



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

***George H. Clark Memorial Scholarship Fund***  
Quarterly Investment Report  
December 31, 2011

Russell Fehr, City Treasurer  
John P. Colville, Chief Investment Officer  
Robert Tokunaga, Senior Investment Officer

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## **INTRODUCTION**

In 1951 the George H. Clark Memorial Scholarship was established. In accordance with a will established in 1921, the trustees are to consist of the City Manager, City of Sacramento, and the Superintendent of Sacramento City Unified School District with the highest student populous. On February 2, 2001, the City Treasurer received a contribution of \$627,618 in Memorial Cash Account portfolio.

The City of Sacramento George H. Clark Memorial Scholarship Fund will help deserving senior high school students in their pursuit of a college education that will make them valuable members of the community. Four (4) scholarships per year (\$5,000) each or \$20,000 will be awarded to senior high school students to help provide for a college education. The committee selects the annual recipients from a group of eligible students submitted by SCUSD based on pre-determined achievement criteria.

To honor Mr. Clark, the committee recommends that the awards be presented by the Mayor at a City Council meeting.

## **STRATEGY**

- Adhere to prudent investment practices to provide for the preservation and growth of principal.
- The City maintains two cash accounts. One cash account (Operating Cash Account) receives interest and dividend income to accrue for scholarship payments. Mutual fund and equity capital gains are placed in the second cash account (Memorial Investment Cash Account) to accumulate until scholarship funds are being paid from the Operating Cash Account. If a shortfall of cash exists in the Operating Cash Account, funds from the Memorial Investment Cash Account will be used to secure the payments. Excess cash in the Memorial Investment Cash Account will be re-allocated as per investment strategy. The City Treasurer will determine the asset allocation deemed prudent to achieve the funds objective.

## **OBJECTIVES**

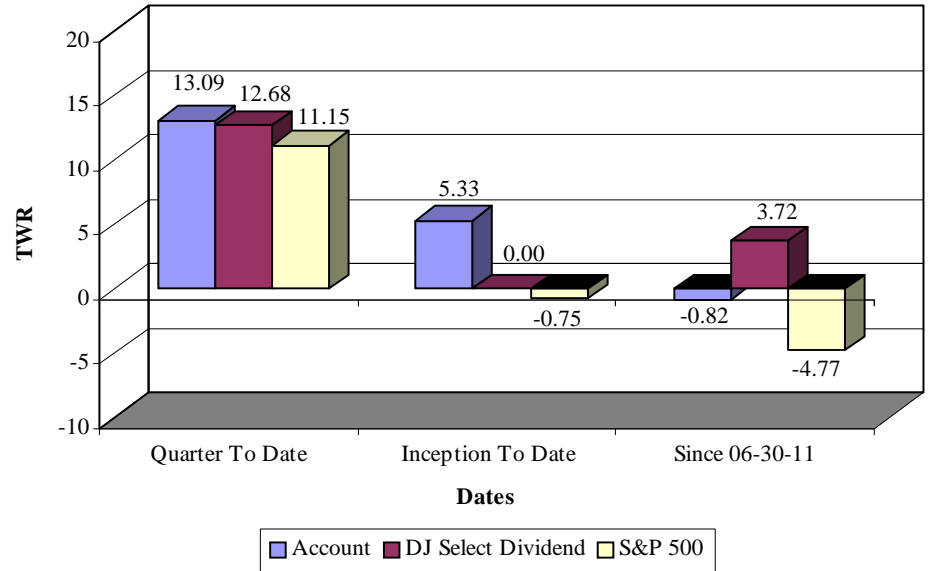
- The objective of this fund is income. The committee directed the Treasurer's office to invest funds for moderate growth of principal and adequate cash flow to pay for scholarships.
- Goal is to earn a cash return per year of \$20,000 thousand dollars to pay for four (4) scholarships per year.

