Review of Investment Performance
Quarter Ended August 31, 2012

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Portfolio & Performance Summary

August 31, 2012

Below is a summary of the State Bar of Texas' investment holdings as of August 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	2,240,887.58
PFM Funds Prime Series - Client Security Fund	1,310.84
PFM Funds Prime Series - Texas Law Center	11,017.41
PFM Funds CD Program	4,960,000.00
High Yield Savings Accounts	
JP Morgan Chase Bank - Hatton Sumner Grant Account	80,667.95
JP Morgan Chase Bank - College Fund	246,321.78
JP Morgan Chase Bank - Convention Fund	431,442.16
JP Morgan Chase Bank - Board of Legal Special Fund	835,944.88
Total Short-Term Funds	***8,808,473.78***
Individual Portfolios	
Client Security Fund	3,131,690.68
General Fund	21,052,084.29
Texas Law Center Fund	1,905,314.10
Total Indivdual Portfolios	***26,089,089.07***
Grand Total	**34,897,562.85**

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	August 31, 2012	May 31, 2012
College Fund	**$246,321.78**	$279,218.99
Client Security Fund	**$3,133,237.23**	$2,461,495.64
Board of Legal Specialization Fund	**$835,944.88**	$1,138,069.80
Law Focused Education Fund	**$80,667.95**	$215,605.65
Texas Law Center Fund	**$1,916,331.51**	$1,426,047.61
Convention Fund	**$431,442.16**	$470,240.84
General Fund	**$28,253,617.34**	$23,511,797.25
Totals	**$34,897,562.85**	$29,502,475.78

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

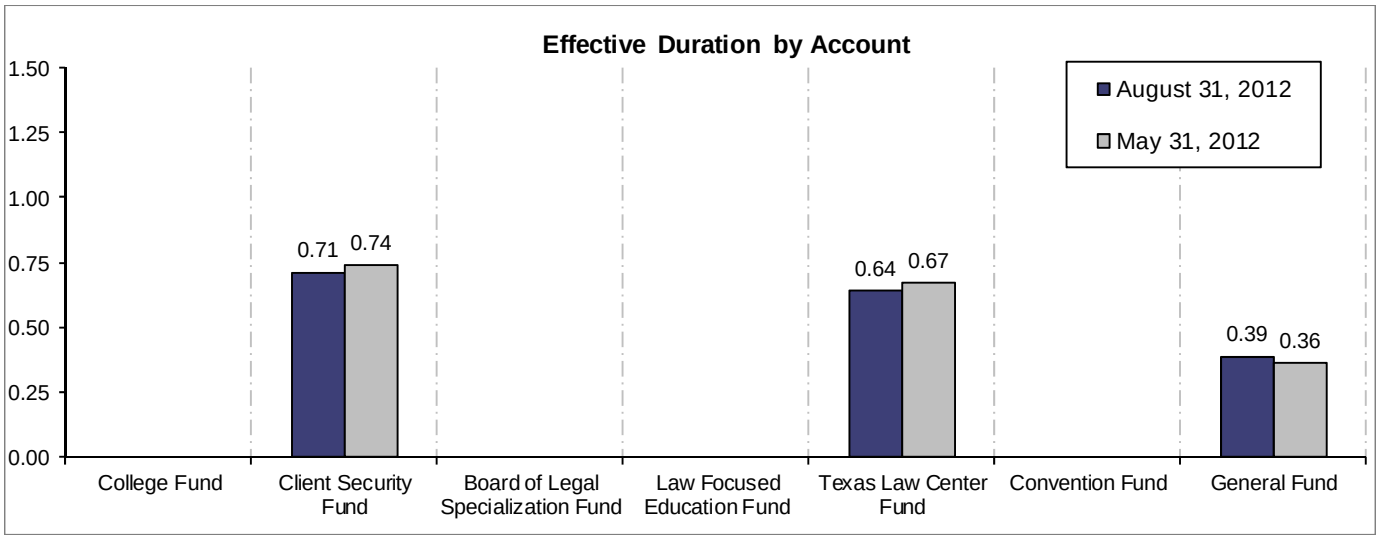
Portfolio Strategy

- Uncertainty is exceptionally high and conviction unusually low as the market tries to anticipate the outcome of a close presidential election, a looming fiscal cliff, and the expiration of the expanded deposit insurance in the U.S., along with a full docket of political, policy, and regulatory risks in the U.S., Europe, and China.
- In the short term, we expect monetary policy and upcoming decisions from the Fed and ECB to overshadow economic conditions. Market expectations for further stimulus are high, and any disappointment could be met with a sharp re-pricing of risk. On the other hand, another large injection of liquidity could ignite asset inflation as excess cash searches for a home.
- Having an agnostic view on the general direction of the market, we prefer managing exposure along the yield curve.

Portfolio Performance

	Yield To Maturity - At Market		Yield To Maturity - On Cost	
Yields[1]	**August 31, 2012**	May 31, 2012	**August 31, 2012**	May 31, 2012
College Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
Client Security Fund[1]	**0.21%**	0.20%	**0.34%**	0.35%
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]	**0.22%**	0.18%	**0.36%**	0.38%
Convention Fund[2]	**0.15%**	0.15%	**0.15%**	0.15%
General Fund[1]	**0.21%**	0.15%	**0.34%**	0.36%

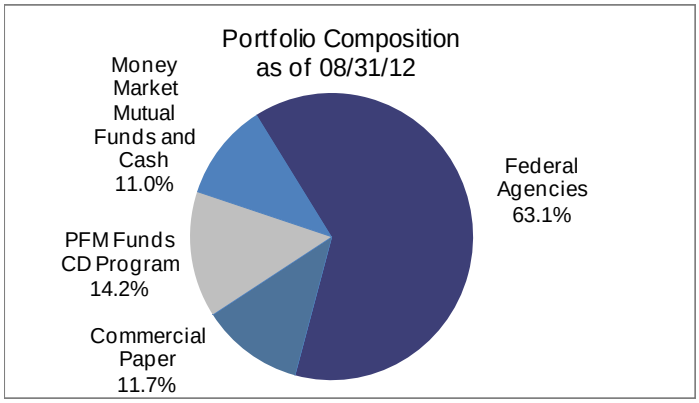
Duration[1]	**August 31, 2012**	May 31, 2012
College Fund[2]	**0.00**	0.00
Client Security Fund[1]	**0.71**	0.74
Board of Legal Specialization Fund[2]	**0.00**	0.00
Law Focused Education Fund[2]	**0.00**	0.00
Texas Law Center Fund[1]	**0.64**	0.67
Convention Fund[2]	**0.00**	0.00
General Fund[1]	**0.39**	0.36

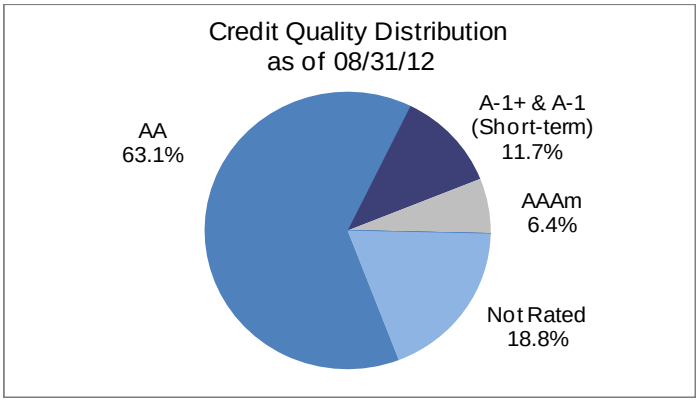


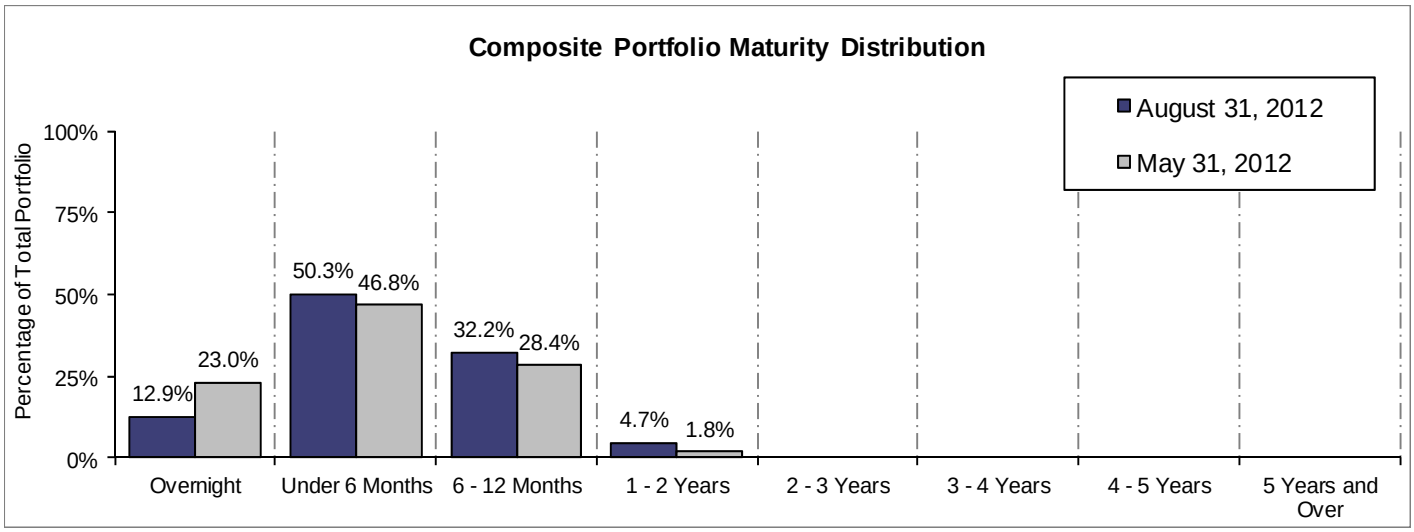
Notes:
1. Does not include money market funds or cash equivalents in performance, duration, and yield computations.
2. Yields for these funds represent the APY earned for the month prior to quarter end. Duration of each of the funds is equal to 1 day or approximately 0.003 years.

Composite Portfolio Composition and Credit Quality

Security Type	August 31, 2012	% of Portfolio	May 31, 2012	% of Portfolio	Permitted by Investment Policy
U.S. Treasuries	**$0.00**	**0.0%**	$0.00	0.0%	100%
Federal Agencies	**$22,011,202.39**	**63.1%**	$18,396,306.16	62.4%	100%
Mortgage-Backed Securities	**$0.00**	**0.0%**	$0.00	0.0%	30%
Commercial Paper	**$4,077,886.68**	**11.7%**	$2,785,601.10	9.4%	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	**$4,960,000.00**	**14.2%**	$1,984,000.00	6.7%	30%
Money Market Mutual Funds and Cash	**$3,848,473.78**	**11.0%**	$6,336,568.52	21.5%	30%
Totals	**$34,897,562.85**	**100.0%**	**$29,502,475.78**	**100.0%**	





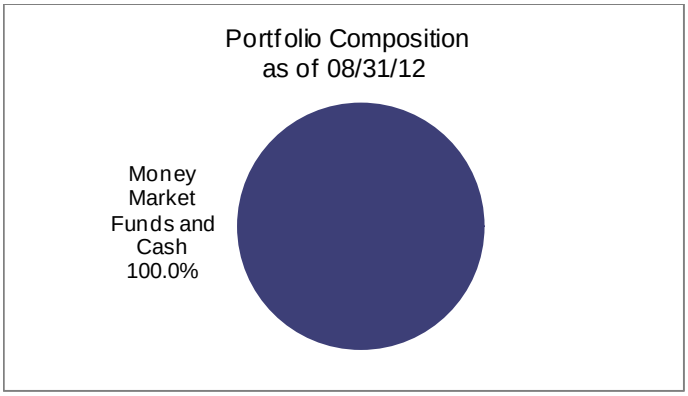


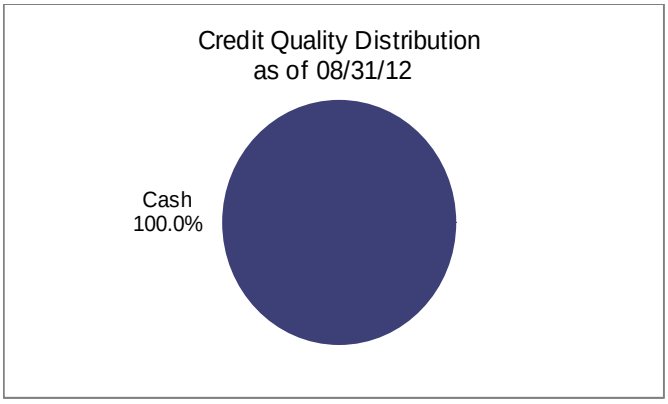
Notes:

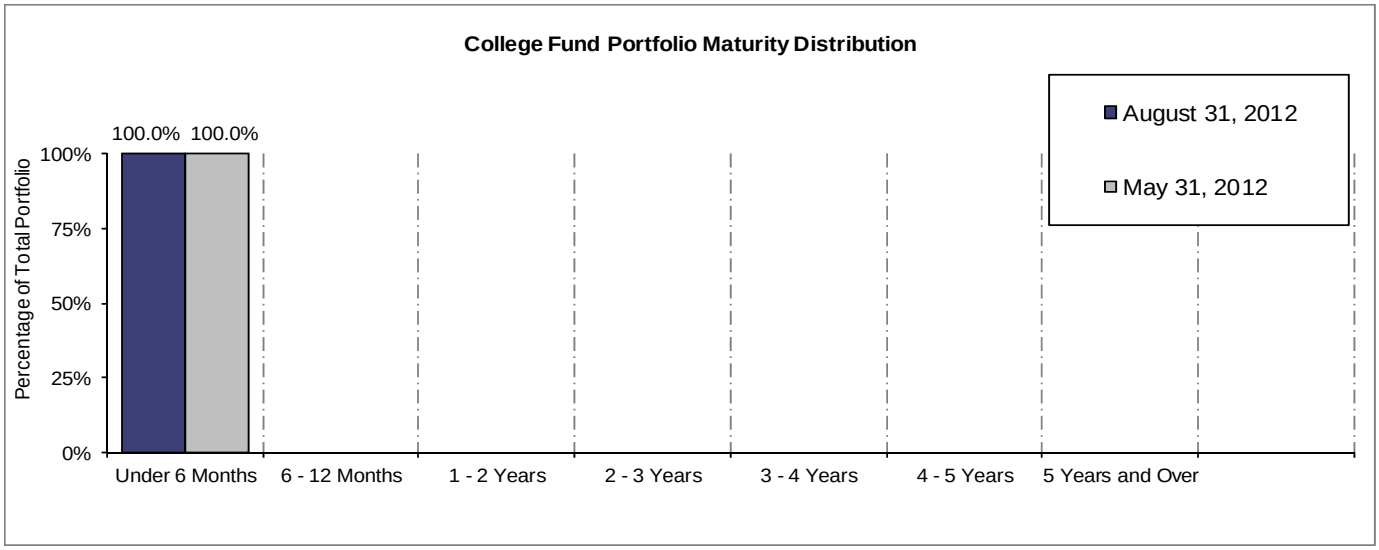
Data represents end of quarter trade-date market values of portfolio holdings, including accrued interest. Percentages may not add up to 100% due to rounding.

