



**City of Sacramento
Office of the City Treasurer**

Ann Land/Bertha Henschel Endowment Fund

Quarterly Investment Report

December 31, 2009

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INTRODUCTION

William Land donated \$271,720 to the City for the poor, indigent and needy citizens of Sacramento in 1914. Bertha Henschel and several others donated \$278,000 in 1953. As such, the original bequeaths totaling \$549,720 are to remain in perpetuity, and all income derived from these funds are to be paid for the stated purpose. Additionally, should the book value of these funds ever fall below the original principal amount, investment income shall be retained in the corpus until it is reestablished to the original amount.

These funds are distinct and separate trust funds with common goals. However, for purposes of investment management, they are managed collectively and reported separately. Ann Land investments approximate 25% of the assets and Bertha Henschel investments approximate 75% of the assets.

The Ann Land - Bertha Henschel Memorial Funds Commission ("the Commission") was created and exists pursuant to the provisions of Sacramento City Code. The Commission consists of eight members who are appointed by Mayor and Council. The powers and duties of the Commission include the disbursement of the income of the funds. The City Treasurer by code is designated with the authority and responsibility for the investment of the funds.

STRATEGY

- Adhere to prudent investment practices to provide for the preservation and growth of principal; and
- Permit the Ann Land and Bertha Henschel Memorial Commission to prudently maximize income payments to assist the poor, indigent and needy.

OBJECTIVES

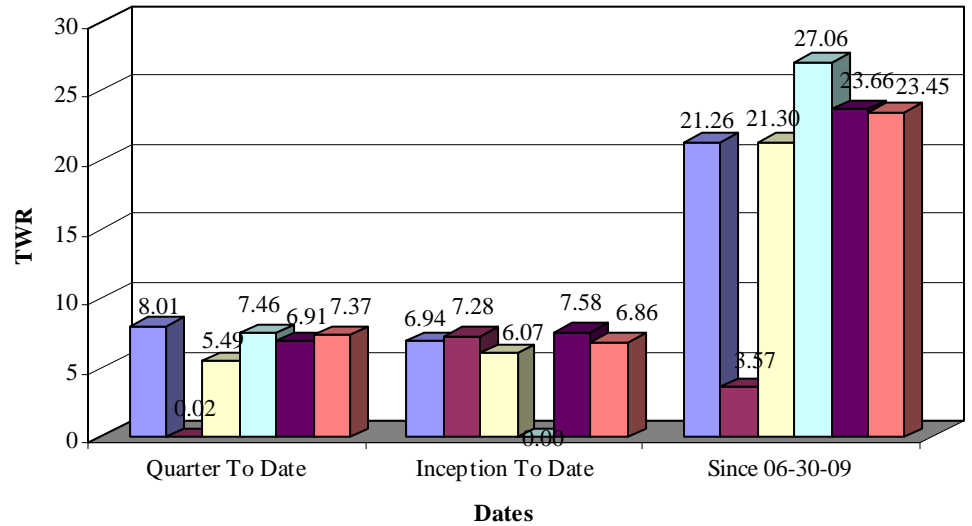
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$80,000-100,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