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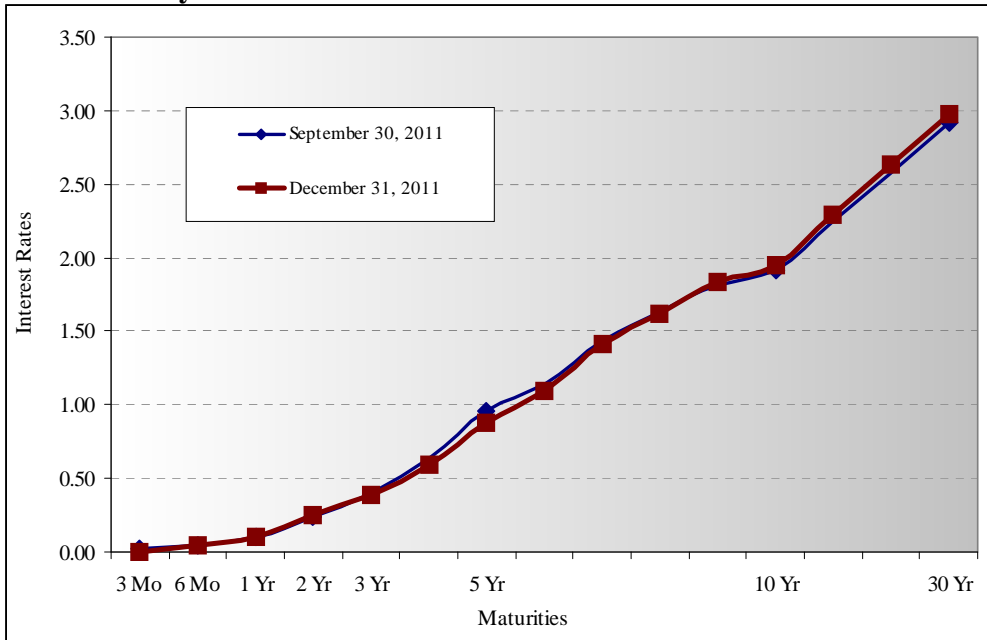
## Performance

	Quarter To Date	Inception To Date	Since 06-30-11
Account	13.09	5.33	-0.82
DJ Select Dividend	12.68	?*	3.72
S&P 500	11.15	-0.75	-4.77

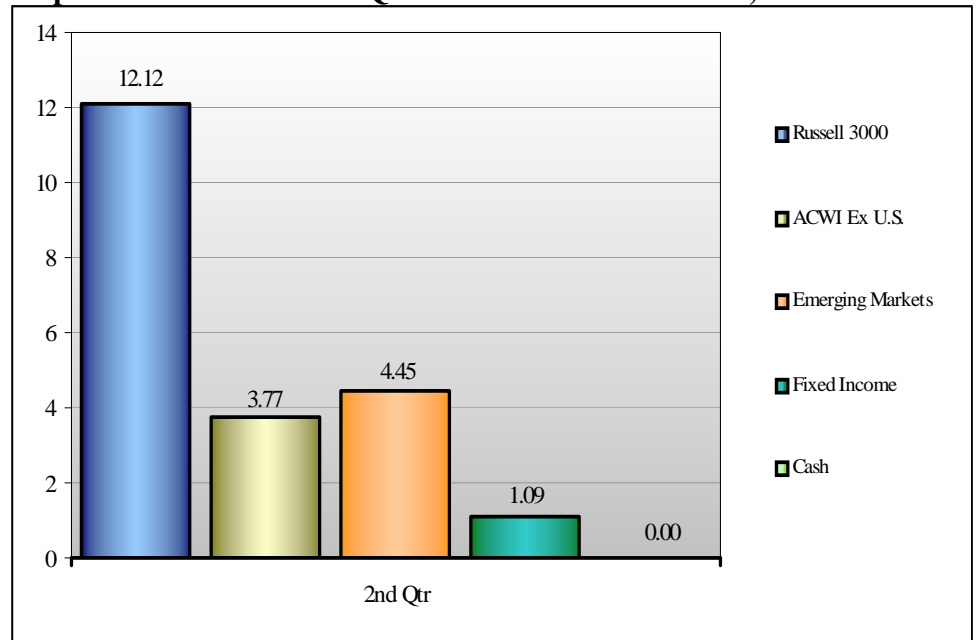
\* Index commencement date was 11/30/03



## U.S. Treasury Yield Curve - Fiscal Year 2011-12



## Capital Market Returns - Quarter Ended December 31, 2011



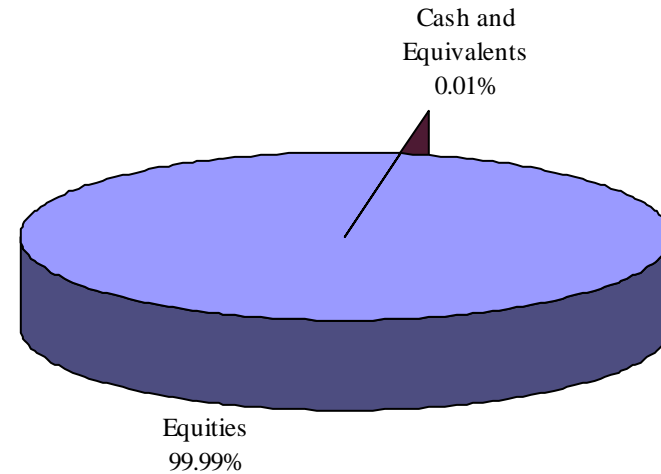
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**Activity**