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

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$246,321.78**	**100.0%**	$279,218.99	100.0%
Totals	**$246,321.78**	**100.0%**	**$279,218.99**	**100.0%**







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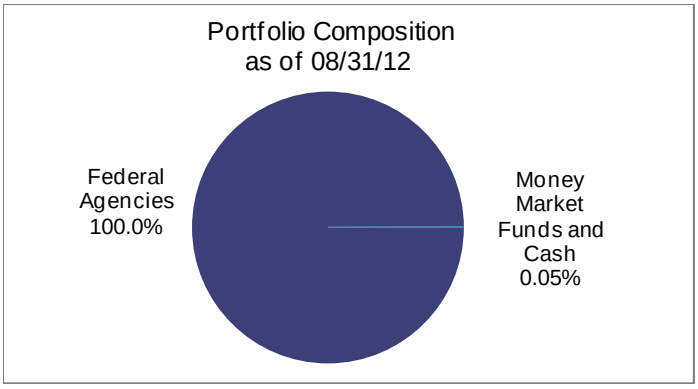
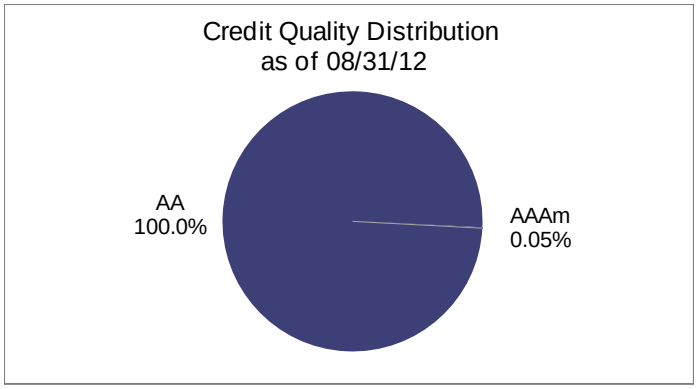
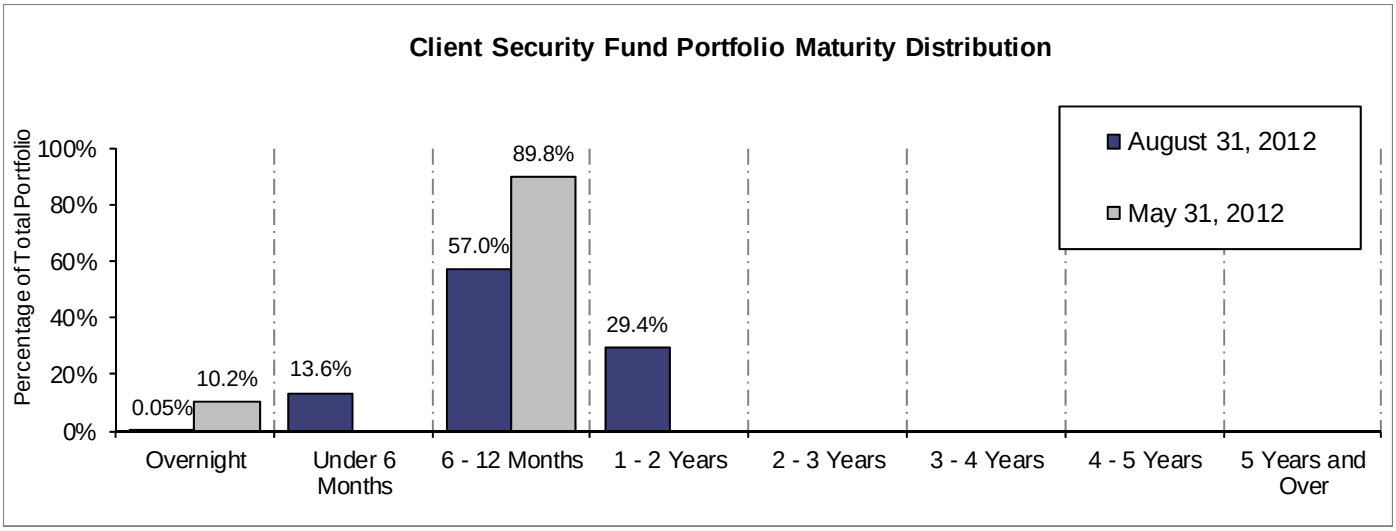
State Bar Client Security Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$3,131,690.68**	**100.0%**	$2,209,954.57	89.8%
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	**$1,546.55**	**0.0%**	$251,541.07	10.2%
Totals	**$3,133,237.23**	**100.0%**	**$2,461,495.64**	**100.0%**







Notes:

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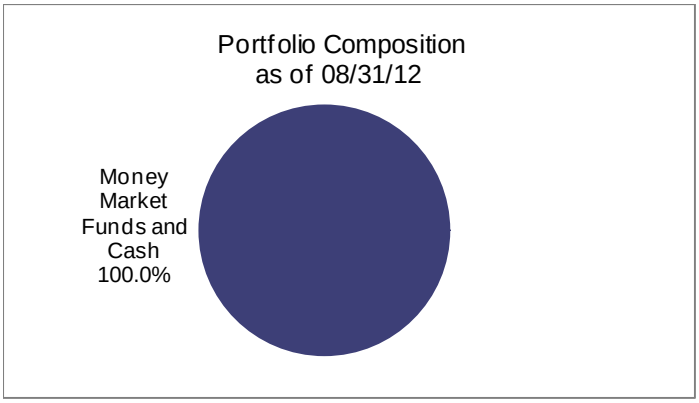
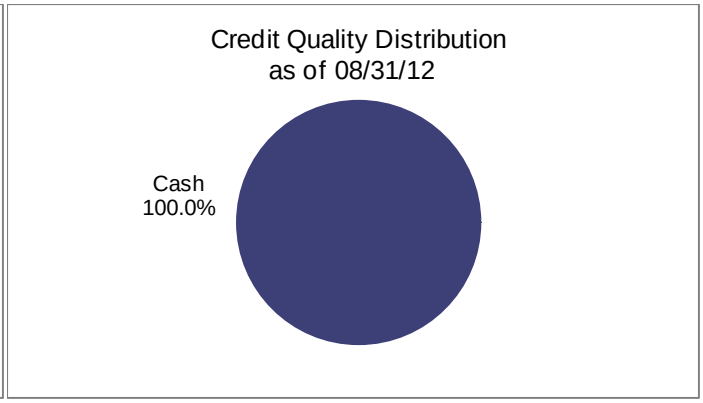
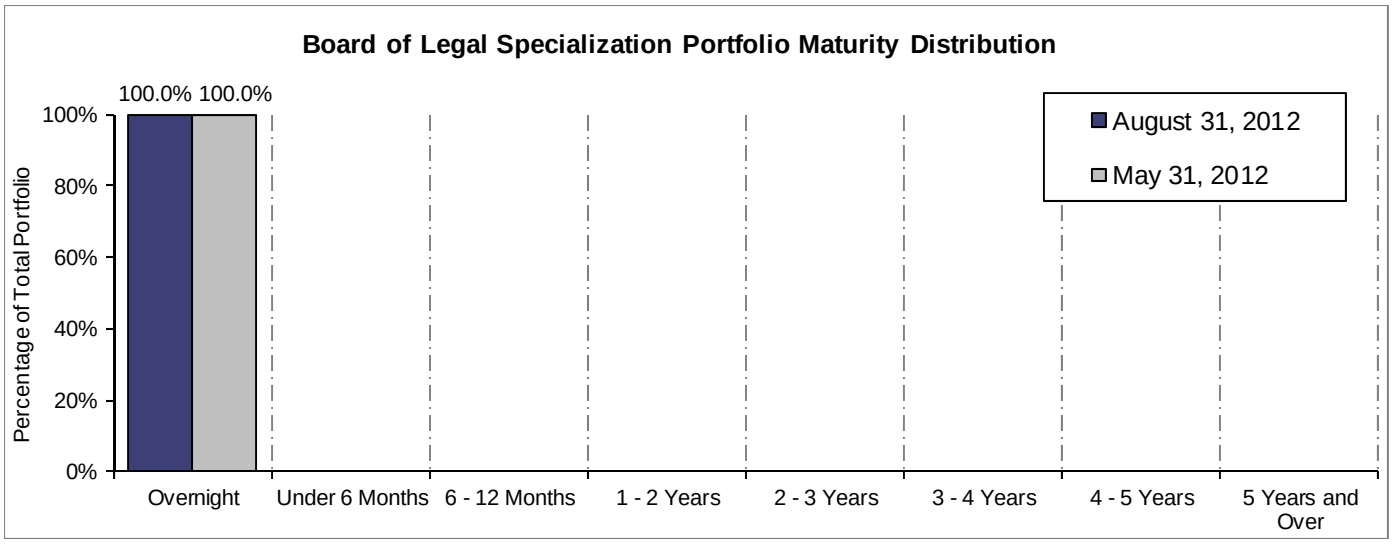
State Bar Board of Legal Specialization Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$835,944.88**	**100.0%**	$1,138,069.80	100.0%
Totals	**$835,944.88**	**100.0%**	**$1,138,069.80**	**100.0%**







Notes:

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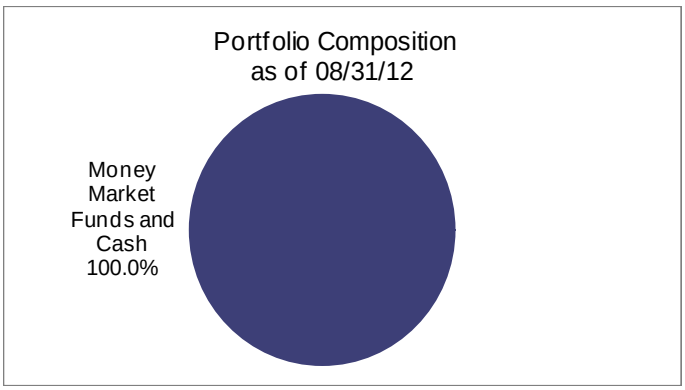
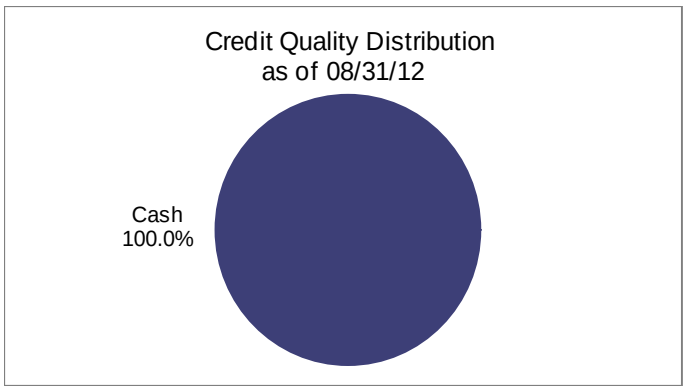
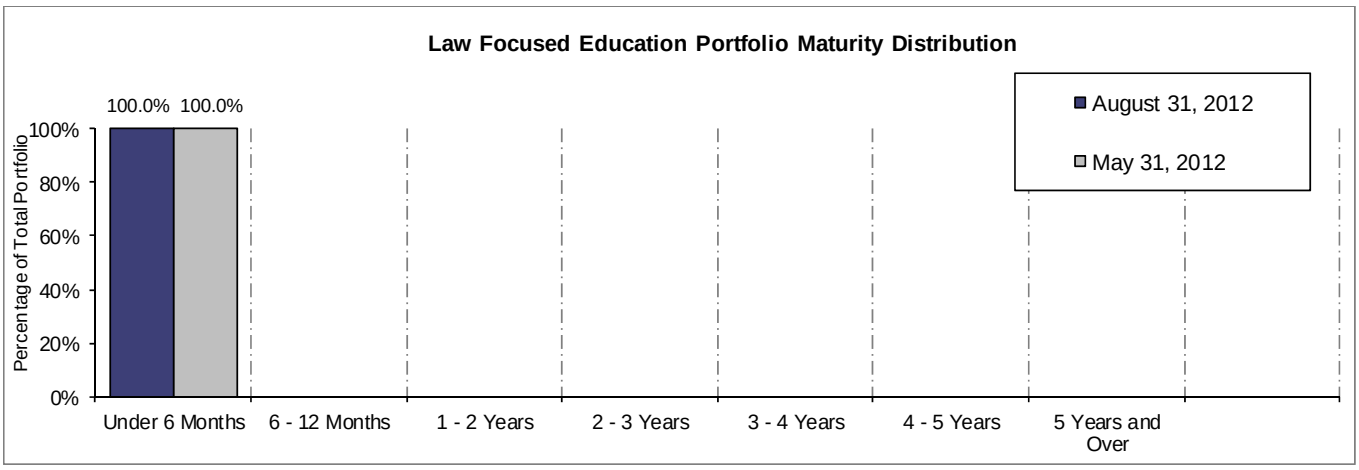
State Bar Law Focused Education Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$80,667.95**	**100.0%**	$215,605.65	100.0%
Totals	**$80,667.95**	**100.0%**	**$215,605.65**	**100.0%**







Notes:

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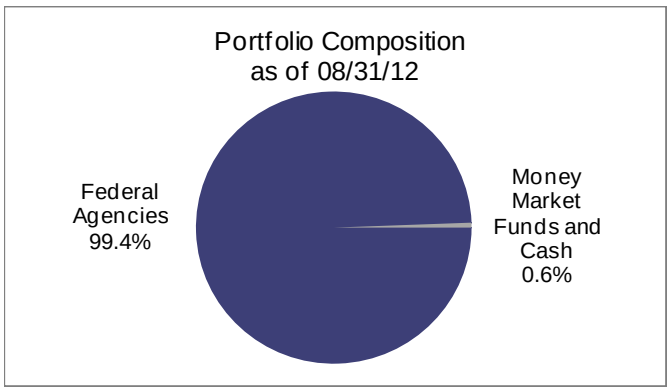
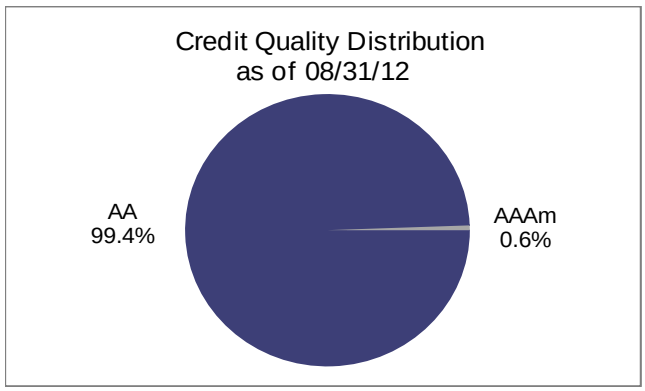
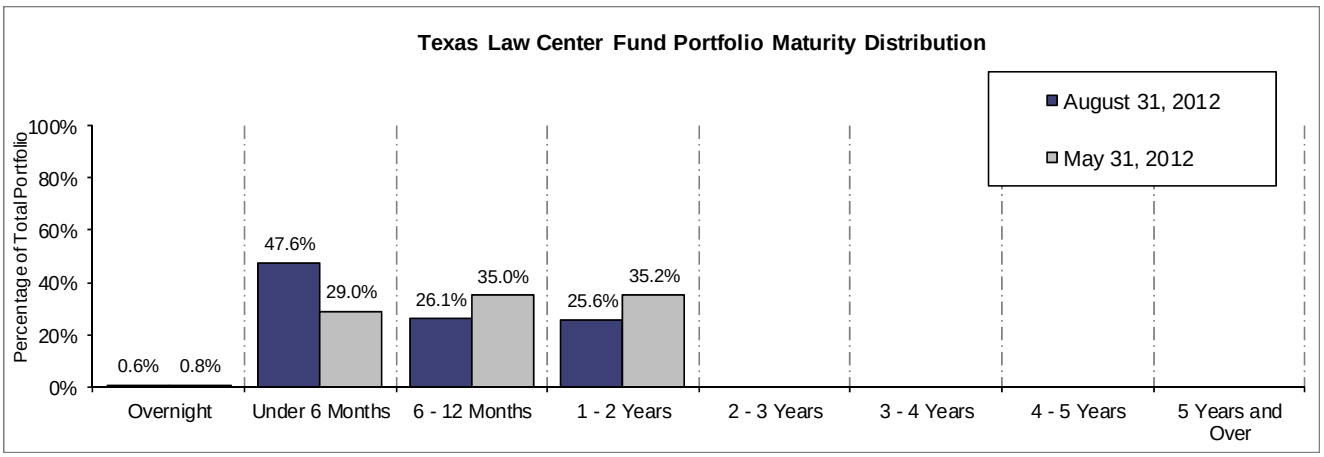
State Bar Texas Law Center Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$1,905,314.10**	**99.4%**	$1,415,035.92	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	**$11,017.41**	**0.6%**	$11,011.69	0.8%
Totals	**$1,916,331.51**	**100.0%**	**$1,426,047.61**	**100.0%**