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Performance

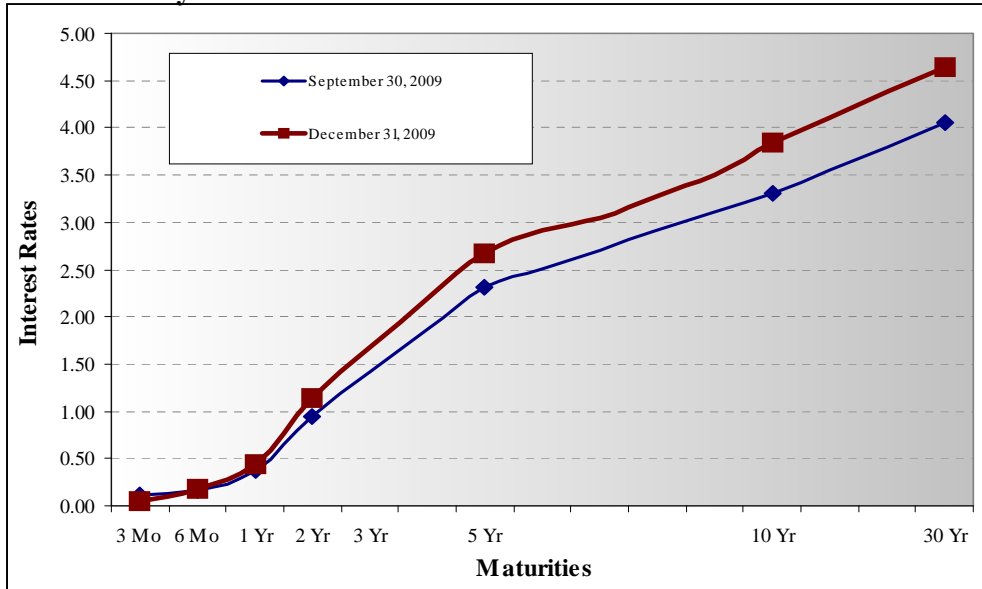
	Quarter To Date	Inception To Date	Since 06-30-09
Account	8.01	6.94	21.26
SBBIG	0.02	7.28	3.57
S&P 500	5.49	6.07	21.30
DJ Select Dividend	7.46	?*	27.06
Nasdaq Comp Index	6.91	7.58	23.66
DJ Industrial Ave	7.37	6.86	23.45

* Index commencement date was 11/30/03

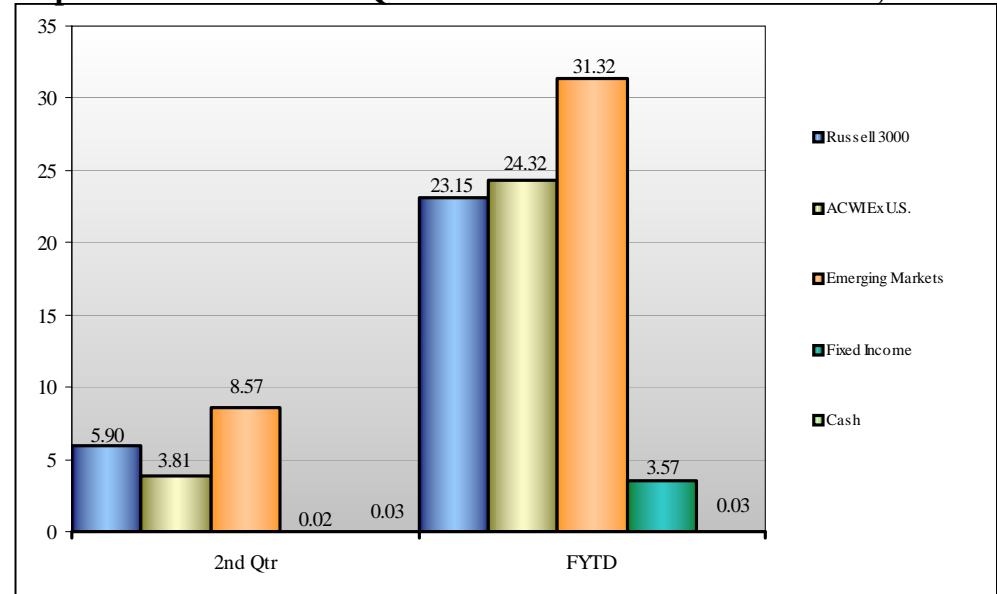


Legend: Account (blue), SBBIG (maroon), S&P 500 (yellow), DJ Select Dividend (cyan), Nasdaq Comp Index (purple), DJ Industrial Ave (red)

