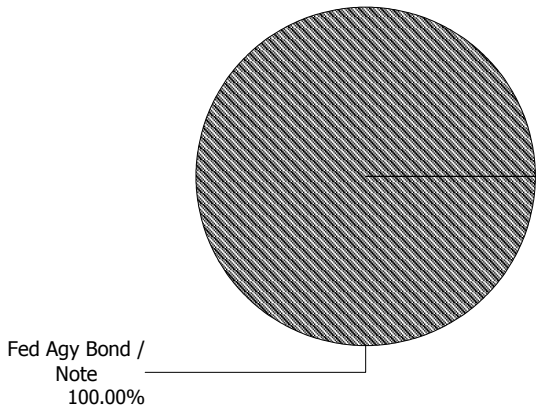
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

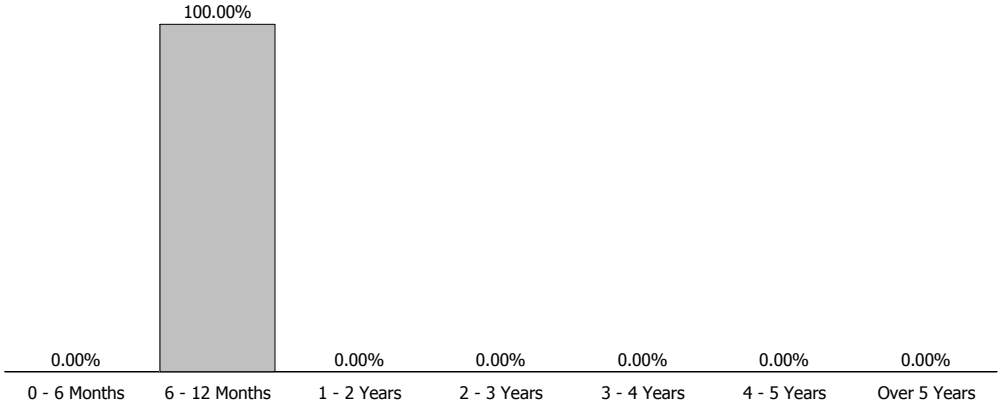
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	2,184,000.00	2,204,309.59	100.00
Managed Account Sub-Total	**2,184,000.00**	**2,204,309.59**	**100.00%**
Accrued Interest		5,644.98	
Total Portfolio	**2,184,000.00**	**2,209,954.57**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.35%
Yield to Maturity at Market	0.20%
Duration to Worst	0.74
Weighted Average Days to Maturity	272

Managed Account Issuer Summary

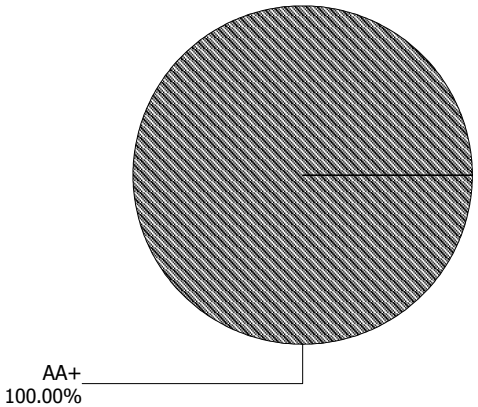
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Issuer Summary

Issuer	Market Value of Holdings	Percent
FEDERAL HOME LOAN BANKS	1,779,731.25	80.74
FREDDIE MAC	424,578.34	19.26
Total	**$2,204,309.59**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	424,000.00	AA+	Aaa	05/12/11	05/13/11	423,576.00	0.44	4.42	423,863.45	424,578.34
FHLB GLOBAL BONDS DTD 02/19/2010 1.625% 03/20/2013	3133XX7F8	1,760,000.00	AA+	Aaa	10/20/11	10/21/11	1,792,014.40	0.33	5,640.56	1,778,194.39	1,779,731.25
Security Type Sub-Total		**2,184,000.00**					**2,215,590.40**	**0.35**	**5,644.98**	**2,202,057.84**	**2,204,309.59**
Managed Account Sub-Total		**2,184,000.00**					**2,215,590.40**	**0.35**	**5,644.98**	**2,202,057.84**	**2,204,309.59**
Securities Sub-Total		**$2,184,000.00**					**$2,215,590.40**	**0.35%**	**$5,644.98**	**$2,202,057.84**	**$2,204,309.59**
Accrued Interest											**$5,644.98**
Total Investments											**$2,209,954.57**

Managed Account Fair Market Value & Analytics

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note										
FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	424,000.00	DEUTSCHE		100.14	424,578.34	1,002.34	714.89	0.50	0.10
FHLB GLOBAL BONDS DTD 02/19/2010 1.625% 03/20/2013	3133XX7F8	1,760,000.00	UBS AG		101.12	1,779,731.25	(12,283.15)	1,536.86	0.80	0.23
Security Type Sub-Total		**2,184,000.00**				**2,204,309.59**	**(11,280.81)**	**2,251.75**	**0.74**	**0.20**
Managed Account Sub-Total		**2,184,000.00**				**2,204,309.59**	**(11,280.81)**	**2,251.75**	**0.74**	**0.20**
Securities Sub-Total		**$2,184,000.00**				**$2,204,309.59**	**($11,280.81)**	**$2,251.75**	**0.74**	**0.20%**
Accrued Interest						**$5,644.98**				
Total Investments						**$2,209,954.57**				

Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST										
05/18/12	05/18/12	FNMA GLOBAL BENCHMARK NOTES DTD 05/18/2007 4.875% 05/18/2012	31398ABX9	45,000.00	0.00	1,096.88	1,096.88			
05/30/12	05/30/12	FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	424,000.00	0.00	795.00	795.00			
Transaction Type Sub-Total				**469,000.00**	**0.00**	**1,891.88**	**1,891.88**			
MATURITY										
05/18/12	05/18/12	FNMA GLOBAL BENCHMARK NOTES DTD 05/18/2007 4.875% 05/18/2012	31398ABX9	45,000.00	45,000.00	0.00	45,000.00	(3,143.03)	0.00	
05/29/12	05/29/12	FREDDIE MAC DISC NOTE -- 0.000% 05/29/2012	313396XL2	600,000.00	600,000.00	0.00	600,000.00	271.50	0.00	
Transaction Type Sub-Total				**645,000.00**	**645,000.00**	**0.00**	**645,000.00**	**(2,871.53)**	**0.00**	
Managed Account Sub-Total					**645,000.00**	**1,891.88**	**646,891.88**	**(2,871.53)**	**0.00**	
Total Security Transactions					**$645,000.00**	**$1,891.88**	**$646,891.88**	**($2,871.53)**	**$0.00**	