Notes:

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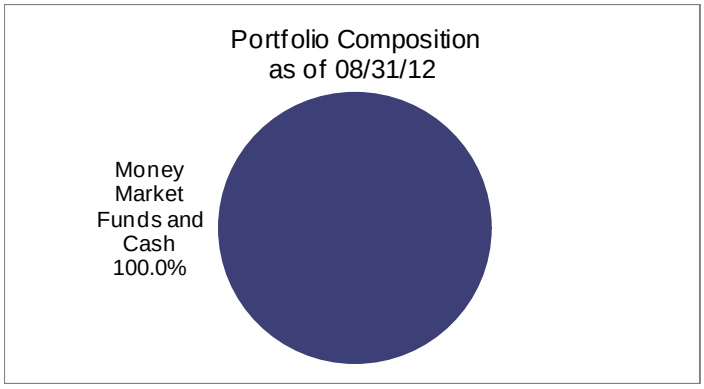
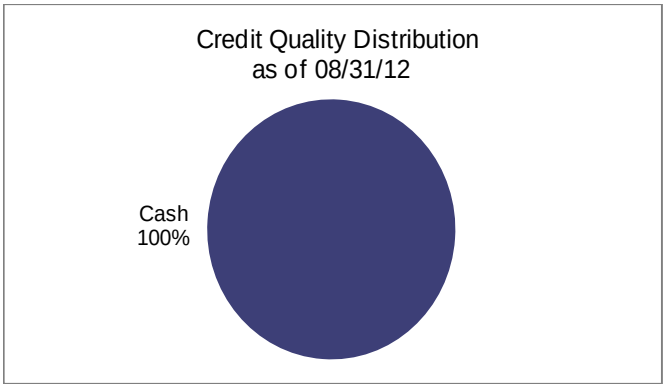
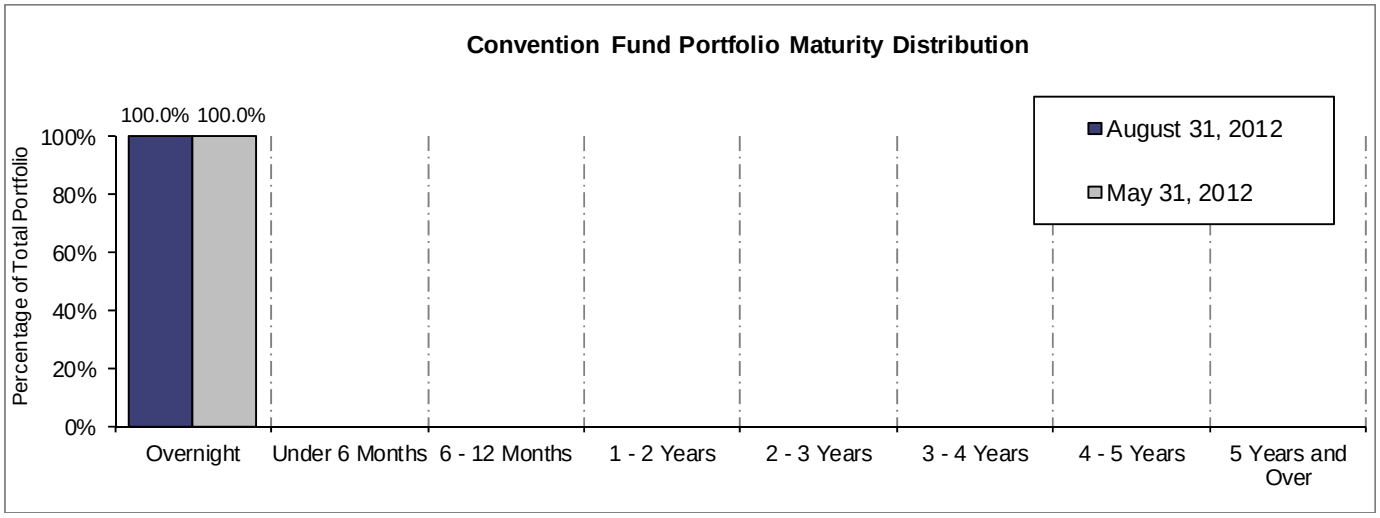
State Bar Convention Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$431,442.16**	**100.0%**	$470,240.84	100.0%
Totals	**$431,442.16**	**100.0%**	**$470,240.84**	**100.0%**







Notes:

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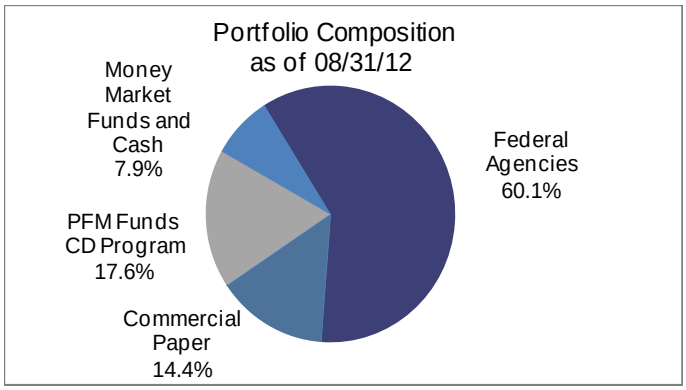
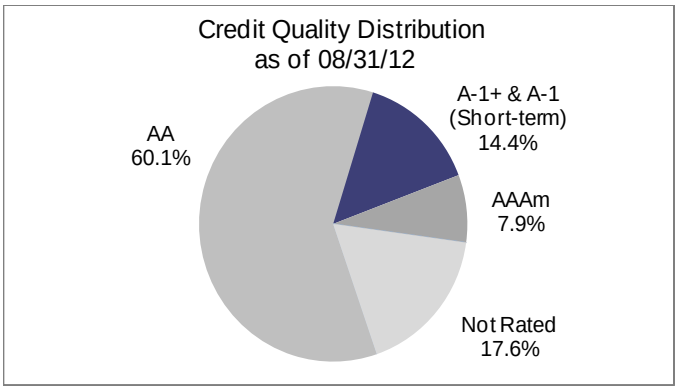
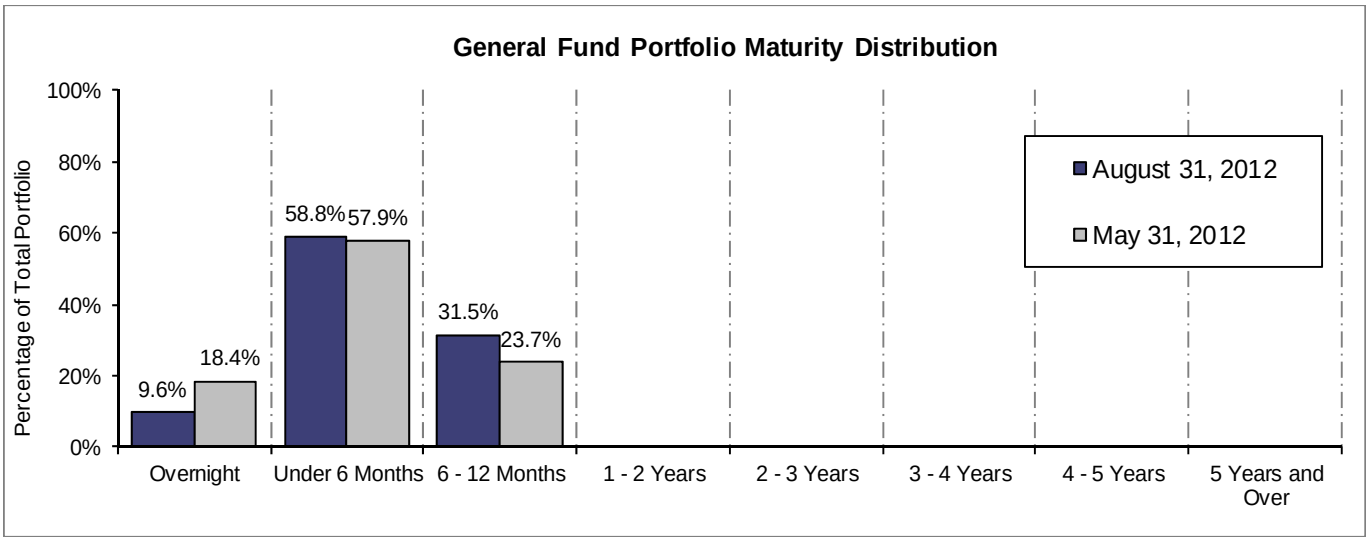
State Bar General Fund Portfolio Composition, Credit Quality and Maturity Characteristics

Security Type	August 31, 2012	% of Portfolio	May 31, 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	**$16,974,197.61**	**60.1%**	$14,771,315.67	62.8%
Commercial Paper	**$4,077,886.68**	**14.4%**	$2,785,601.10	11.8%
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	**$4,960,000.00**	**17.6%**	$1,984,000.00	8.4%
Money Market Funds and Cash	**$2,241,533.05**	**7.9%**	$3,970,880.48	16.9%
Totals	**$28,253,617.34**	**100.0%**	**$23,511,797.25**	**100.0%**







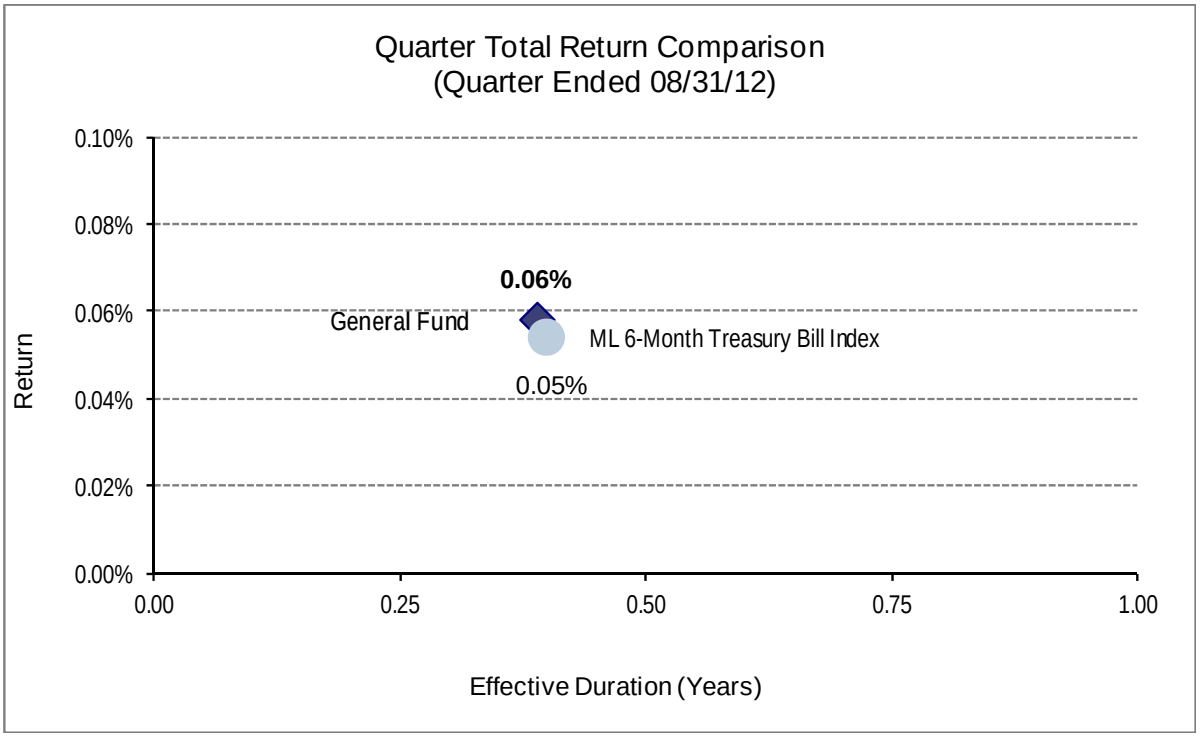
Notes:

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	August 31, 2012	Last 6 Months	Annualized Since Inception
State Bar of Texas General Fund	**0.06%**	**0.09%**	**2.11%**
Merrill Lynch 6-Month Treasury Bill Index	0.05%	0.11%	2.14%

Duration	August 31, 2012	May 31, 2012	Yields	August 31, 2012
State Bar of Texas General Fund	**0.39**	0.36	Yield at Market	**0.21%**
Merrill Lynch 6-Month Treasury Bill Index	0.40	0.40	Yield on Cost	**0.34%**



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 **August 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Transaction Summary - Managed Account	
Opening Market Value	**$25,857,246.08**
Maturities/Calls	(4,885,000.00)
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	(23,952.82)
Closing Market Value	**$20,948,293.26**

Cash Transactions Summary - Managed Account	
Maturities/Calls	4,885,000.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	42,743.75
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(4,927,743.75)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	42,743.75
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	(75,473.25)
Total Cash Basis Earnings	**($32,729.50)**

Cash Balance	
Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)	Total
Ending Amortized Value of Securities	20,940,280.19
Ending Accrued Interest	103,791.03
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	4,885,000.00
Plus Coupons/Dividends Received	42,743.75
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(25,846,321.63)
Less Beginning Accrued Interest	(118,683.97)
Total Accrual Basis Earnings	**$6,809.37**

Portfolio Summary and Statistics

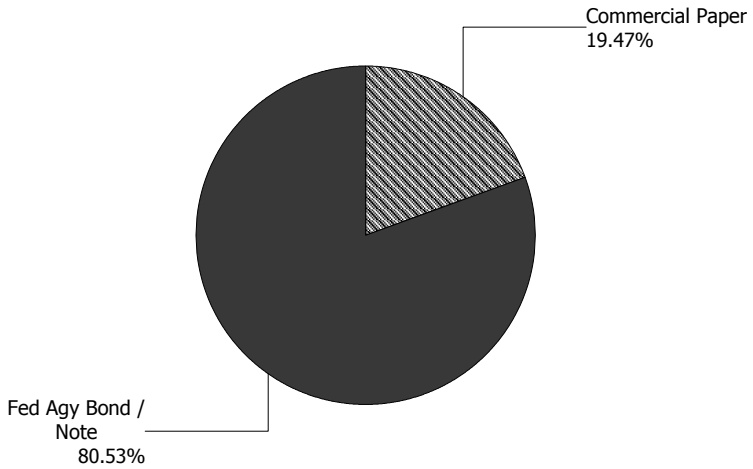
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