U.S. Treasury Yield Curve Fiscal Year 09 - 10



Capital Market Returns - Quarter and FYTD as of December 31, 2009



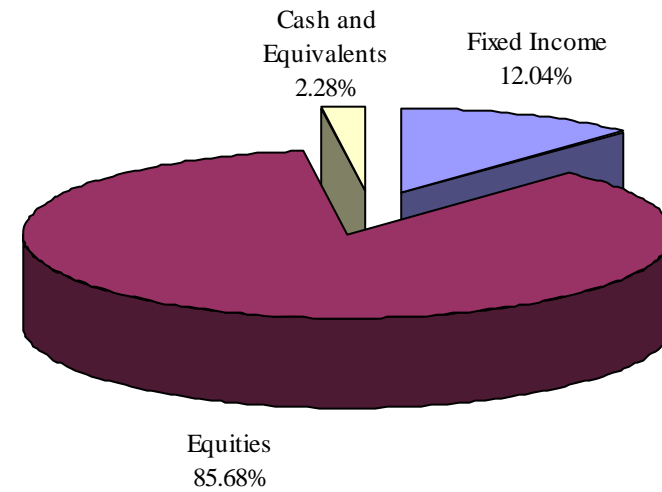
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Activity

From 09-30-09 to 12-31-09

Portfolio Value on 09-30-09	2,422,446
Accrued Interest	5,386
Contributions	0
Withdrawals	-33,477
Realized Gains	-2,069
Unrealized Gains	165,039
Interest	9,912
Dividends	25,029
Change in Accrued Interest	-4,178
Portfolio Value on 12-31-09	2,586,879
Accrued Interest	1,208

Actual Asset Allocation



Income Earned Versus Withdrawals

From Inception to 12-31-09

	Income Earned*	Rate of Return	Withdrawals**	Account Balance
Inception to 06-30-09	4,369,257		4,394,415	2,184,707
Fiscal Year 2010:				
QE 09-30-09	29,702	1.22%	24,066	2,427,832
QE 12-31-09	30,763	1.19%	33,477	2,588,087
Inception to 12-31-09	4,429,722		4,451,958	

* Income Eamed = sum of interest, dividends and change in accrued interest and securities lending income or loss.

** Withdrawals = amount transferred to the Ann Land/Bertha Henschel operating funds for distribution to the indigent and needy citizens of the City of Sacramento.

Top 10 Holdings

Securities	Market Value	Pct.
Fannie Mae 5.375% Due 06-12-17	255,012	9.86
Kinder Morgan Energy Partners Ltd	123,484	4.77
Colgate Palmolive Co Com	82,150	3.18
Pool A Cash	76,255	2.95
At&t Inc	70,075	2.71
Verizon Communications Inc	66,260	2.56
Johnson & Johnson	64,410	2.49
Mcdonald's Corp	62,440	2.41
Bp Amoco Plc - Spons Adr	57,970	2.24
Ishares Tr Dj Us Tech Sec	57,540	2.22