PFM Funds

Account Statement - Transaction Summary

For the Month Ending **May 31, 2012**

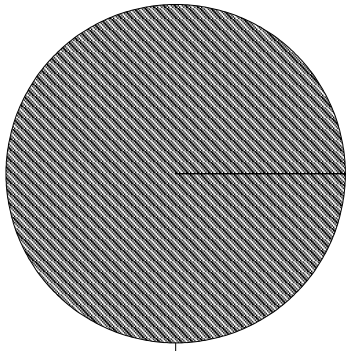
STATE BAR OF TEXAS - CLIENT SECURITY FUND - 995192

PFM Funds - Prime, Institutional Class	
Opening Market Value	251,255.45
Purchases	49.91
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$251,305.36**
Cash Dividends and Income	49.91

Asset Summary

	May 31, 2012	April 30, 2012
PFM Funds - Prime, Institutional Class	251,305.36	251,255.45
Total	**$251,305.36**	**$251,255.45**

Asset Allocation



PFM Funds

Account Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - CLIENT SECURITY FUND - 995192

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
PFM Funds - Prime, Institutional Class					
Opening Balance					**251,255.45**
05/31/12	06/01/12	Accrual Income Div Reinvestment - Distributions	1.00	49.91	251,305.36
Closing Balance					**251,305.36**

	Month of May	Fiscal YTD January-May
Opening Balance	251,255.45	251,062.72
Purchases	49.91	242.64
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	**251,305.36**	**251,305.36**
Cash Dividends and Income	49.91	242.64

Closing Balance	251,305.36
Average Monthly Balance	251,257.06
Monthly Distribution Yield	0.23 %

Law Center Fund

Managed Account Summary Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Transaction Summary - Managed Account	
Opening Market Value	**$1,412,284.87**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	(1,541.23)
Closing Market Value	**$1,410,743.64**

Cash Transactions Summary - Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	**$0.00**

Cash Balance	
Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)	Total
Ending Amortized Value of Securities	1,409,364.84
Ending Accrued Interest	4,292.28
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(1,410,778.89)
Less Beginning Accrued Interest	(2,425.72)
Total Accrual Basis Earnings	**$452.51**

Portfolio Summary and Statistics

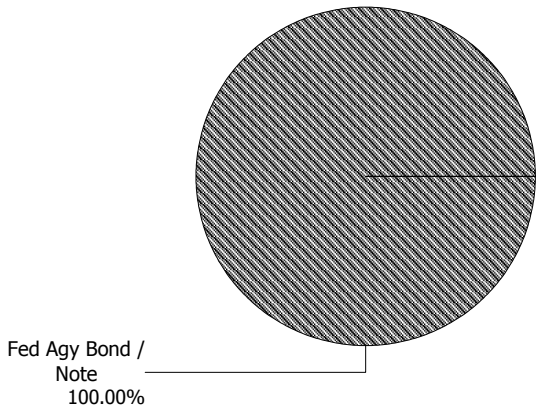
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

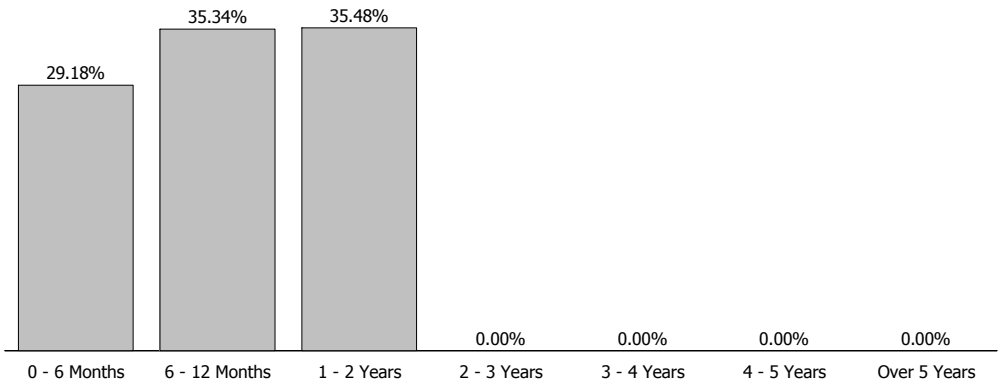
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	1,403,000.00	1,410,743.64	100.00
Managed Account Sub-Total	**1,403,000.00**	**1,410,743.64**	**100.00%**
Accrued Interest		4,292.28	
Total Portfolio	**1,403,000.00**	**1,415,035.92**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.38%
Yield to Maturity at Market	0.18%
Duration to Worst	0.67
Weighted Average Days to Maturity	247

Managed Account Issuer Summary

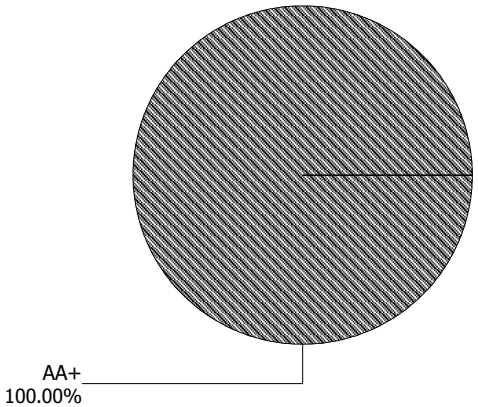
For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Issuer Summary

Issuer	Market Value of Holdings	Percent
FANNIE MAE	498,567.72	35.34
FEDERAL HOME LOAN BANKS	912,175.92	64.66
Total	**$1,410,743.64**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	405,000.00	AA+	Aaa	04/15/11	04/18/11	429,660.45	0.48	2,653.59	410,993.97	411,578.42
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	498,000.00	AA+	Aaa	06/29/11	06/30/11	497,601.60	0.43	793.69	497,846.43	498,567.72
FEDERAL HOME LOAN BANK BONDS DTD 12/12/2011 0.360% 06/12/2013	313376JB2	500,000.00	AA+	Aaa	01/11/12	01/12/12	500,720.50	0.26	845.00	500,524.44	500,597.50
Security Type Sub-Total		**1,403,000.00**					**1,427,982.55**	**0.38**	**4,292.28**	**1,409,364.84**	**1,410,743.64**
Managed Account Sub-Total		**1,403,000.00**					**1,427,982.55**	**0.38**	**4,292.28**	**1,409,364.84**	**1,410,743.64**
Securities Sub-Total		**$1,403,000.00**					**$1,427,982.55**	**0.38%**	**$4,292.28**	**$1,409,364.84**	**$1,410,743.64**
Accrued Interest											**$4,292.28**
Total Investments											**$1,415,035.92**