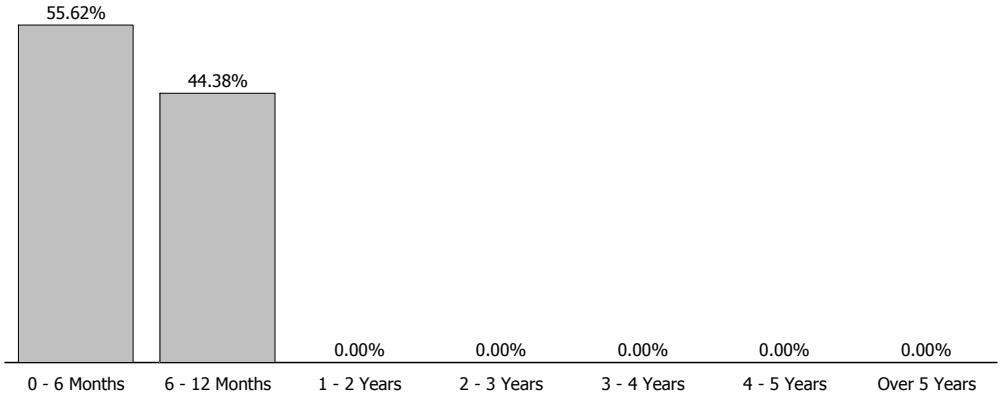
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	16,789,000.00	16,870,406.58	80.53
Commercial Paper	4,080,000.00	4,077,886.68	19.47
Managed Account Sub-Total	**20,869,000.00**	**20,948,293.26**	**100.00%**
Accrued Interest		103,791.03	
Total Portfolio	**20,869,000.00**	**21,052,084.29**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.34%
Yield to Maturity at Market	0.21%
Duration to Worst	0.39
Weighted Average Days to Maturity	144

Managed Account Issuer Summary

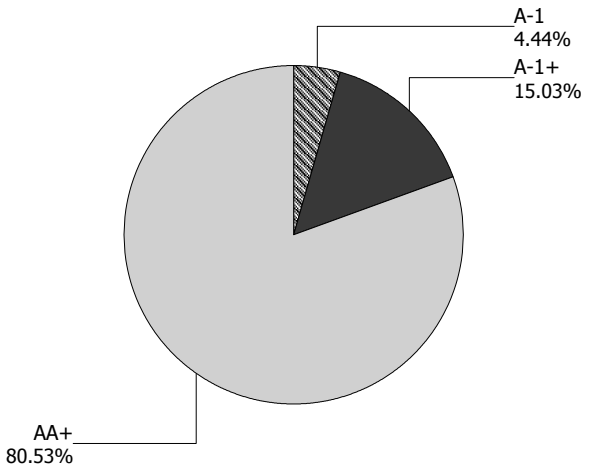
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS GENERAL FUND - 81125010

Issuer Summary

Issuer	Market Value of Holdings	Percent
FANNIE MAE	4,857,881.52	23.19
FEDERAL HOME LOAN BANKS	8,815,275.78	42.08
FREDDIE MAC	3,197,249.28	15.26
GENERAL ELECTRIC CO	929,654.97	4.44
MITSUBISHI UFJ FINANCIAL GROUP INC	929,722.86	4.44
TOYOTA MOTOR CORP	1,288,943.16	6.15
US BANCORP	929,565.69	4.44
Total	**$20,948,293.26**	**100.00%**

Credit Quality (S&P Ratings)



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											
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	51,173.70	2,837,640.18	2,837,833.98
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	3,028.59	3,194,478.16	3,197,249.28
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	1,243.59	1,894,817.47	1,896,828.68
FHLB NOTES DTD 03/01/2012 0.200% 03/01/2013	313378CM1	2,000,000.00	AA+	Aaa	06/07/12	06/08/12	1,999,820.00	0.21	2,000.00	1,999,876.96	2,000,204.00
FNMA GLOBAL BENCHMARK NOTES DTD 03/28/2003 4.375% 03/15/2013	31359MRG0	959,000.00	AA+	Aaa	06/27/12	06/29/12	987,277.07	0.22	19,346.49	980,434.16	980,255.28
FHLB GLOBAL BONDS DTD 02/19/2010 1.625% 03/20/2013	3133XX7F8	2,955,000.00	AA+	Aaa	06/26/12	06/27/12	2,984,845.50	0.24	21,475.05	2,977,588.97	2,977,930.80
FNMA GLOBAL NOTES DTD 05/21/2010 1.500% 06/26/2013	31398AT44	1,960,000.00	AA+	Aaa	06/07/12	06/08/12	1,985,538.80	0.26	5,308.33	1,979,935.83	1,980,797.56
FEDERAL HOME LOAN BANK BONDS DTD 06/29/2012 0.125% 06/28/2013	313379W39	1,000,000.00	AA+	Aaa	07/10/12	07/11/12	998,764.00	0.25	215.28	998,941.99	999,307.00
Security Type Sub-Total		**16,789,000.00**					**17,039,117.65**	**0.34**	**103,791.03**	**16,863,713.72**	**16,870,406.58**
Commercial Paper											
BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 10/11/2012	06538BKB8	930,000.00	A-1	P-1	06/11/12	06/11/12	928,644.78	0.43	0.00	929,555.66	929,722.86
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	929,326.52	929,613.12
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	929,346.94	929,654.97
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	929,387.75	929,565.69

Managed Account Detail of Securities Held

For the Month Ending **August 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
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 03/22/2013	89233GQN9	360,000.00	A-1+	P-1	06/25/12	06/25/12	358,596.00	0.52	0.00	358,949.60	359,330.04
Security Type Sub-Total		**4,080,000.00**					**4,072,774.20**	**0.36**	**0.00**	**4,076,566.47**	**4,077,886.68**
Managed Account Sub-Total		**20,869,000.00**					**21,111,891.85**	**0.34**	**103,791.03**	**20,940,280.19**	**20,948,293.26**
Securities Sub-Total		**$20,869,000.00**					**$21,111,891.85**	**0.34%**	**$103,791.03**	**$20,940,280.19**	**$20,948,293.26**
Accrued Interest											**$103,791.03**
Total Investments											**$21,052,084.29**

Managed Account Fair Market Value & Analytics

For the Month Ending **August 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	Effective Duration	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note											
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	2,825,000.00	DEUTSCHE		100.45	2,837,833.98	(159,180.27)	193.80	0.11	0.11	0.41
FHLMC NOTES DTD 10/22/2010 0.375% 11/30/2012	3137EACP2	3,195,000.00	MERRILL		100.07	3,197,249.28	5,508.18	2,771.12	0.25	0.25	0.09
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	1,895,000.00	DEUTSCHE		100.10	1,896,828.68	2,711.75	2,011.21	0.33	0.33	0.08
FHLB NOTES DTD 03/01/2012 0.200% 03/01/2013	313378CM1	2,000,000.00	BARCLAYS		100.01	2,000,204.00	384.00	327.04	0.50	0.50	0.18
FNMA GLOBAL BENCHMARK NOTES DTD 03/28/2003 4.375% 03/15/2013	31359MRG0	959,000.00	NOMURA		102.22	980,255.28	(7,021.79)	(178.88)	0.53	0.53	0.26
FHLB GLOBAL BONDS DTD 02/19/2010 1.625% 03/20/2013	3133XX7F8	2,955,000.00	GOLDMAN		100.78	2,977,930.80	(6,914.70)	341.83	0.55	0.55	0.22
FNMA GLOBAL NOTES DTD 05/21/2010 1.500% 06/26/2013	31398AT44	1,960,000.00	MORGANST		101.06	1,980,797.56	(4,741.24)	861.73	0.81	0.81	0.20
FEDERAL HOME LOAN BANK BONDS DTD 06/29/2012 0.125% 06/28/2013	313379W39	1,000,000.00	CSFB		99.93	999,307.00	543.00	365.01	0.82	0.82	0.21
Security Type Sub-Total		**16,789,000.00**				**16,870,406.58**	**(168,711.07)**	**6,692.86**	**0.43**	**0.43**	**0.21**
Commercial Paper											
BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 10/11/2012	06538BKB8	930,000.00	BTM_DIR		99.97	929,722.86	1,078.08	167.20	0.11	0.11	0.26
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 11/19/2012	89233GLK0	930,000.00	TOYOTA		99.96	929,613.12	1,164.67	286.60	0.22	0.22	0.19
GENERAL ELEC CAP CORP COMM PAPER -- 0.000% 11/19/2012	36959HLK1	930,000.00	GECC		99.96	929,654.97	1,159.50	308.03	0.22	0.22	0.17
US BANK NA COMM PAPER -- 0.000% 11/19/2012	9033E0LK0	930,000.00	US BANK		99.95	929,565.69	976.19	177.94	0.22	0.22	0.21
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 03/22/2013	89233GQN9	360,000.00	TOYOTA		99.81	359,330.04	734.04	380.44	0.56	0.56	0.33
Security Type Sub-Total		**4,080,000.00**				**4,077,886.68**	**5,112.48**	**1,320.21**	**0.22**	**0.22**	**0.22**

Managed Account Fair Market Value & Analytics

For the Month Ending **August 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	Effective Duration	Duration to Worst	YTM at Mkt
Managed Account Sub-Total		**20,869,000.00**				**20,948,293.26**	**(163,598.59)**	**8,013.07**	**0.39**	**0.39**	**0.21**
Securities Sub-Total		**$20,869,000.00**				**$20,948,293.26**	**($163,598.59)**	**$8,013.07**	**0.39**	**0.39**	**0.21%**
Accrued Interest						**$103,791.03**					
Total Investments						**$21,052,084.29**					

Managed Account Security Transactions & Interest

For the Month Ending **August 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
INTEREST										
08/22/12	08/22/12	FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	4,885,000.00	0.00	42,743.75	42,743.75			
Transaction Type Sub-Total				**4,885,000.00**	**0.00**	**42,743.75**	**42,743.75**			
MATURITY										
08/22/12	08/22/12	FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	4,885,000.00	4,885,000.00	0.00	4,885,000.00	(75,473.25)	0.00	
Transaction Type Sub-Total				**4,885,000.00**	**4,885,000.00**	**0.00**	**4,885,000.00**	**(75,473.25)**	**0.00**	
Managed Account Sub-Total					**4,885,000.00**	**42,743.75**	**4,927,743.75**	**(75,473.25)**	**0.00**	
Total Security Transactions					**$4,885,000.00**	**$42,743.75**	**$4,927,743.75**	**($75,473.25)**	**$0.00**	

PFM Funds

Account Statement - Transaction Summary

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

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

PFM Funds - Prime, Institutional Class

Opening Market Value	3,733,899.32
Purchases	1,000,476.26
Redemptions	(2,493,488.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$2,240,887.58**
Cash Dividends and Income	476.26

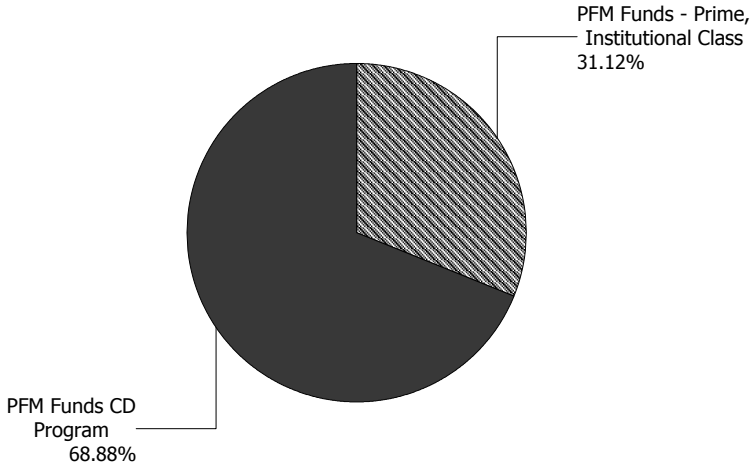
PFM Funds CD Program

Opening Market Value	3,968,000.00
Purchases	992,000.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$4,960,000.00**
Cash Dividends and Income	0.00

Asset Summary

	August 31, 2012	July 31, 2012
PFM Funds - Prime, Institutional Class	2,240,887.58	3,733,899.32
PFM Funds CD Program	4,960,000.00	3,968,000.00
Total	**$7,200,887.58**	**$7,701,899.32**

Asset Allocation



PFM Funds

Investment Holdings

For the Month Ending **August 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	330.21	249,116.00
05/16/12	05/16/12	CD - Tristate Capital Bank, PA	05/16/13	0.55	248,000.00	403.59	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	403.59	249,364.00
05/16/12	05/16/12	CD - First Commons Bank, Na, MA	05/16/13	0.55	248,000.00	403.59	249,364.00
05/16/12	05/16/12	CD - Onewest Bank, Fsb, CA	05/16/13	0.60	248,000.00	440.28	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	513.67	249,736.00
05/16/12	05/16/12	CD - Sterling National Bank, NY	05/16/13	0.45	248,000.00	330.21	249,116.00
05/16/12	05/16/12	CD - Bank Of The West, CA	05/16/13	0.70	248,000.00	513.67	249,736.00
06/01/12	06/01/12	CD - Southside Bank, TX	06/03/13	0.43	248,000.00	268.79	249,072.24
06/01/12	06/01/12	CD - Gateway Bank Of Florida, FL	06/03/13	0.41	248,000.00	256.29	249,022.37
06/01/12	06/01/12	CD - Gbc International Bank, CA	06/03/13	0.40	248,000.00	250.04	248,997.44
06/01/12	06/01/12	CD - Bank Of China, NY	06/03/13	0.70	248,000.00	437.57	249,745.51
06/25/12	06/25/12	CD - Stearns Bank N.A., MN	06/25/13	0.46	248,000.00	212.53	249,140.80
06/25/12	06/25/12	CD - East Boston Savings Bank, MA	06/25/13	0.40	248,000.00	184.81	248,992.00
06/25/12	06/25/12	CD - Security Bank & Trust Company, TN	06/25/13	0.45	248,000.00	207.91	249,116.00
06/25/12	06/25/12	CD - Bridgewater Bank, MN	06/25/13	0.55	248,000.00	254.12	249,364.00
08/30/12	08/30/12	CD - Bankwest, Inc., SD	08/30/13	0.35	248,000.00	4.76	248,868.00
08/30/12	08/30/12	CD - Asian Pacific National Bank, CA	08/30/13	0.35	248,000.00	4.76	248,868.00
08/30/12	08/30/12	CD - The First, N.A. (Fka Fnb Damariscotta), ME	08/30/13	0.35	248,000.00	4.76	248,868.00
08/30/12	08/30/12	CD - Safra National Bank Of New York, NY	08/30/13	0.45	248,000.00	6.12	249,116.00
Total					**$4,960,000.00**	**$5,431.27**	**$4,984,454.36**

PFM Funds

Account Statement

For the Month Ending **August 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					**3,733,899.32**
08/13/12	08/13/12	Redemption - Wire Redemption	1.00	(1,500,000.00)	2,233,899.32
08/29/12	08/29/12	Purchase - Wire Purchase	1.00	1,000,000.00	3,233,899.32
08/30/12	08/30/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,985,899.32
08/30/12	08/30/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,737,899.32
08/30/12	08/30/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,489,899.32
08/30/12	08/30/12	Redemption - Fixed Rate Investment	1.00	(248,000.00)	2,241,899.32
08/31/12	08/31/12	IA_FEE CD GROUPED FEE TRANSACTION FOR: 8-30-2012	1.00	(1,488.00)	2,240,411.32
08/31/12	09/04/12	Accrual Income Div Reinvestment - Distributions	1.00	476.26	2,240,887.58
Closing Balance					**2,240,887.58**

	Month of August	Fiscal YTD January-August
Opening Balance	3,733,899.32	1,754,579.72
Purchases	1,000,476.26	16,303,756.02
Redemptions (Excl. Checks)	(2,493,488.00)	(15,817,448.16)
Check Disbursements	0.00	0.00
Closing Balance	**2,240,887.58**	**2,240,887.58**
Cash Dividends and Income	476.26	3,756.02

Closing Balance	2,240,887.58
Average Monthly Balance	2,847,286.04
Monthly Distribution Yield	0.20%