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Cur. Yield	S & P	Moody
CASH AND EQUIVALENTS												
	divacc	Dividend Accrual		8,757		8,757		8,757	0.34	4.00		
	miscintrec	Misc Interest Receivable		374		374		374	0.01	4.00		
	PoolA	Pool A Cash		76,255		76,255		76,255	2.95	2.16		
	intreceiv	Pool A Interest Receivable		479		479		479	0.02	2.16		
	slliab	Securities Lending Liability		-27,000		-27,000		-27,000	-1.04	0.00		
				58,865		58,865		58,865	2.28	3.44		
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)												
	Not Classified											
230,000	31398adm1	Fannie Mae 5.375% Due 06-12-17	97.86	225,078	110.87	255,012	652	255,665	9.86	4.85	AAA	Aaa
				225,078		255,012	652	255,665	9.86	4.85		
CORPORATE BONDS												
FINANCIAL												
60,000	126117ae0	Cna Financial Corp 7.250% Due 11-15-23	98.20	58,921	94.10	56,461	556	57,017	2.18	7.70	BBB-	Baa3
				58,921		56,461	556	57,017	2.18	7.70		
COMMON STOCK												
MATERIALS												
200	cf	Cf Industries Holdings Inc.	164.97	32,994	90.78	18,156		18,156	0.70	0.00	A	
700	mon	Monsanto C0 New Com	60.97	42,679	81.75	57,225		57,225	2.21	1.30	B+	
1,050	pcu	Southern Copper Corp Com	35.80	37,585	32.91	34,555		34,555	1.34	2.19	B	
				113,258		109,936		109,936	4.25	1.36		
INDUSTRIALS												
600	de	Deere & Co Com	81.10	48,657	54.09	32,454		32,454	1.25	2.07	A-	
2,000	ge	General Electric Co	33.73	67,460	15.13	30,260		30,260	1.17	2.64	A	
800	utx	United Technologies	58.08	46,464	69.41	55,528		55,528	2.15	2.22	A+	
				162,581		118,242		118,242	4.57	2.29		
TELECOMMUNICATION SERVICES												
2,500	t	At&t Inc	39.73	99,330	28.03	70,075		70,075	2.71	5.99	B+	
5,000	ftt	Frontier Communication Com	11.05	55,249	7.81	39,050		39,050	1.51	12.80	B-	
2,000	vz	Verizon Communications Inc	39.08	78,155	33.13	66,260		66,260	2.56	5.73	B	
				232,734		175,385		175,385	6.78	7.41		
CONSUMER DISCRETIONARY												
1,000	mcd	Mcdonald's Corp	51.56	51,563	62.44	62,440		62,440	2.41	3.52	A-	
CONSUMER STAPLES												
2,500	mo	Altria Group Inc	20.65	51,628	19.63	49,075		49,075	1.90	6.93	A	
800	ko	Coca Cola Co Com	60.40	48,320	57.00	45,600		45,600	1.76	2.88	A	
1,000	cl	Colgate Palmolive Co Com	61.72	61,716	82.15	82,150		82,150	3.18	2.14	A+	
1,150	pm	Philip Morris Intl Inc Com	43.78	50,346	48.19	55,418		55,418	2.14	4.81		
700	pg	Procter & Gamble Co	58.18	40,726	60.63	42,441		42,441	1.64	2.90	A+	