Managed Account Fair Market Value & Analytics

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note										
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	405,000.00	DEUTSCHE		101.62	411,578.42	(18,082.03)	584.45	0.36	0.09
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	498,000.00	JPMCHASE		100.11	498,567.72	966.12	721.29	0.57	0.18
FEDERAL HOME LOAN BANK BONDS DTD 12/12/2011 0.360% 06/12/2013	313376JB2	500,000.00	MORGANST		100.12	500,597.50	(123.00)	73.06	1.03	0.24
Security Type Sub-Total		**1,403,000.00**				**1,410,743.64**	**(17,238.91)**	**1,378.80**	**0.67**	**0.17**
Managed Account Sub-Total		**1,403,000.00**				**1,410,743.64**	**(17,238.91)**	**1,378.80**	**0.67**	**0.17**
Securities Sub-Total		**$1,403,000.00**				**$1,410,743.64**	**($17,238.91)**	**$1,378.80**	**0.67**	**0.18%**
Accrued Interest						**$4,292.28**				
Total Investments						**$1,415,035.92**				

PFM Funds

Account Statement - Transaction Summary

For the Month Ending **May 31, 2012**

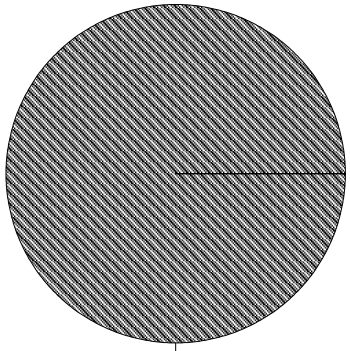
STATE BAR OF TEXAS - TEXAS LAW CENTER - 995235

PFM Funds - Prime, Institutional Class	
Opening Market Value	11,009.50
Purchases	2.19
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$11,011.69**
Cash Dividends and Income	2.19

Asset Summary

	May 31, 2012	April 30, 2012
PFM Funds - Prime, Institutional Class	11,011.69	11,009.50
Total	**$11,011.69**	**$11,009.50**

Asset Allocation



PFM Funds

Account Statement

For the Month Ending **May 31, 2012**

STATE BAR OF TEXAS - TEXAS LAW CENTER - 995235

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
PFM Funds - Prime, Institutional Class					
Opening Balance					**11,009.50**
05/31/12	06/01/12	Accrual Income Div Reinvestment - Distributions	1.00	2.19	11,011.69
Closing Balance					**11,011.69**

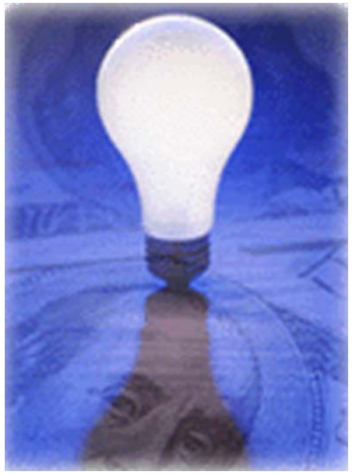
	Month of May	Fiscal YTD January-May
Opening Balance	11,009.50	11,001.05
Purchases	2.19	10.64
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	**11,011.69**	**11,011.69**
Cash Dividends and Income	2.19	10.64

Closing Balance	11,011.69
Average Monthly Balance	11,009.57
Monthly Distribution Yield	0.23 %

Market Update

Economic & Market Update

as of June 4, 2012



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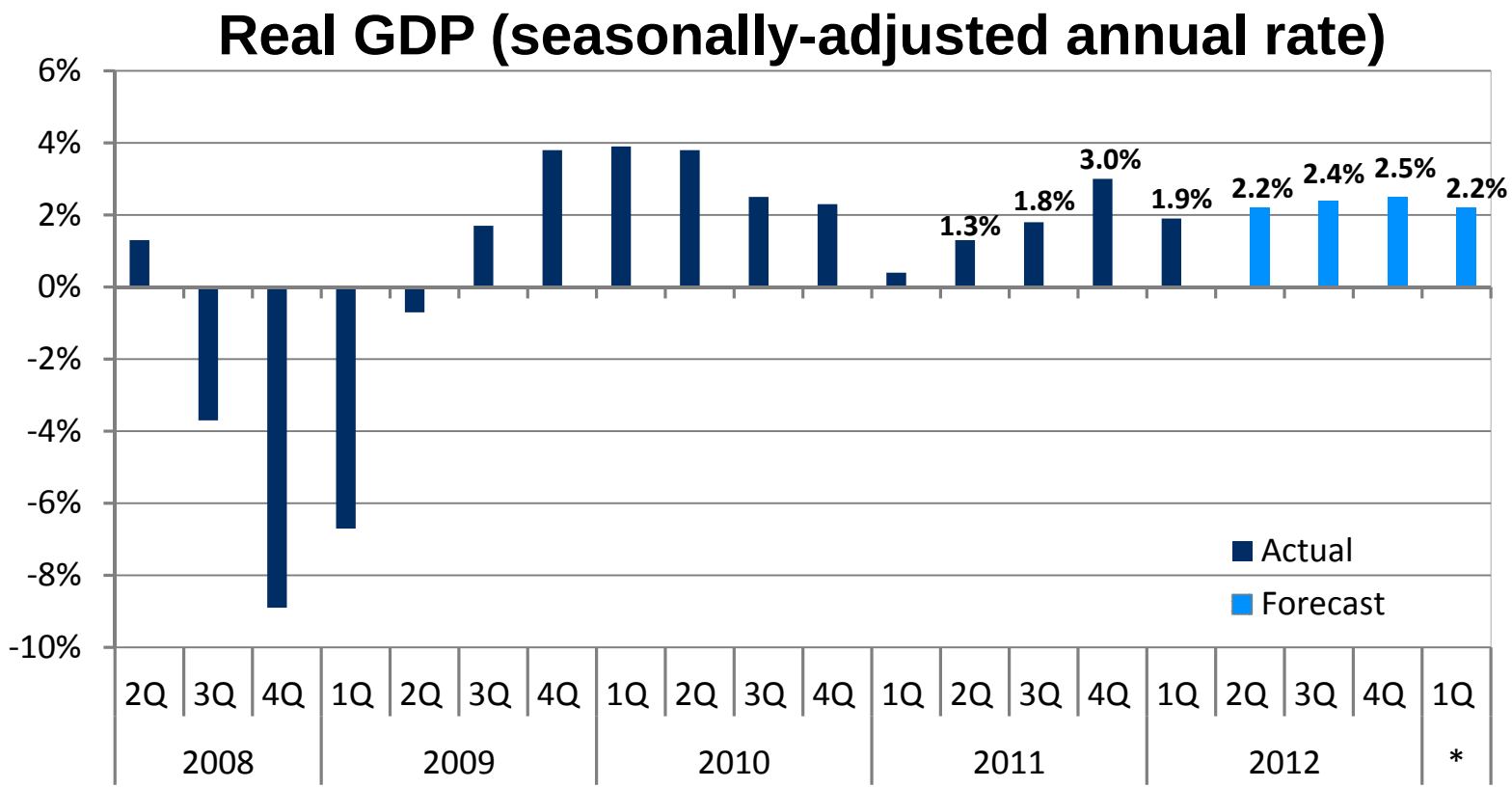
Harrisburg, PA 17101
(717) 232-2723

Moderate Economic Growth Expected for 2012

- A smaller build in inventories caused Q1 GDP to be revised down from 2.2%.
- The largest component of GDP, personal consumption, gained 2.1% at start of Q2.