PFM Funds

Account Statement

For the Month Ending **August 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					
08/30/12	08/30/12	BOUGHT - CD - The First, N.A. (Fka Fnb Damariscotta), ME (365 basis); Exp. Inc 868.00; Days to Maturity 365; Adv. BP 15.00	08/30/13	0.3500	248,000.00
08/30/12	08/30/12	BOUGHT - CD - Bankwest, Inc., SD (365 basis); Exp. Inc 868.00; Days to Maturity 365; Adv. BP 15.00	08/30/13	0.3500	248,000.00
08/30/12	08/30/12	BOUGHT - CD - Asian Pacific National Bank, CA (365 basis); Exp. Inc 868.00; Days to Maturity 365; Adv. BP 15.00	08/30/13	0.3500	248,000.00
08/30/12	08/30/12	BOUGHT - CD - Safra National Bank Of New York, NY (365 basis); Exp. Inc 1,116.00; Days to Maturity 365; Adv. BP 15.00	08/30/13	0.4500	248,000.00

Client Security Fund

Managed Account Summary Statement

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

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Transaction Summary - Managed Account	
Opening Market Value	**$3,119,435.11**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	(1,835.79)
Closing Market Value	**$3,117,599.32**

Cash Transactions Summary - Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend 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/Dividends/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	3,115,307.02
Ending Accrued Interest	14,091.36
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(3,117,227.31)
Less Beginning Accrued Interest	(11,288.64)
Total Accrual Basis Earnings	**$882.43**

Portfolio Summary and Statistics

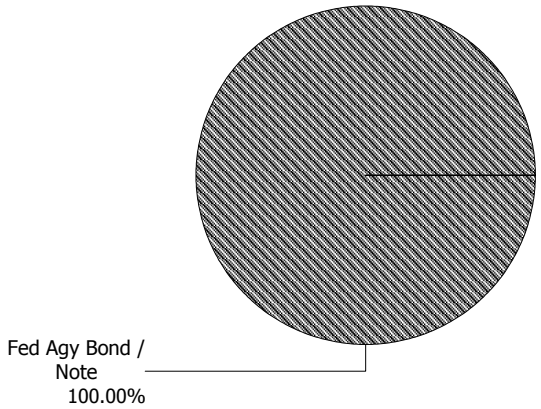
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

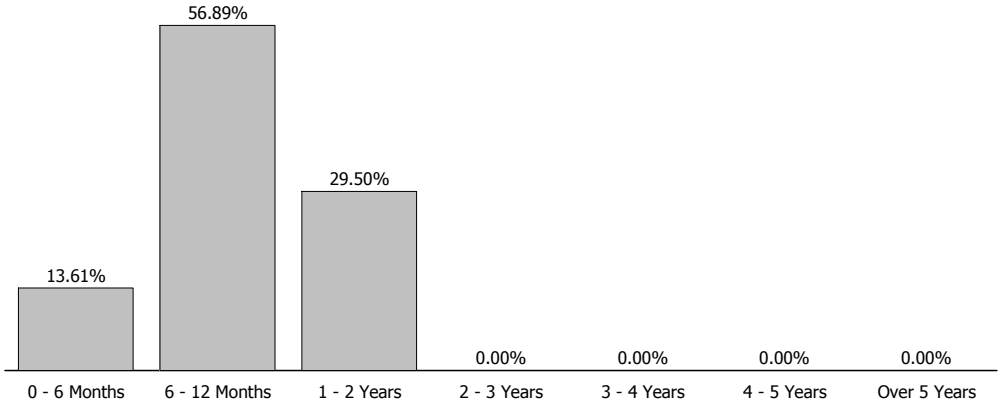
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	3,102,000.00	3,117,599.32	100.00
Managed Account Sub-Total	**3,102,000.00**	**3,117,599.32**	**100.00%**
Accrued Interest		14,091.36	
Total Portfolio	**3,102,000.00**	**3,131,690.68**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.34%
Yield to Maturity at Market	0.21%
Duration to Worst	0.71
Weighted Average Days to Maturity	260

Managed Account Issuer Summary

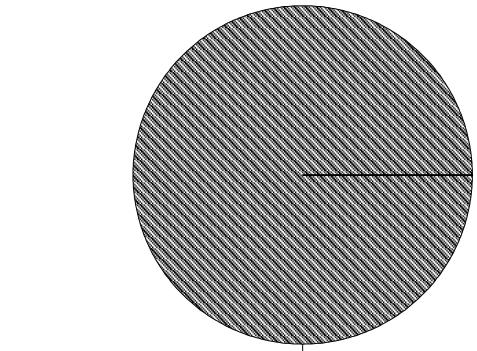
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS CLIENT SECURITY FUND - 81125011

Issuer Summary

Issuer	Market Value of Holdings	Percent
FEDERAL HOME LOAN BANKS	1,773,657.60	56.89
FREDDIE MAC	1,343,941.72	43.11
Total	**$3,117,599.32**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **August 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	401.92	423,932.11	424,298.50
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	12,790.56	1,772,534.21	1,773,657.60
FREDDIE MAC GLOBAL NOTES DTD 11/01/2011 0.375% 11/27/2013	3137EACZ0	918,000.00	AA+	Aaa	06/05/12	06/06/12	919,000.62	0.30	898.88	918,840.70	919,643.22
Security Type Sub-Total		**3,102,000.00**					**3,134,591.02**	**0.34**	**14,091.36**	**3,115,307.02**	**3,117,599.32**
Managed Account Sub-Total		**3,102,000.00**					**3,134,591.02**	**0.34**	**14,091.36**	**3,115,307.02**	**3,117,599.32**
Securities Sub-Total		**$3,102,000.00**					**$3,134,591.02**	**0.34%**	**$14,091.36**	**$3,115,307.02**	**$3,117,599.32**
Accrued Interest											**$14,091.36**
Total Investments											**$3,131,690.68**

Managed Account Fair Market Value & Analytics

For the Month Ending **August 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	Effective Duration	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		100.07	424,298.50	722.50	366.39	0.25	0.25	0.09
FHLB GLOBAL BONDS DTD 02/19/2010 1.625% 03/20/2013	3133XX7F8	1,760,000.00	UBS AG		100.78	1,773,657.60	(18,356.80)	1,123.39	0.55	0.55	0.22
FREDDIE MAC GLOBAL NOTES DTD 11/01/2011 0.375% 11/27/2013	3137EACZ0	918,000.00	CITIGRP		100.18	919,643.22	642.60	802.52	1.23	1.23	0.23
Security Type Sub-Total		**3,102,000.00**				**3,117,599.32**	**(16,991.70)**	**2,292.30**	**0.71**	**0.71**	**0.21**
Managed Account Sub-Total		**3,102,000.00**				**3,117,599.32**	**(16,991.70)**	**2,292.30**	**0.71**	**0.71**	**0.21**
Securities Sub-Total		**$3,102,000.00**				**$3,117,599.32**	**($16,991.70)**	**$2,292.30**	**0.71**	**0.71**	**0.21%**
Accrued Interest						**$14,091.36**					
Total Investments						**$3,131,690.68**					

PFM Funds

Account Statement - Transaction Summary

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

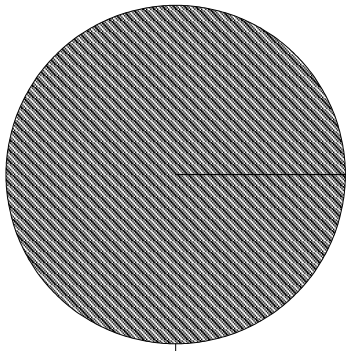
STATE BAR OF TEXAS - CLIENT SECURITY FUND - 995192

PFM Funds - Prime, Institutional Class	
Opening Market Value	1,310.62
Purchases	0.22
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$1,310.84**
Cash Dividends and Income	0.22

Asset Summary

	August 31, 2012	July 31, 2012
PFM Funds - Prime, Institutional Class	1,310.84	1,310.62
Total	**$1,310.84**	**$1,310.62**

Asset Allocation



PFM Funds

Account Statement

For the Month Ending **August 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					**1,310.62**
08/31/12	09/04/12	Accrual Income Div Reinvestment - Distributions	1.00	0.22	1,310.84
Closing Balance					**1,310.84**

	Month of August	Fiscal YTD January-August
Opening Balance	1,310.62	251,062.72
Purchases	0.22	248.12
Redemptions (Excl. Checks)	0.00	(250,000.00)
Check Disbursements	0.00	0.00
Closing Balance	**1,310.84**	**1,310.84**
Cash Dividends and Income	0.22	248.12

Closing Balance	1,310.84
Average Monthly Balance	1,310.63
Monthly Distribution Yield	0.20%

Law Center Fund

Managed Account Summary Statement

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

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Transaction Summary - Managed Account	
Opening Market Value	**$1,898,439.85**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	(1,663.76)
Closing Market Value	**$1,896,776.09**

Cash Transactions Summary - Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend 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/Dividends/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	1,895,589.77
Ending Accrued Interest	8,538.01
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(1,897,035.19)
Less Beginning Accrued Interest	(6,518.33)
Total Accrual Basis Earnings	**$574.26**

Portfolio Summary and Statistics

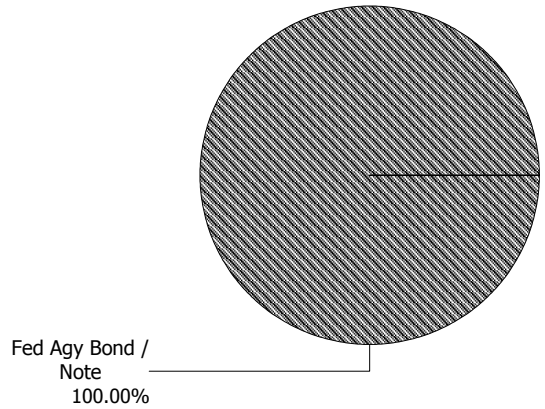
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

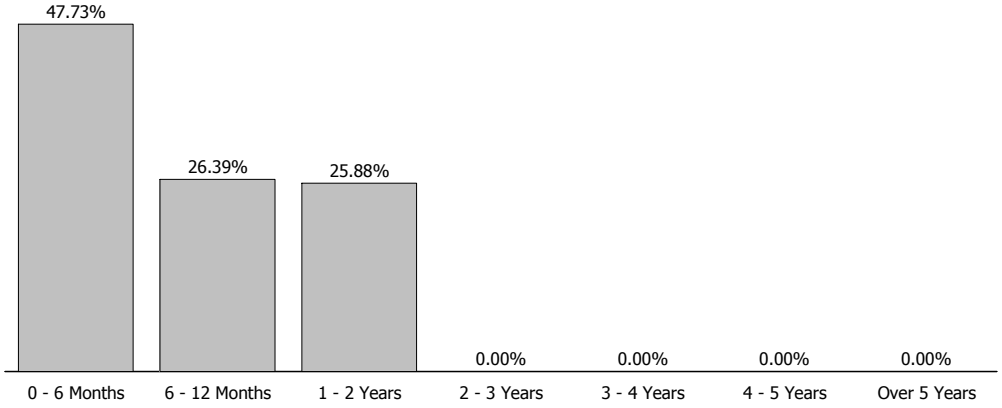
Account Summary

Description	Par Value	Market Value	Percent
Federal Agency Bond / Note	1,893,000.00	1,896,776.09	100.00
Managed Account Sub-Total	**1,893,000.00**	**1,896,776.09**	**100.00%**
Accrued Interest		8,538.01	
Total Portfolio	**1,893,000.00**	**1,905,314.10**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.36%
Yield to Maturity at Market	0.22%
Duration to Worst	0.64
Weighted Average Days to Maturity	232

Managed Account Issuer Summary

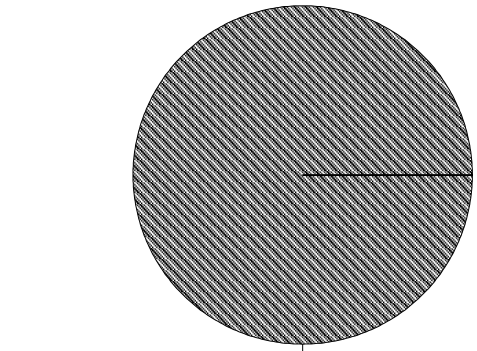
For the Month Ending **August 31, 2012**

STATE BAR OF TEXAS TEXAS LAW CENTER - 81125014

Issuer Summary

Issuer	Market Value of Holdings	Percent
FANNIE MAE	498,480.57	26.28
FEDERAL HOME LOAN BANKS	907,418.42	47.84
FREDDIE MAC	490,877.10	25.88
Total	**$1,896,776.09**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **August 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	7,336.41	406,812.13	406,839.92
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	326.81	497,913.18	498,480.57
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	395.00	500,397.31	500,578.50
FREDDIE MAC GLOBAL NOTES DTD 11/01/2011 0.375% 11/27/2013	3137EACZ0	490,000.00	AA+	Aaa	07/10/12	07/11/12	490,519.40	0.30	479.79	490,467.15	490,877.10
Security Type Sub-Total		**1,893,000.00**					**1,918,501.95**	**0.36**	**8,538.01**	**1,895,589.77**	**1,896,776.09**
Managed Account Sub-Total		**1,893,000.00**					**1,918,501.95**	**0.36**	**8,538.01**	**1,895,589.77**	**1,896,776.09**
Securities Sub-Total		**$1,893,000.00**					**$1,918,501.95**	**0.36%**	**$8,538.01**	**$1,895,589.77**	**$1,896,776.09**
Accrued Interest											**$8,538.01**
Total Investments											**$1,905,314.10**

Managed Account Fair Market Value & Analytics

For the Month Ending **August 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	Effective Duration	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		100.45	406,839.92	(22,820.53)	27.79	0.11	0.11	0.41
FNMA NOTES DTD 11/09/2010 0.375% 12/28/2012	31398A6F4	498,000.00	JPMCHASE		100.10	498,480.57	878.97	567.39	0.33	0.33	0.08
FEDERAL HOME LOAN BANK BONDS DTD 12/12/2011 0.360% 06/12/2013	313376JB2	500,000.00	MORGANST		100.12	500,578.50	(142.00)	181.19	0.78	0.78	0.21
FREDDIE MAC GLOBAL NOTES DTD 11/01/2011 0.375% 11/27/2013	3137EACZ0	490,000.00	CITIGRP		100.18	490,877.10	357.70	409.95	1.23	1.23	0.23
Security Type Sub-Total		**1,893,000.00**				**1,896,776.09**	**(21,725.86)**	**1,186.32**	**0.64**	**0.64**	**0.22**
Managed Account Sub-Total		**1,893,000.00**				**1,896,776.09**	**(21,725.86)**	**1,186.32**	**0.64**	**0.64**	**0.22**
Securities Sub-Total		**$1,893,000.00**				**$1,896,776.09**	**($21,725.86)**	**$1,186.32**	**0.64**	**0.64**	**0.22%**
Accrued Interest						**$8,538.01**					
Total Investments						**$1,905,314.10**					

PFM Funds

Account Statement - Transaction Summary

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

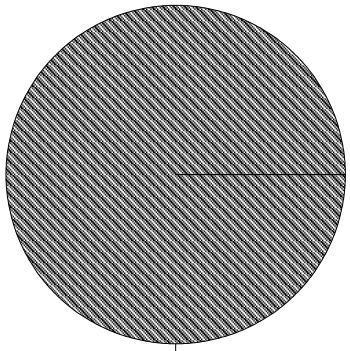
STATE BAR OF TEXAS - TEXAS LAW CENTER - 995235

PFM Funds - Prime, Institutional Class	
Opening Market Value	11,015.56
Purchases	1.85
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$11,017.41**
Cash Dividends and Income	1.85

Asset Summary

	August 31, 2012	July 31, 2012
PFM Funds - Prime, Institutional Class	11,017.41	11,015.56
Total	**$11,017.41**	**$11,015.56**