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1,000	rai	Reynolds American Inc Com	39.76	39,760	52.97	52,970		52,970	2.05	6.80	B+	
				292,496		327,654		327,654	12.67	4.26		
ENERGY												
1,000	bp	Bp Amoco Plc - Spons Adr	60.91	60,912	57.97	57,970		57,970	2.24	5.80		
1,000	cve	Cenovus Energy Inc Com	37.06	37,062	25.20	25,200		25,200	0.97	0.79		
500	cvx	Chevron Corporation	58.54	29,271	76.99	38,495		38,495	1.49	3.53	A-	
1,000	eca	Encana Corp Com	40.17	40,165	32.39	32,390		32,390	1.25	2.47	B+	
900	erf	Enerplus Res Fd Unit Tr G New	46.15	41,535	22.96	20,664		20,664	0.80	8.82		
2,025	kmp	Kinder Morgan Energy Partners Ltd	46.22	93,588	60.98	123,484		123,484	4.77	6.89		
1,500	kol	Market Vectors Etf Tr Coal Etf	25.12	37,675	36.12	54,180		54,180	2.09	0.85		
2,000	pwe	Penn West Energy Tr Tr Unit	29.75	59,500	17.60	35,200		35,200	1.36	9.85		
6,000	pvx	Provident Energy Tr Tr Unit	11.07	66,416	6.72	40,320		40,320	1.56	10.11		
2,000	sto	Statoil Asa Sponsored Adr	34.73	69,464	24.91	49,820		49,820	1.93	2.35		
400	rig	Transocean Ltd.	79.26	31,702	82.80	33,120		33,120	1.28	0.00		
				567,291		510,843		510,843	19.75	4.94		
FINANCIAL												
2,000	nly	Annaly Cap Mgmt Inc Com	17.37	34,743	17.35	34,700		34,700	1.34	17.29	B	
800	mtb	M & T Bk Corp Com	51.92	41,535	66.89	53,512		53,512	2.07	4.19	A-	
2,000	pgf	Powershares Etf Trust Finl Pfd Pftl	21.46	42,920	16.32	32,640		32,640	1.26	13.78		
2,500	xlfi	Select Sector Spdr Tr Sbi Int-Finl	10.81	27,025	14.40	36,000		36,000	1.39	1.45		
				146,223		156,852		156,852	6.06	8.45		
HEALTHCARE												
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	25.25	50,500		50,500	1.95	5.07	B+	
1,200	gsk	Glaxosmithkline	32.64	39,174	42.25	50,700		50,700	1.96	4.39		
1,000	jnj	Johnson & Johnson	62.22	62,224	64.41	64,410		64,410	2.49	3.04	A+	
1,500	mrk	Merck & Co Inc (New)	41.75	62,629	36.54	54,810		54,810	2.12	4.16	B+	
3,000	pfe	Pfizer Inc	22.22	66,651	18.19	54,570		54,570	2.11	3.96	B+	
				271,443		274,990		274,990	10.63	4.07		
INFORMATION TECHNOLOGY												
1,000	iyw	Ishares Tr Dj Us Tech Sec	40.00	40,001	57.54	57,540		57,540	2.22	0.45		
1,500	smh	Semiconductor Hldrs Tr Dep Rcpt	21.07	31,610	27.92	41,880		41,880	1.62	1.25		
				71,611		99,420		99,420	3.84	0.79		
UTILITIES												
1,000	aee	Ameren Corp Com	50.04	50,043	27.95	27,950		27,950	1.08	5.51	B+	
600	ceg	Constellation Energy Group	58.40	35,040	35.17	21,102		21,102	0.82	2.73	B	
2,500	duk	Duke Energy Corp	16.11	40,280	17.21	43,025		43,025	1.66	5.58	B	
500	exc	Exelon Corp	40.63	20,315	48.87	24,435		24,435	0.94	4.30	B+	
500	fe	First Energy Corp	34.81	17,405	46.45	23,225		23,225	0.90	4.74	B+	
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	36.58	54,870		54,870	2.12	5.74	B	
1,200	ppl	Ppl Corp Com	30.39	36,473	32.31	38,772		38,772	1.50	4.27	B+	
1,400	scg	Scana Corp New Com	34.80	48,724	37.68	52,752		52,752	2.04	4.99	B	
1,000	se	Spectra Energy Corp WI	20.54	20,537	20.51	20,510		20,510	0.79	4.88		
				330,619		306,641		306,641	11.85	4.93		

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<u>Quantity</u>	<u>Security Symbol</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Accrued Interest</u>	<u>Market Value + Accrd. Int.</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>	<u>S & P</u>	<u>Moody</u>
PASSIVE INDEX												
600	dvy	Ishares Tr Dj Sel Div Inx	69.63	41,781	43.91	26,346		26,346	1.02	3.93		
1,000	ilf	Ishares Tr S&p Ltn Am 40	50.96	50,959	47.79	47,790		47,790	1.85	0.15		
				92,740		74,136		74,136	2.87	1.49		
				2,332,560		2,216,540		2,216,540	85.68	4.51		
TOTAL PORTFOLIO				2,675,423		2,586,879	1,208	2,588,087	100.00	4.59		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
 From 10-01-09 To 12-31-09

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>12-31-09 Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
10-13-09	10-16-09	2,000	Annaly Cap Mgmt Inc Com	17.37	<u>34,743</u>	17.35	0
					34,743		
Total Purchases					<u>34,743</u>		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
 From 10-01-09 To 12-31-09

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>Original Price</u>	<u>Gain/Loss</u>
<u>Sales</u>							
COMMON STOCK							
10-08-09	10-14-09	1,000	Equity Residential Sh Ben Int	29.91	29,905	21.27	8,632
10-08-09	10-14-09	601	Mid-Amer Apt Cmnty Com	45.16	27,141	34.59	6,351
10-13-09	10-16-09	499	Mid-Amer Apt Cmnty Com	42.54	21,227	34.59	3,965
					78,274		18,948
Total Sales					78,274		18,948