Source: Bloomberg

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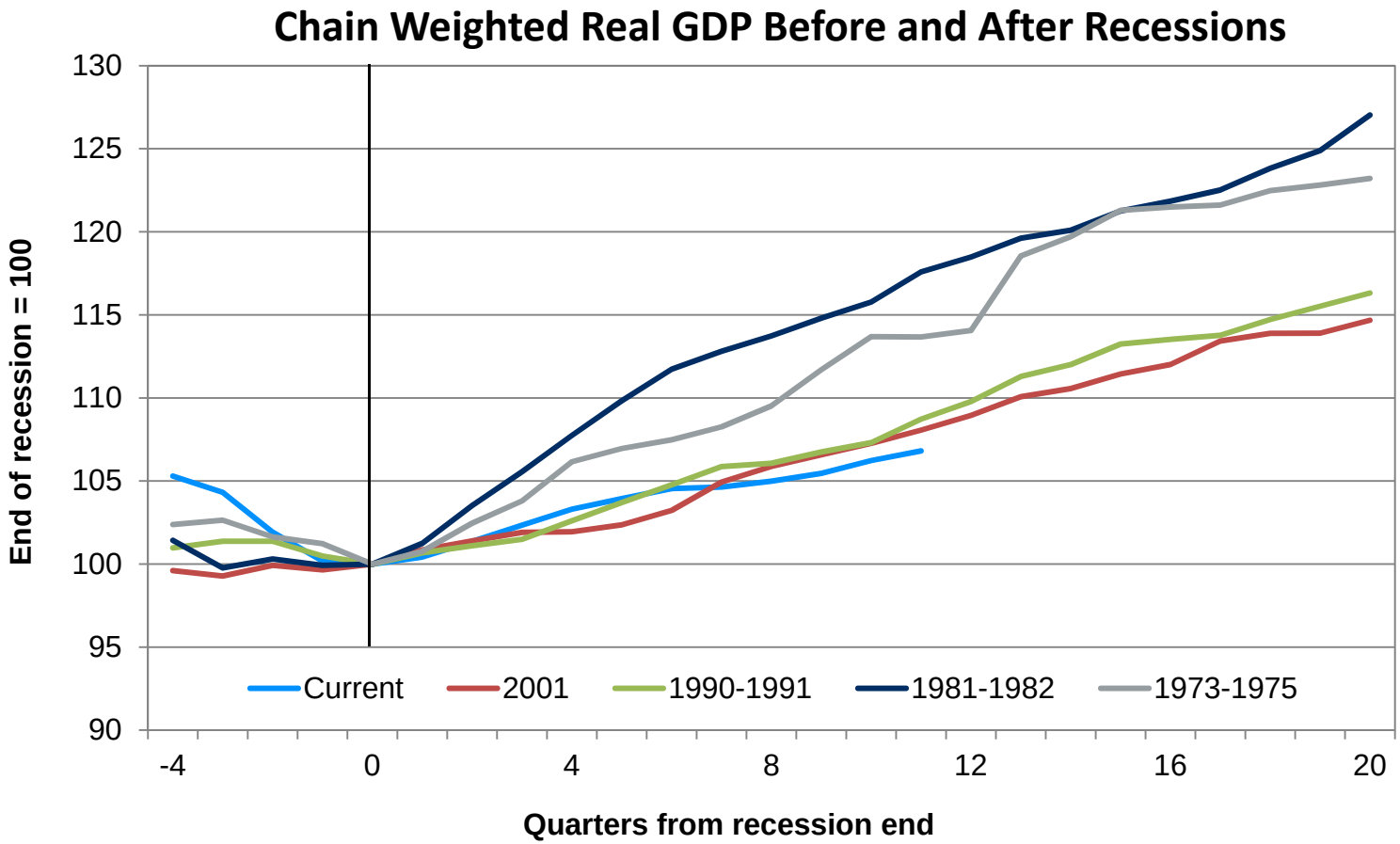
Steepest Recession and Most Shallow Recovery

- Historically sharp recession meant sharp recovery (see gray line 1973-1975).
- Historically shallow recession meant shallow recovery (see red line 2001).



Source: Bloomberg

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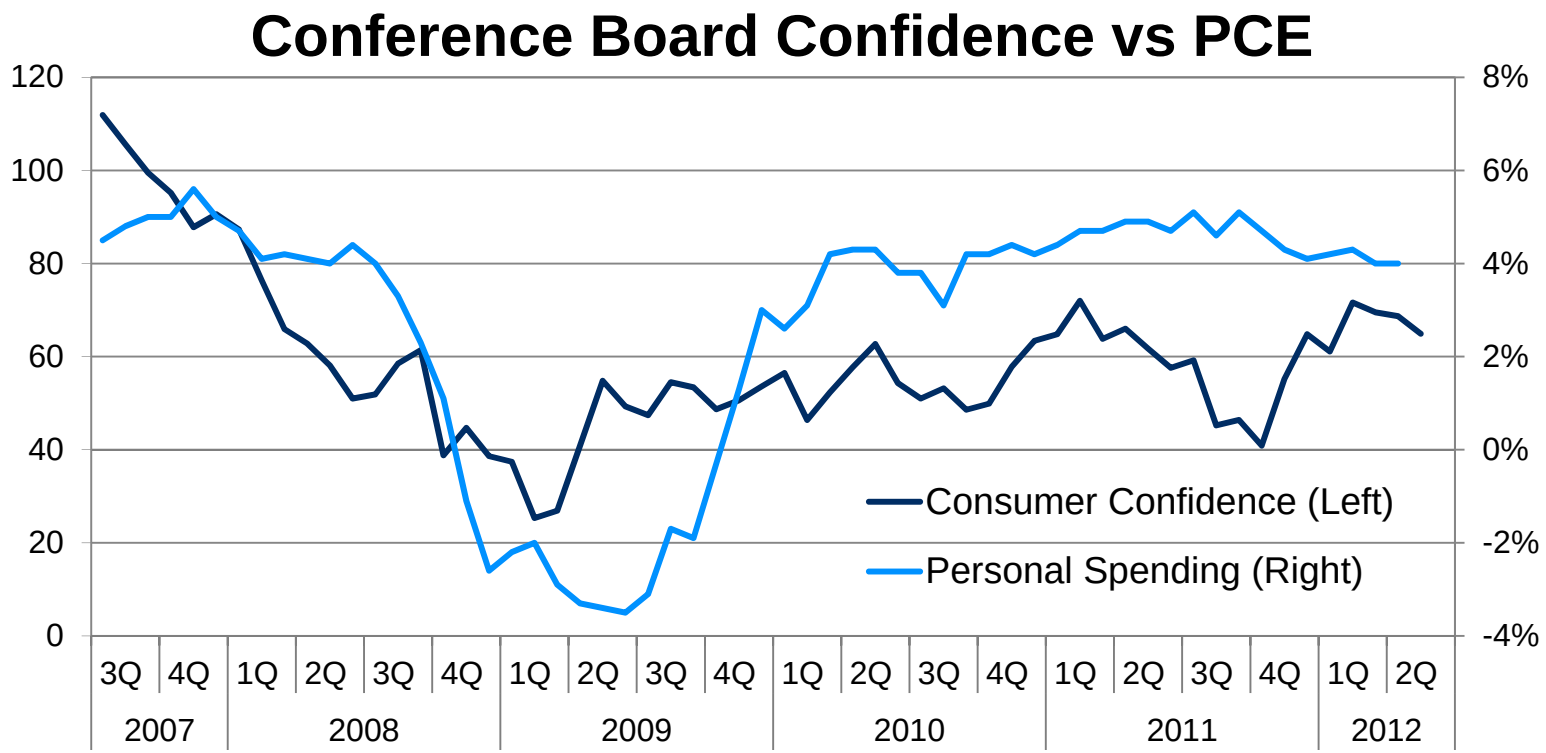
Higher Confidence Supports Consumer Spending