Asset Allocation



PFM Funds

Account Statement

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

STATE BAR OF TEXAS - TEXAS LAW CENTER - 995235

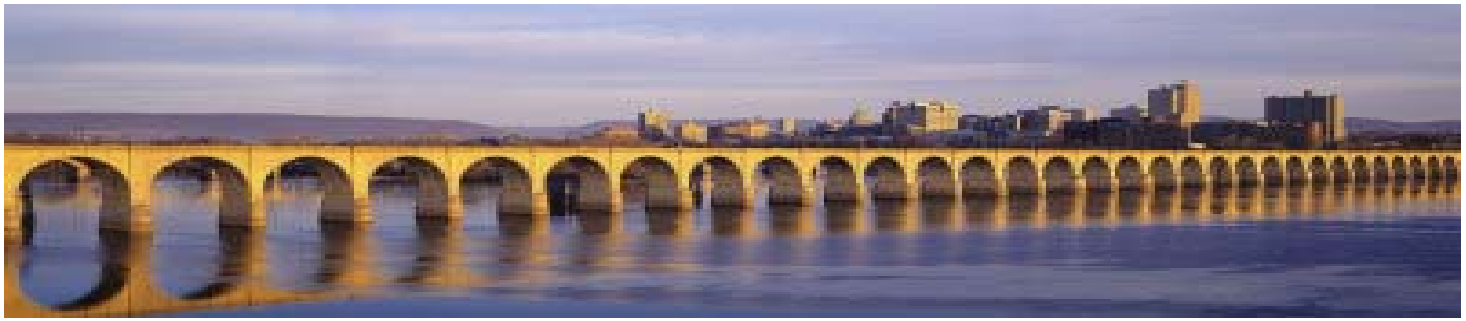
Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
PFM Funds - Prime, Institutional Class					
Opening Balance					**11,015.56**
08/31/12	09/04/12	Accrual Income Div Reinvestment - Distributions	1.00	1.85	11,017.41
Closing Balance					**11,017.41**

	Month of August	Fiscal YTD January-August
Opening Balance	11,015.56	11,001.05
Purchases	1.85	16.36
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	**11,017.41**	**11,017.41**
Cash Dividends and Income	1.85	16.36

Closing Balance	11,017.41
Average Monthly Balance	11,015.62
Monthly Distribution Yield	0.20%

Market Update

Economic & Market Update for August 15, 2012



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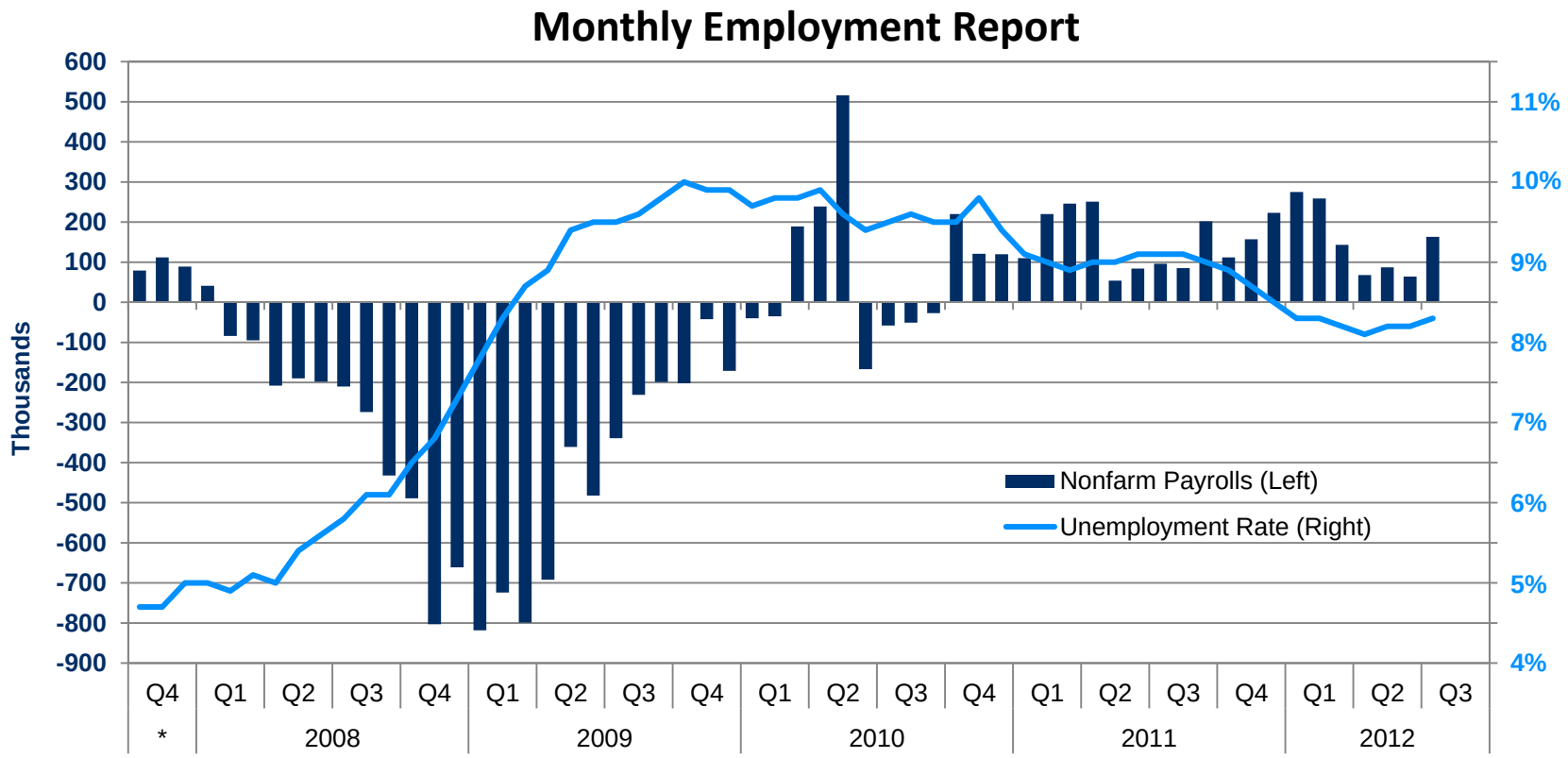
(717) 232-2723

The Best Jobs Report in 5 Months But Worries Persist

- Good news (163,000 new jobs) but a single report doesn't make a trend. Meanwhile, June's report was revised down by 16,000 jobs and the unemployment rate ticked up to 8.3% from 8.2%.



Source: Bloomberg

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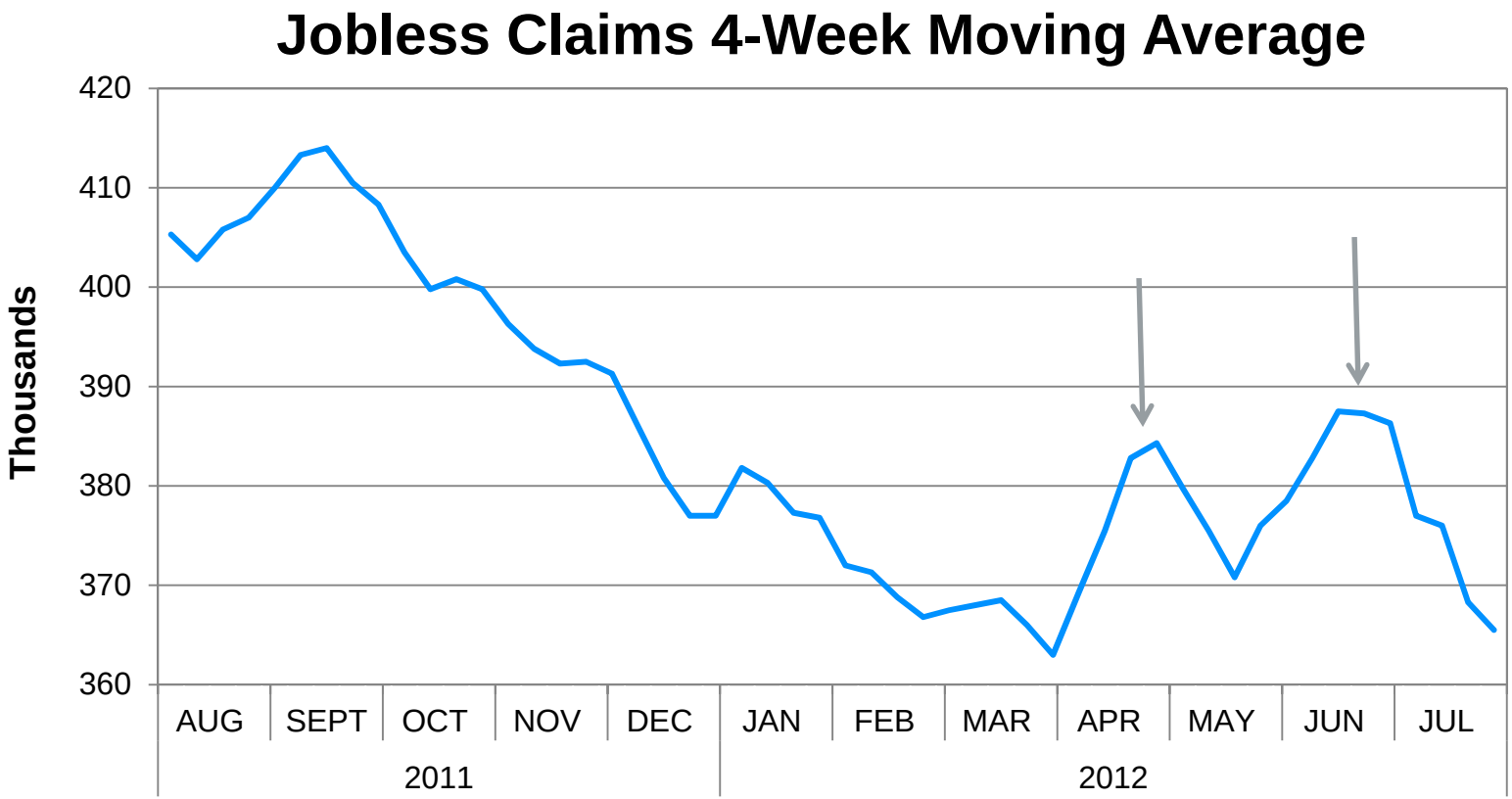
Layoffs Flaring Up Periodically from Early 2012 Lows

- Since the end of March, there have been 2 episodes of increased layoffs. It's difficult to decide if the flare-ups are real or an artifact of adjustments to data.
- Jobless Claims are considered a leading indicator of future economic activity.



Source: Bloomberg

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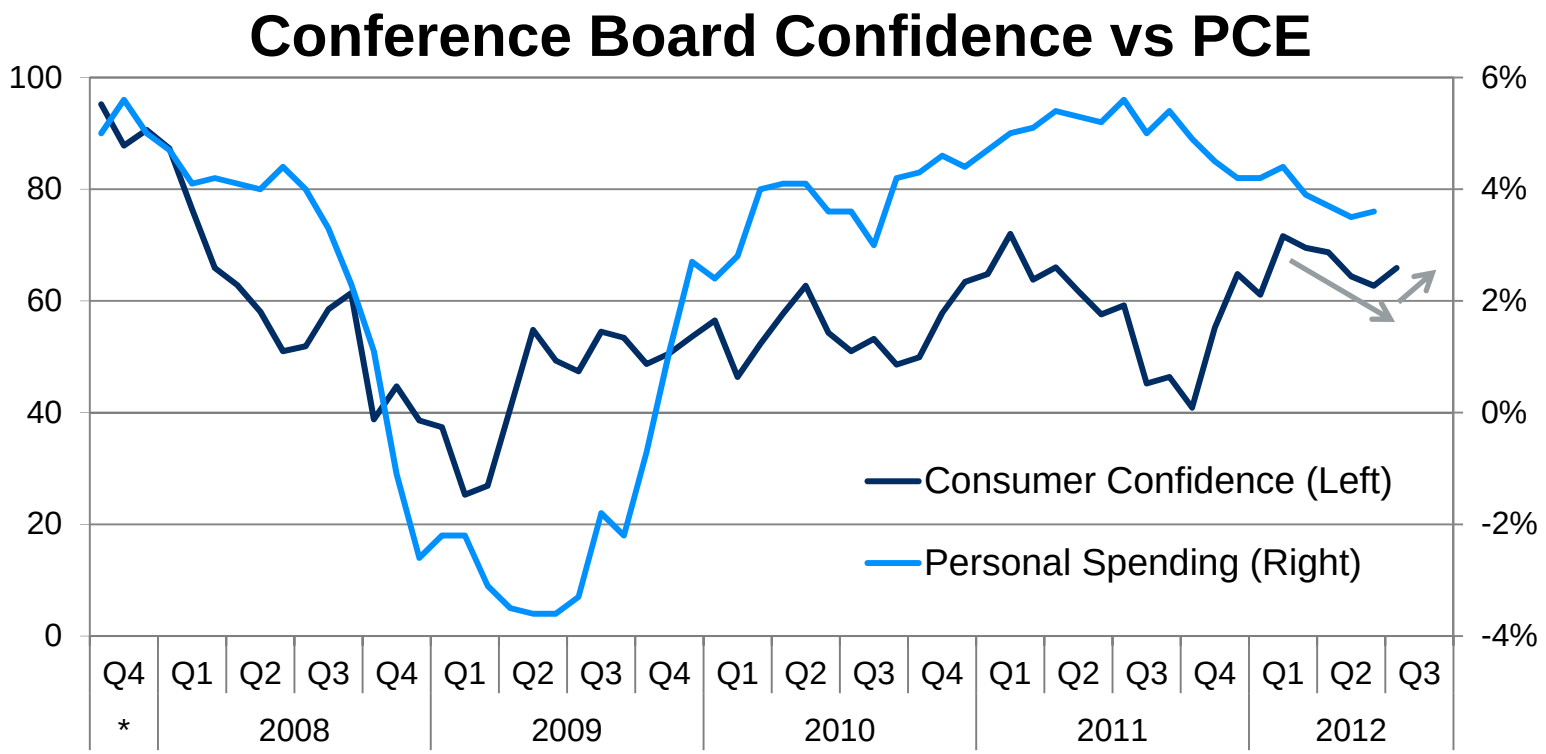
Erosion in Consumer Confidence Threatens Spending

- Consumer Confidence rebounded nicely after 4 consecutive monthly declines.
- The Personal Consumption Expenditure (PCE) ticked up in May to 3.6% YoY. Meanwhile the savings rate jumped up to 4.4% reflecting worries about the future.