- Confidence has risen as lay-offs and the unemployment rate have declined.
- Consumer spending in April was 4.0% YoY, same as the March reading.
- The savings rate, however, ticked down to 3.4% from 4.8% a year ago.



Source: Bloomberg

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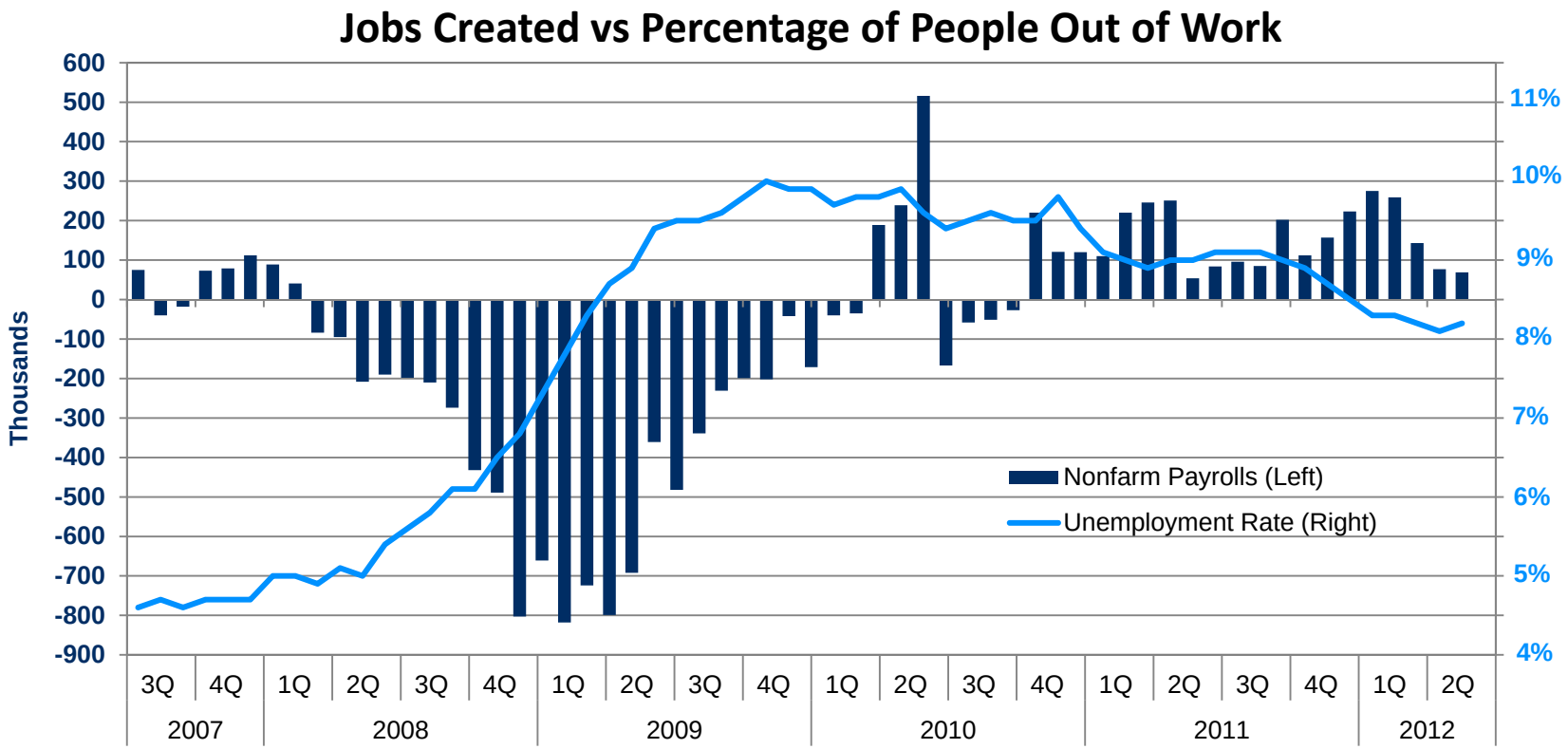
Job Creation Slipping Below Population Growth.

- Nonfarm payrolls increased by 69,000 jobs in May, with April's jobs revised down to 77,000 from 115,000- a significant and worrisome slowdown.
- The unemployment rate climbed to 8.2%, with labor participation jumping to 63.8% after touching 63.6%, the lowest participation since December 1981.



Source: Bloomberg

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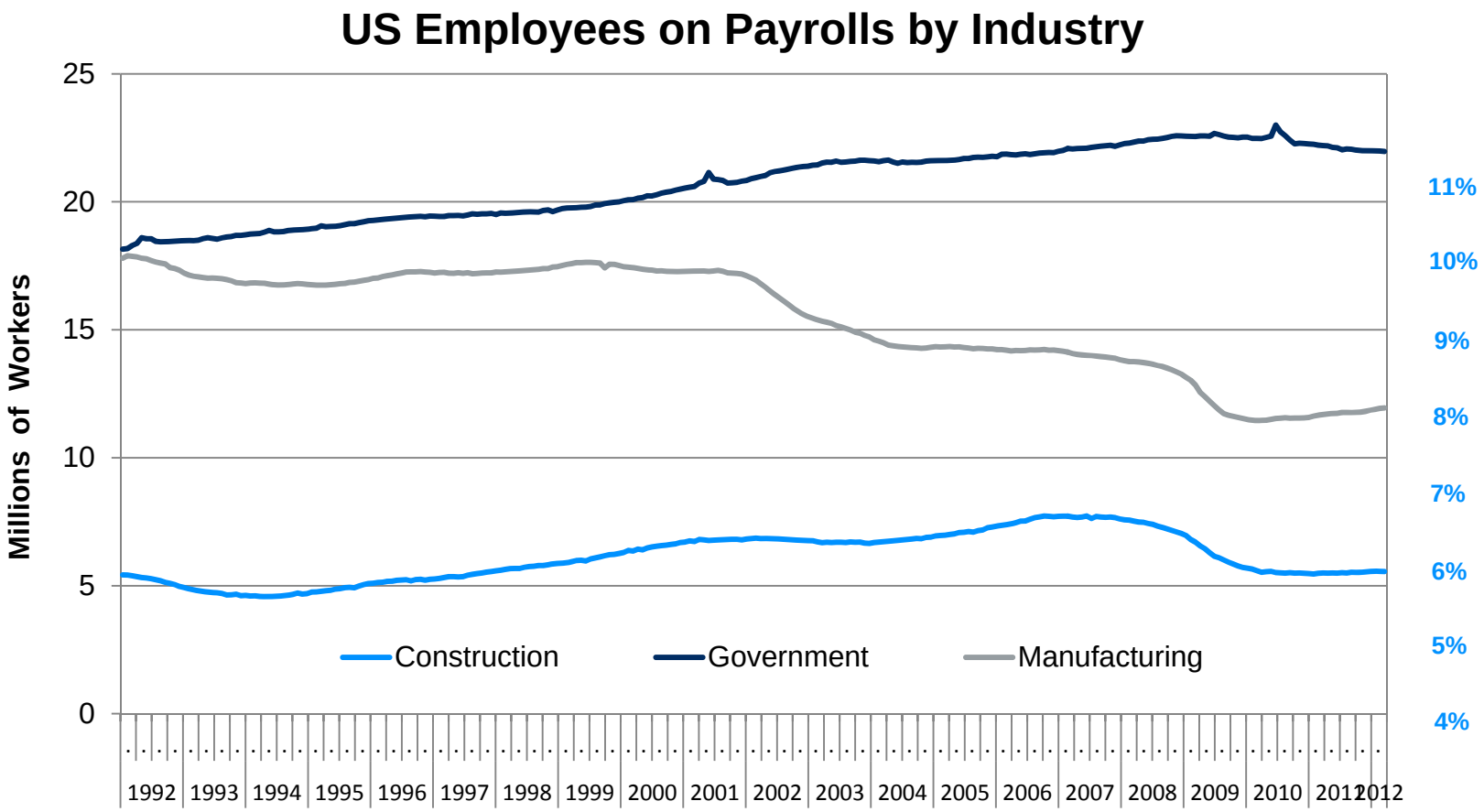
The Last 3 Recessions Have Been Jobless Recoveries

- Manufacturing is growing, government is shrinking, and construction jobs have disappeared en mass.



Source: Bloomberg

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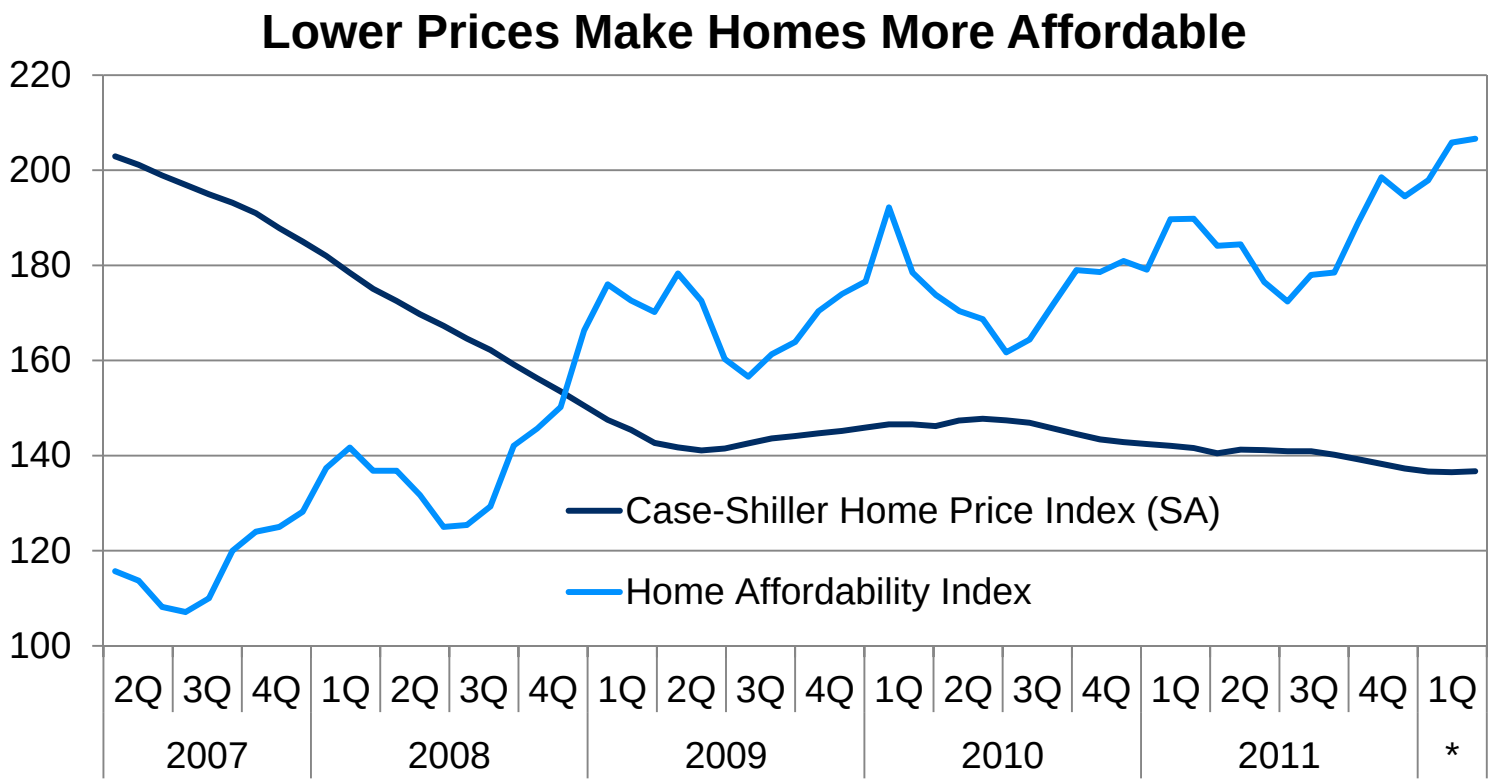
Housing Affordability vs Case-Shiller Price Index

- Since the housing market peaked in 2006, falling home prices combined with low mortgage rates have greatly increased buyer affordability.
- Yet high unemployment, stagnating household incomes, strict lending standards, and large amounts of consumer debt continue to suppress home sales.