Source: Bloomberg

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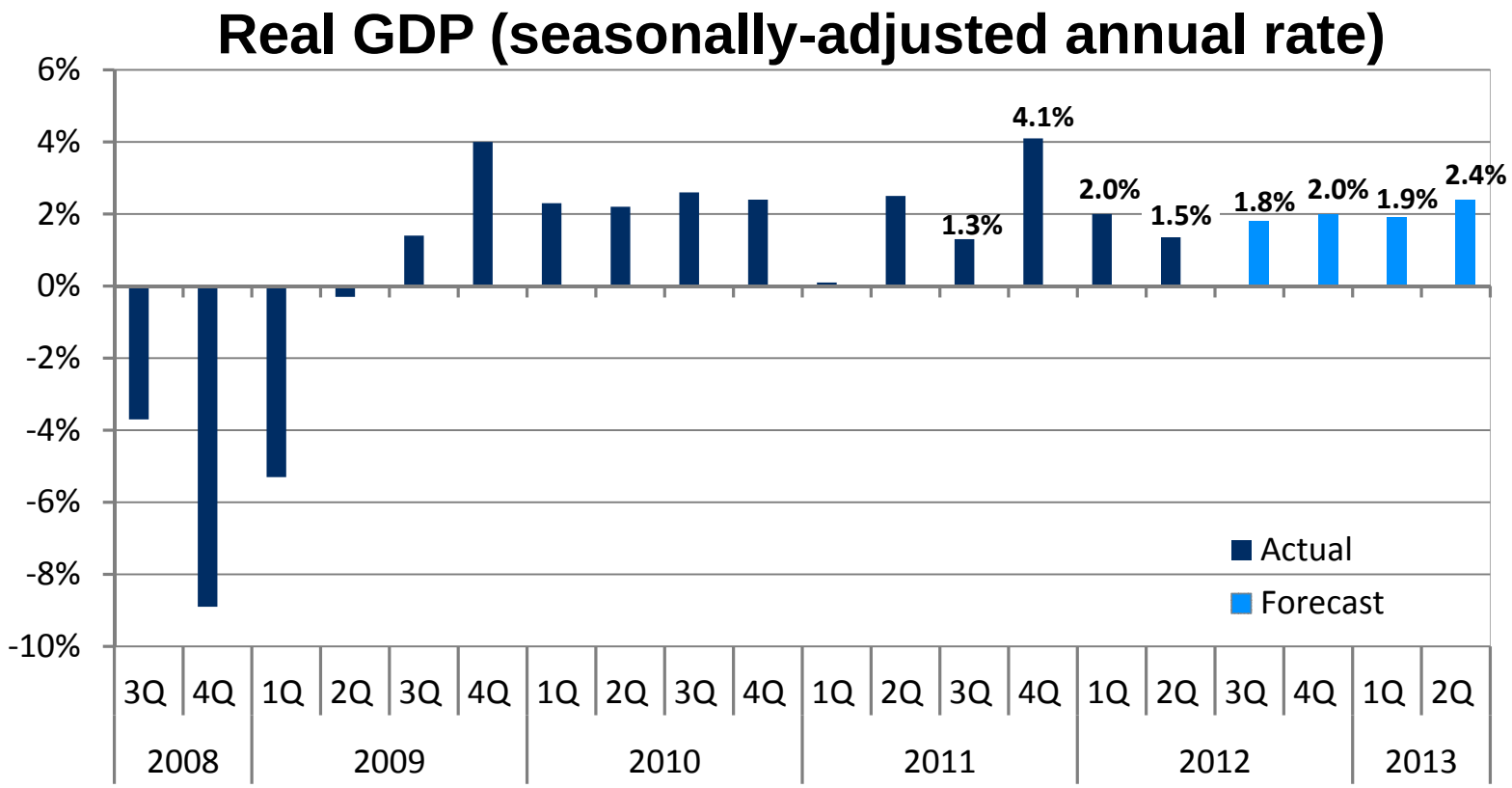
Moderate Economic Growth Expected to Continue

- Consensus forecasts for Q3 GDP have declined from 2.2 to 1.8 since July mainly due to businesses cutting inventories in response in to slower sales.



Source: Bloomberg

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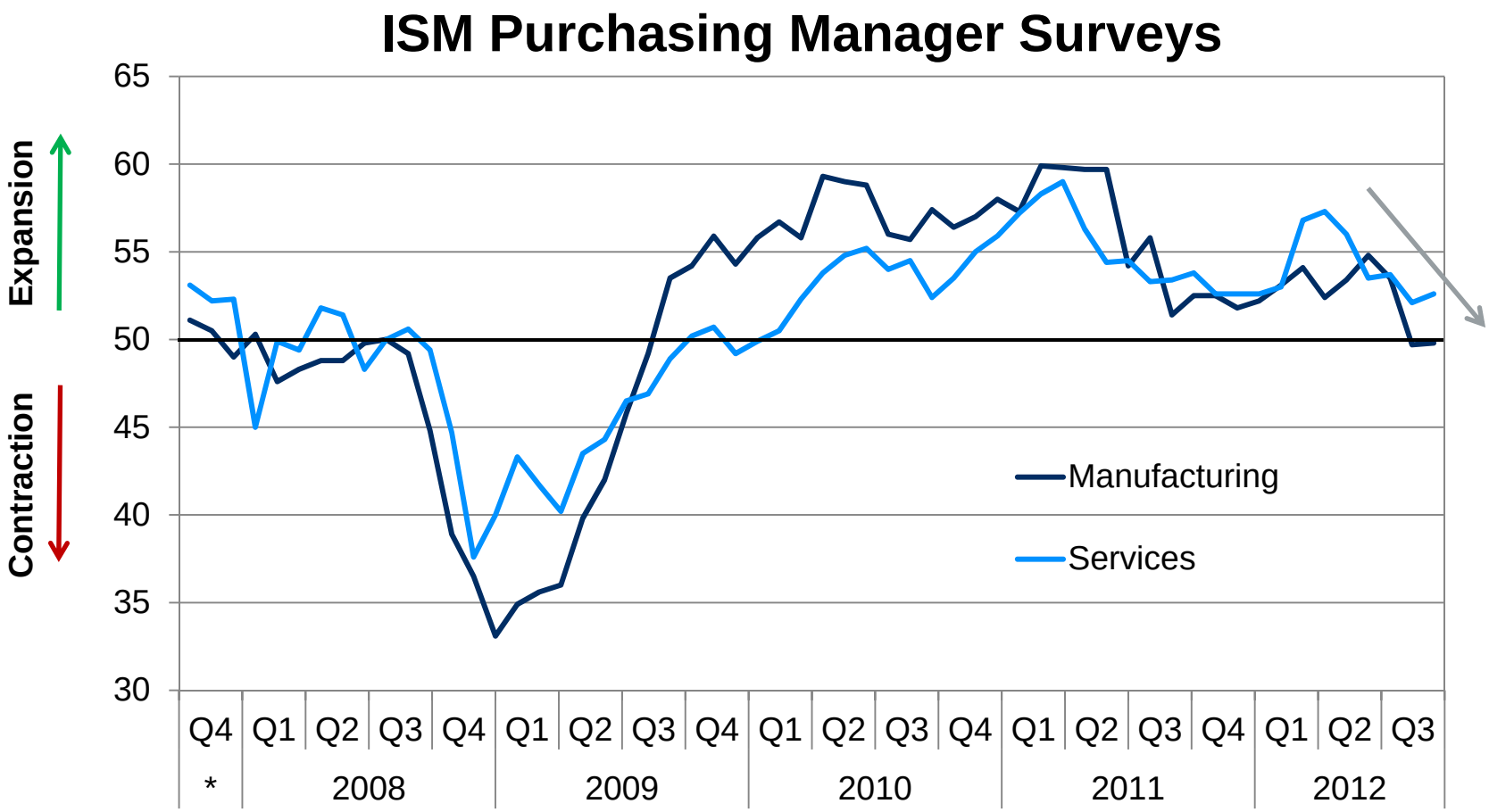
Manufacturing Activity Indicating Slow Growth

- July's Manufacturing ISM at 49.8 is consistent with GDP growth of 1.5%



Source: Bloomberg

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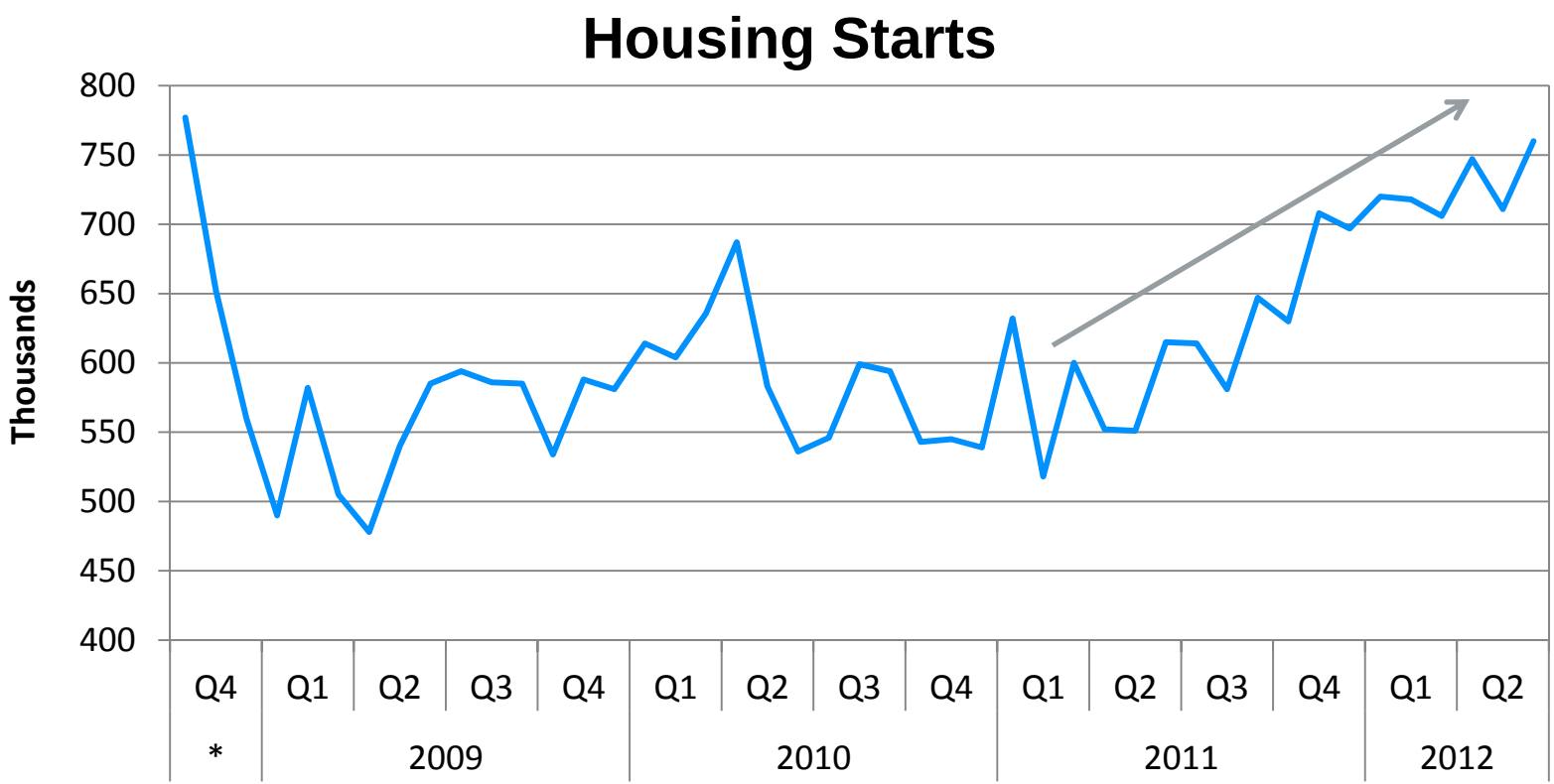
Home Builders Ramping Up Construction

- National Association of Home Builder confidence index at a 5 year high
- Since the housing market peaked in 2006, falling home prices combined with low mortgage rates have greatly increased buyer affordability.



Source: Bloomberg

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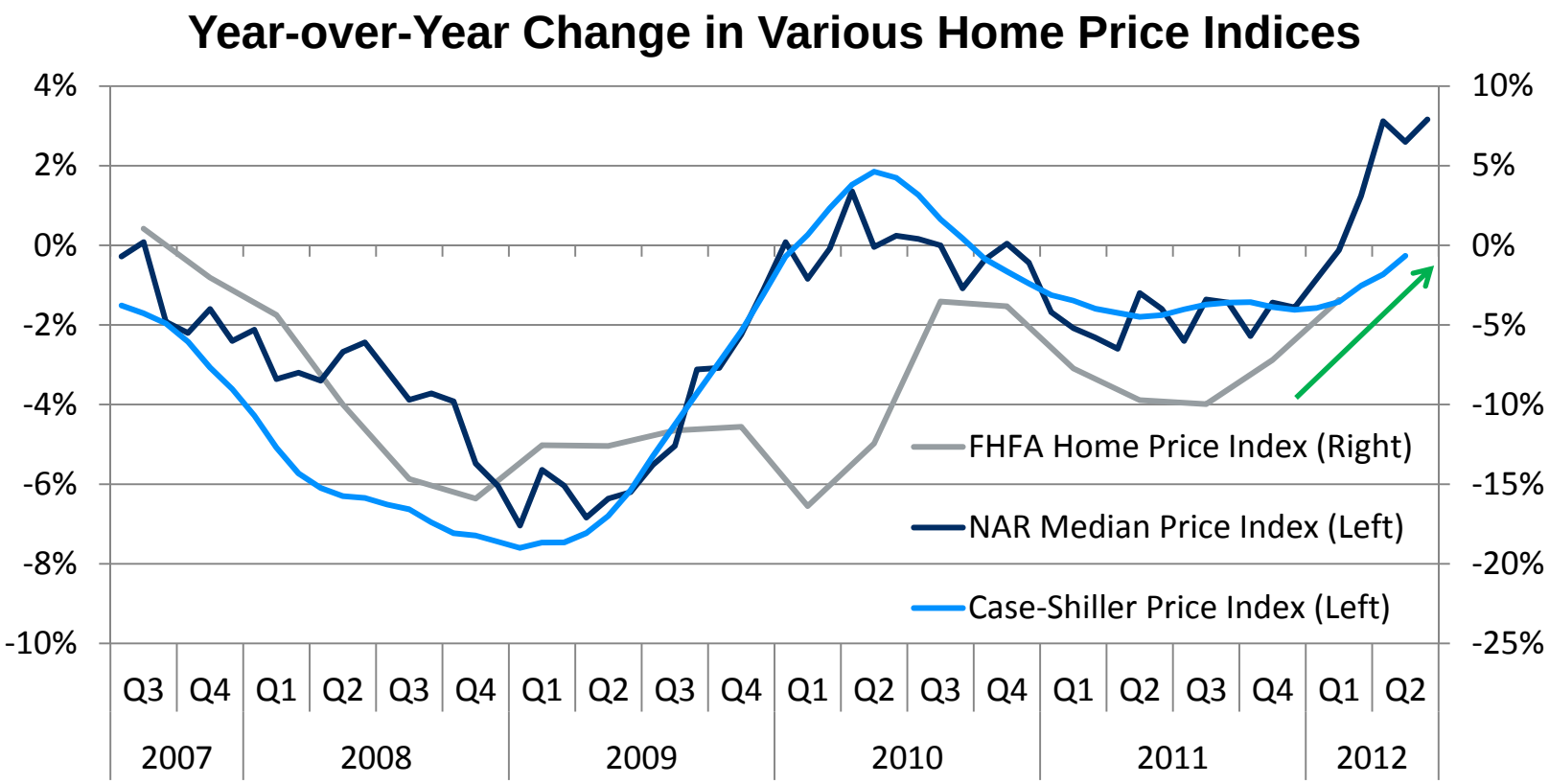
Higher Home Values and Home Equity on the Horizon

- A confusing variety of home price measurements are saying the same thing: housing prices have bottom, and are rising or soon will rise.