Source: Bloomberg

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Cheaper Oil Acts as a Tax Cut and Boosts Spending

- A barrel of oil during the past 3 months costs on average $100.59. Compare this with an average price of $104.61 during the same period in 2011.
- Every $10 decline in the price of a barrel of oil adds about 0.3% to GDP.

One Year History of West Texas Light Crude

Source: Bloomberg

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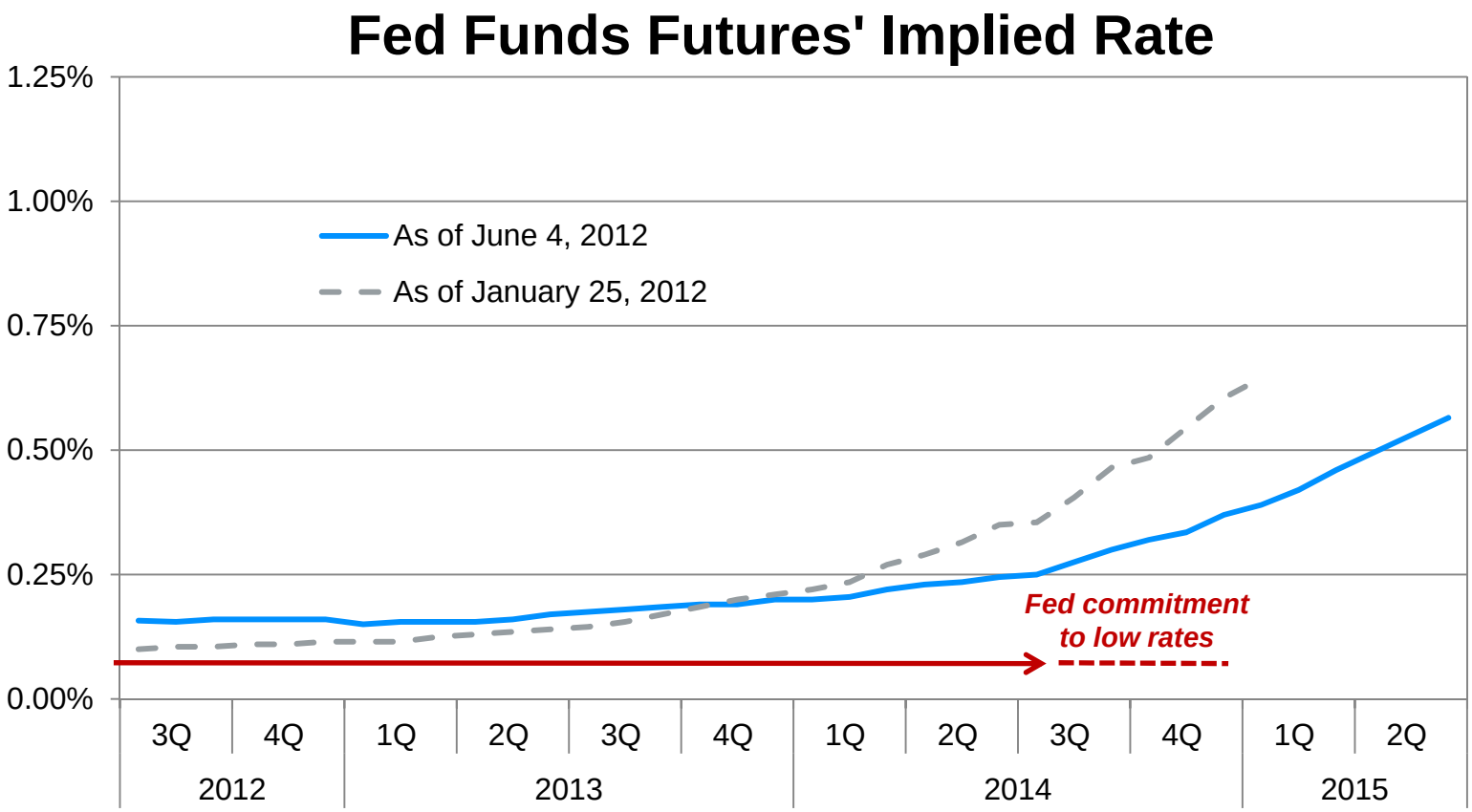
Fed Funds Below 0.25% Until Q3 2014

- At the Jan. 25 FOMC, the Fed statement said the outlook was likely to warrant low rates until late 2014, and the market certainly is taking the Fed at its word.



Source: Bloomberg

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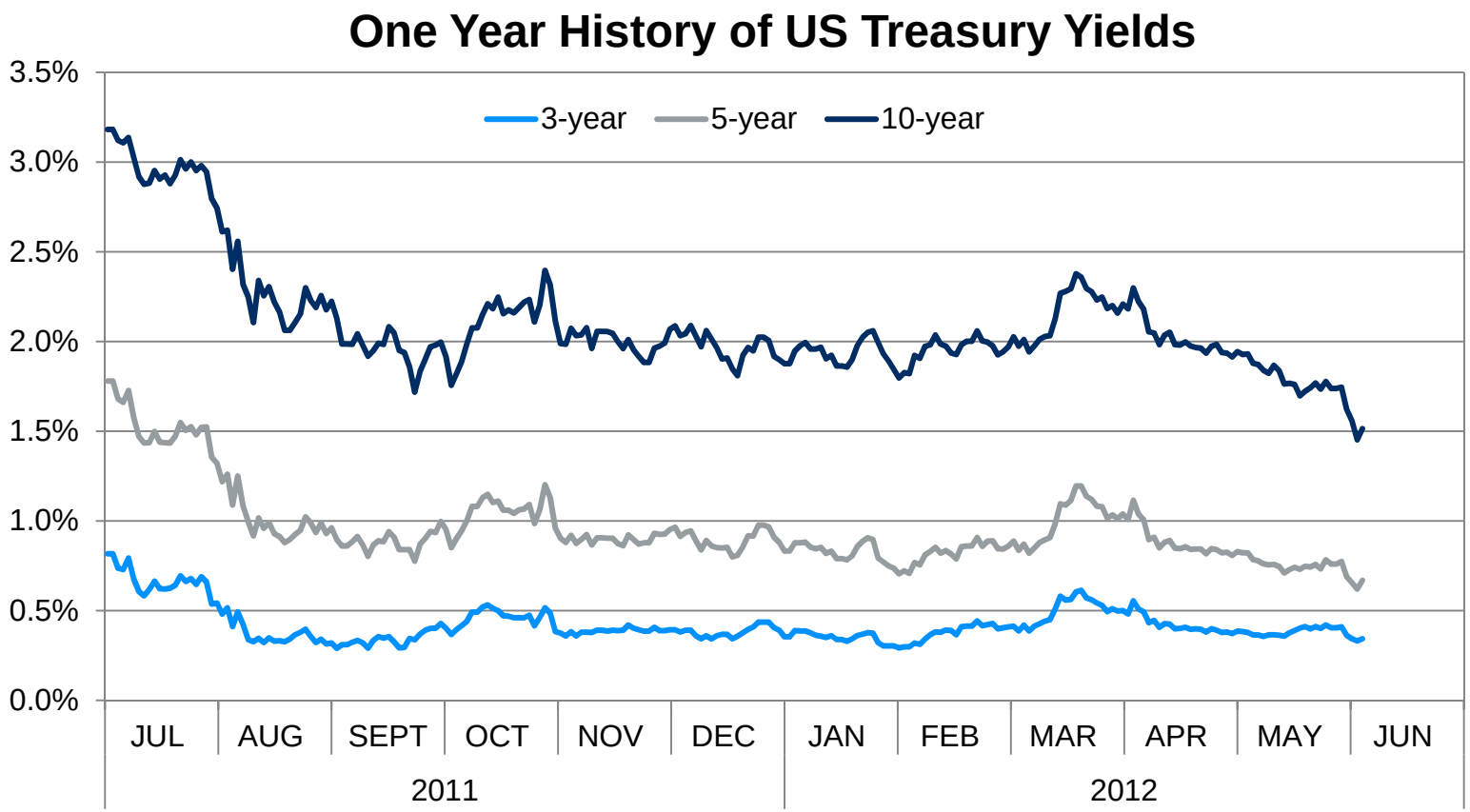
5-Year and 10-Year UST Yields Hit New All-Time Lows