Source: Bloomberg

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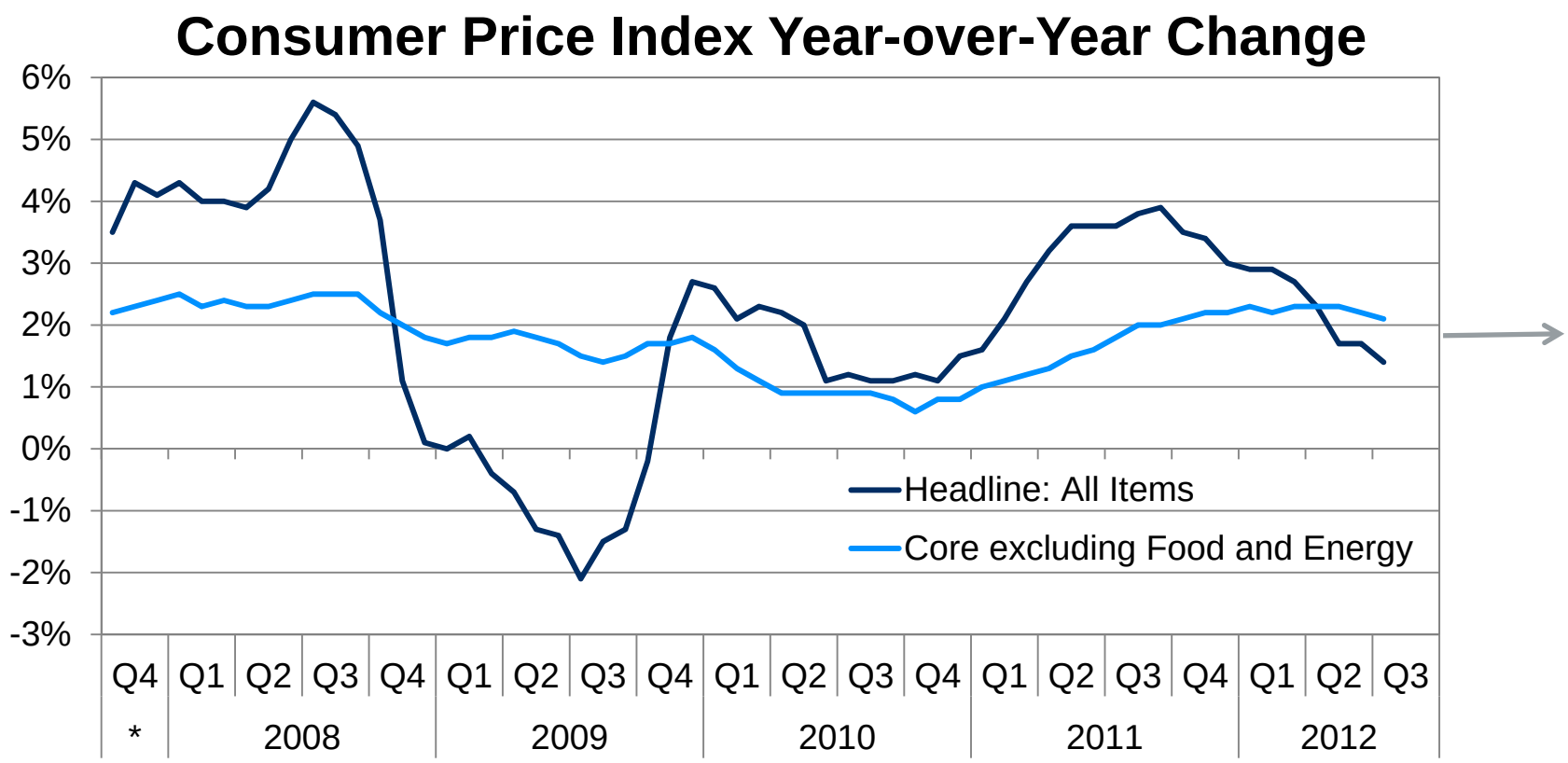
Core Inflation Not Too Hot, Not Too Cold – Just Right

- Deflation is just as undesirable as high inflation.
- The Fed's target is 2% which is where we are now, and seems to be stable.



Source: Bloomberg

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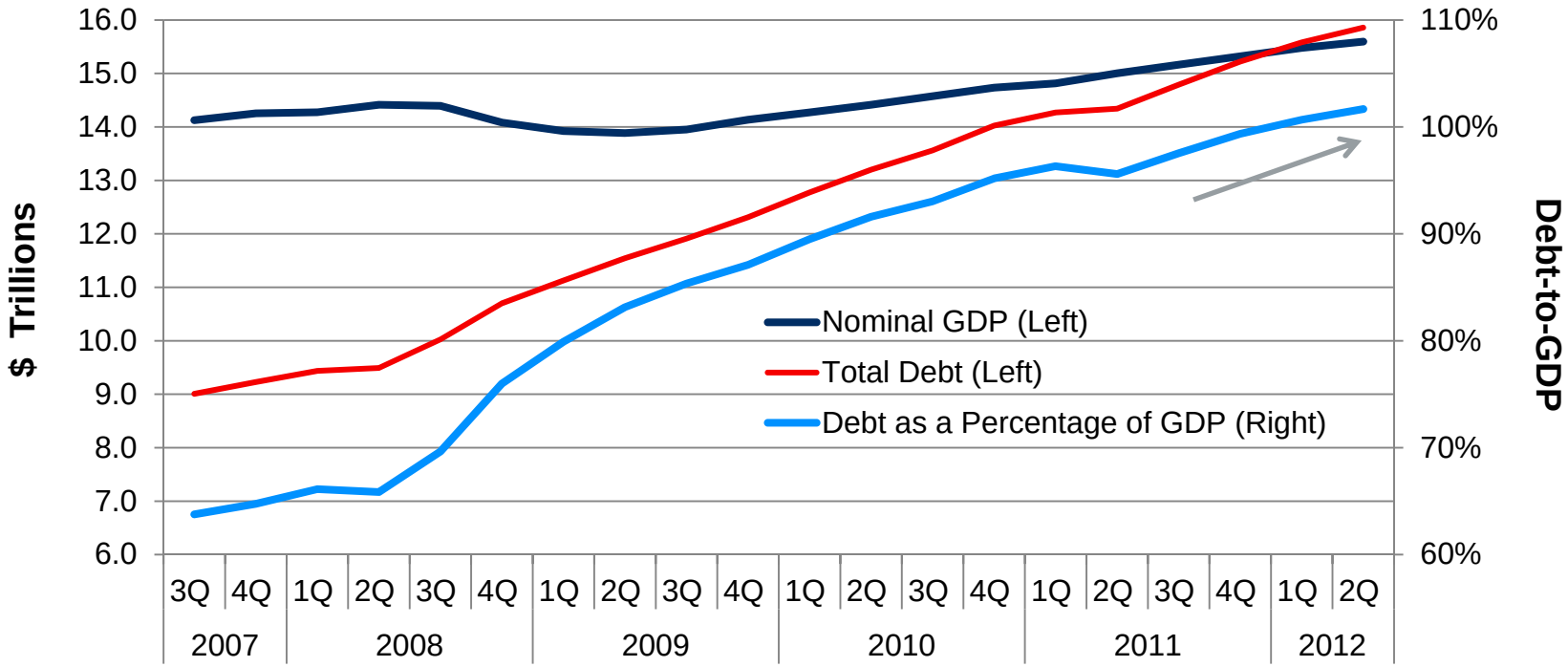
Looming Fiscal Cliff Casts Dark Shadow on Markets

- Borrowing by the Federal government has been rising sharply since September '08 when the Financial Crisis erupted with the collapse of Lehman Brothers.
- Lower yields engineered by the Fed keep the interest costs to a minimum for now.

Total Federal Debt Reaches Annual GDP



Source: Bloomberg, USA Today

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2-Year Treasury Yields Being Held in a Range

- With the Fed Funds rate firmly anchored at 0%, 2Y yields should remain low.
- And with Operation Twist extended, pressure for higher yields should continue.

Source: Bloomberg

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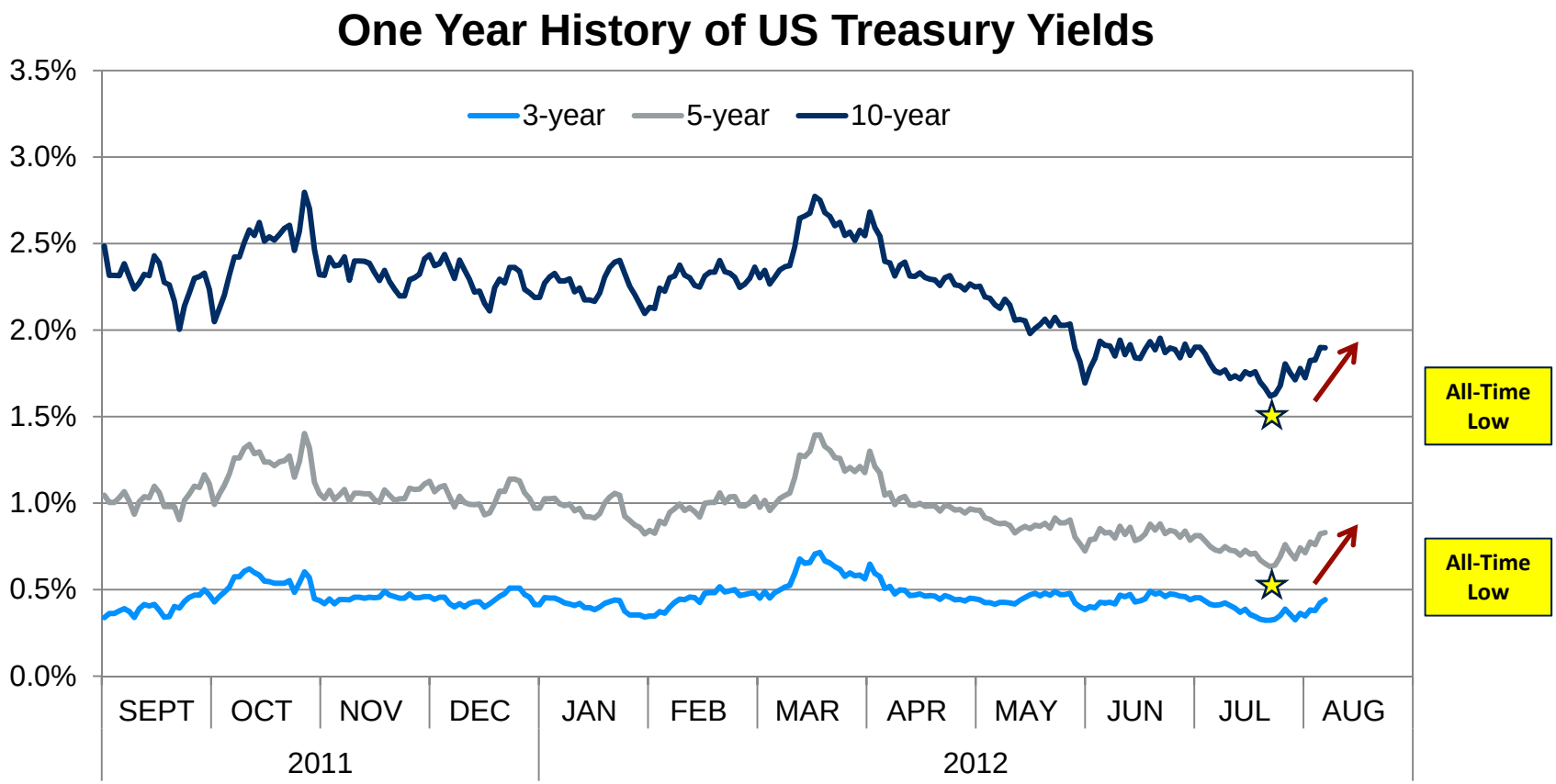
5-Year and 10-Year UST Yields Rebound Off Their Lows

- A seemingly great paradox that the all-time low borrowing rates should coincide with the all-time largest borrowing needs as the US fiscal position deteriorates.



Source: Bloomberg

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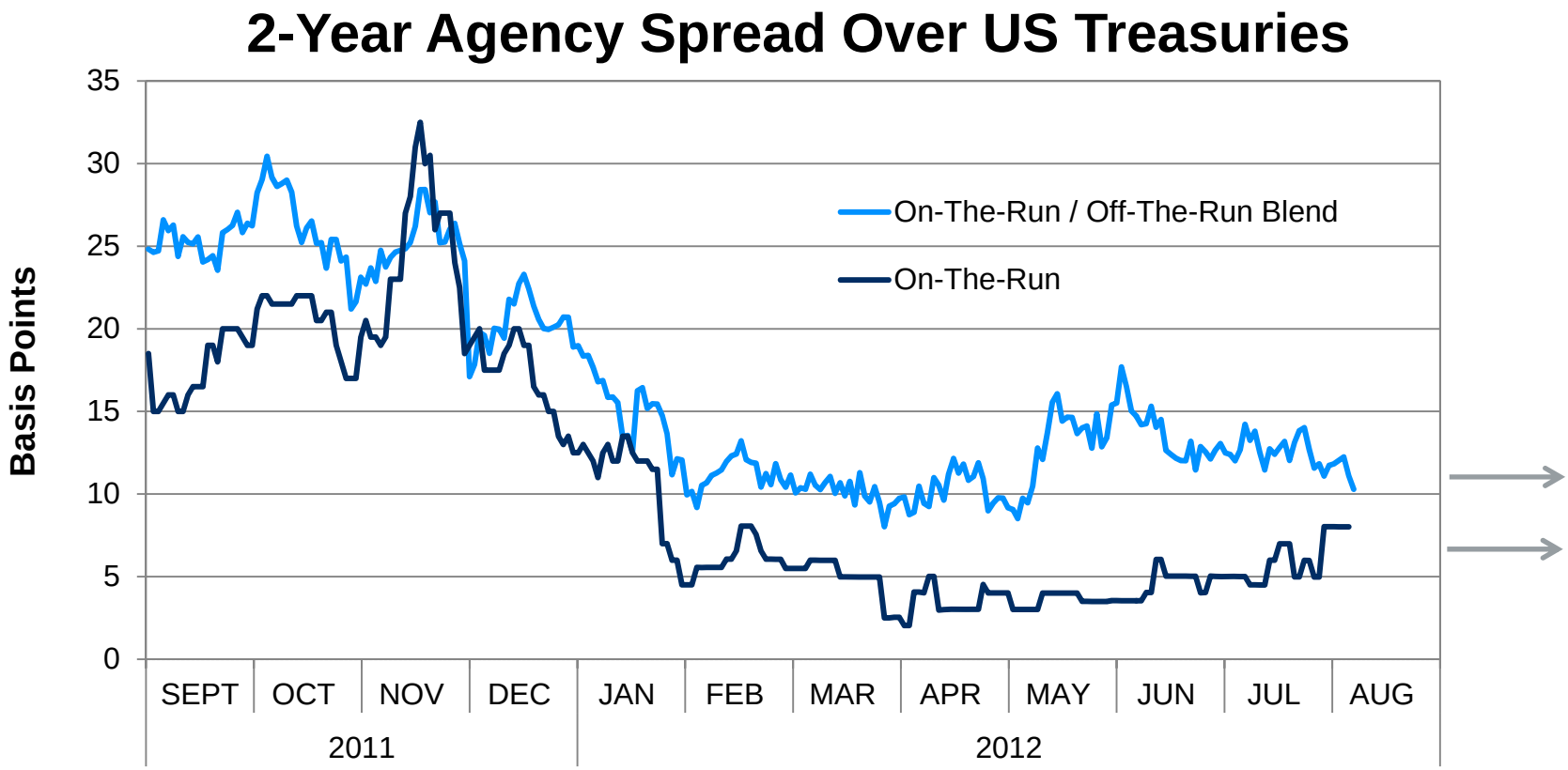
Agency Spreads Are Narrow Though Off Their Tights

- The fundamentals for Fannie and Freddie debenture bonds remain positive: shrinking supply and improving earnings plus a yield pick-up over Treasuries.



Source: Bloomberg, JP Morgan Data Query

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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 August 31, 2012 and the investment activity for the period June 1, 2012 through August 31, 2012.

We believe the data presented for the quarter ending August 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
Executive Director
State Bar of Texas

Cheryl Howell, CPA
Chief Financial Officer
State Bar of Texas

Kenneth Couch
Sr. Managing Consultant
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Dated: 9-10-12