- Bonds have been rich from a valuation perspective considering 2.5% GDP growth plus 2.0% core CPI verses a 2.0% yield on the 10-year US Treasury.
- Yields hit multi-month highs following the FOMC statement of March 13.



Source: Bloomberg

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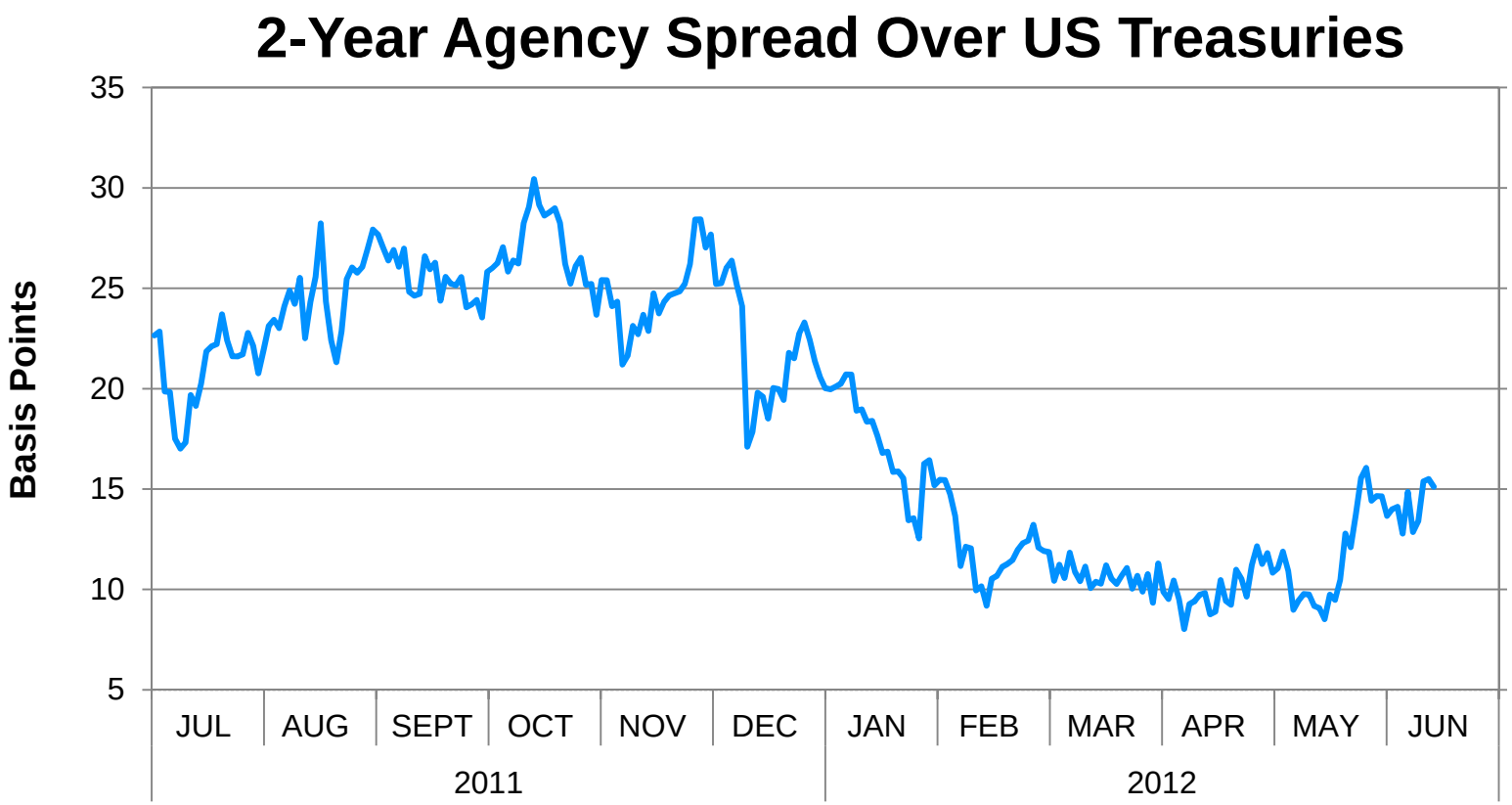
Agencies Are Just Off Their Tightest Levels

- Agency spreads are benefiting from investors seeking yield, declining supply, and liquidity measures to ease the European Debt Crisis.



Source: Bloomberg

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Disclosures

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Certification Form

Quarterly Investment Report
Certification

This report fairly represents the investment standing of the State Bar of Texas as of May 31, 2012 and the investment activity for the period March 1, 2012 through May 31, 2012.

We believe the data presented for the quarter ending May 31, 2012 is accurate in all material respects, and is presented in a manner that fairly sets forth the investment standing of the State Bar of Texas. We further believe that all data necessary to represent the activity for the quarter is included in this text.

This report was prepared in compliance with the State of Texas "Public Funds Investment Act" and the State Bar of Texas' "Investment Policy".

Michelle Hunter
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State Bar of Texas

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State Bar of Texas

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Dated: 6-29-12