From 09-30-11 to 12-31-11

<b>Portfolio Value on 09-30-11</b>	<b>622,865</b>
Contributions	0
Withdrawals	-5,927
Realized Gains	2,526
Unrealized Gains	73,383
Interest	151
Dividends	5,422
<b>Portfolio Value on 12-31-11</b>	<b>698,420</b>

**Actual Asset Allocation**



**Operating Cash Account Activity**

From Inception to 12-31-11

	Inception to FY11	FY12 QE		Inception to FY12
		09-30-11	12-31-11	
<b>Beginning Balance</b>		<b>39,299</b>	<b>29,943</b>	
Initial Contribution	83			83
Cash Transfers In *	261,437	5,644	5,927	273,008
Interest Income **	7,307			7,307
Scholarship Payments	-190,000	-15,000	-5,000	-210,000
Investment Fees	-39,528			-39,528
<b>Ending Balance</b>	<b>39,299</b>	<b>29,943</b>	<b>30,870</b>	<b>30,870</b>

\* Cash Transfers In = monies transferred from Memorial Investment Cash Account to Operating Cash Account to pay for scholarships and other expenses.

\*\* July to December 2011 Pool A earnings are yet to be apportioned.

**Top 10 Holdings**

Securities	Market Value	Pct.
Ishares Tr Dj Us Tech Sec	102,240	14.64
Select Sector Spdr Tr Sbi Cons Discr	62,432	8.94
Philip Morris Intl Inc Com	51,012	7.30
Kinder Morgan Energy Partners Ltd	42,475	6.08
Caterpillar Inc Del Com	36,240	5.19
Ishares Tr Transp Ave Idx	35,788	5.12
Monsanto C0 New Com	35,035	5.02
Bp Amoco Plc - Spons Adr	34,192	4.90
Johnson & Johnson	32,790	4.69
Deere & Co Com	30,940	4.43

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
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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	Bond Status	Call Put Date
<b>CASH AND EQUIVALENTS</b>														
	divacc	Dividend Accrual		1,501		1,501		1,501	0.21	4.00				
	miscintrec	Misc Interest Receivable		28		28		28	0.00	4.00				
	PoolA	Pool A Cash		1,384		1,384		1,384	0.20	1.74				
	intreceiv	Pool A Interest Receivable		146		146		146	0.02	1.74				
	slliab	Securities Lending Liability		-3,000		-3,000		-3,000	-0.43	0.00				
				58		58		58	0.01	151.25				
<b>COMMON STOCK</b>														
<b>MATERIALS</b>														
500	mon	Monsanto C0 New Com	60.42	30,211	70.07	35,035		35,035	5.02	1.71	A-			
<b>INDUSTRIALS</b>														
400	cat	Caterpillar Inc Del Com	69.20	27,679	90.60	36,240		36,240	5.19	2.03	A+			
400	de	Deere & Co Com	59.47	23,789	77.35	30,940		30,940	4.43	2.12	A			
400	iyt	Ishares Tr Transp Ave Idx	77.22	30,888	89.47	35,788		35,788	5.12	1.52				
500	moo	Market Vectors Etf Tr Agribus Etf	57.43	28,716	47.15	23,575		23,575	3.38	0.64				
				111,072		126,543		126,543	18.12	1.65				
<b>TELECOMMUNICATION SERVICES</b>														
1,000	t	At&t Inc	39.82	39,819	30.24	30,240		30,240	4.33	5.82	B+			
700	vz	Verizon Communications Inc	34.95	24,464	40.12	28,084		28,084	4.02	4.99	B			
				64,283		58,324		58,324	8.35	5.42				
<b>CONSUMER DISCRETIONARY</b>														
1,600	xly	Select Sector Spdr Tr Sbi Cons Discr	33.50	53,600	39.02	62,432		62,432	8.94	1.55				
<b>CONSUMER STAPLES</b>														
650	mo	Altria Group Inc	26.65	17,324	29.65	19,272		19,272	2.76	5.53	A			
300	ko	Coca Cola Co Com	64.61	19,383	69.97	20,991		20,991	3.01	2.69	A+			
650	pm	Philip Morris Intl Inc Com	52.41	34,066	78.48	51,012		51,012	7.30	3.92				
				70,773		91,275		91,275	13.07	3.98				
<b>ENERGY</b>														
300	iey	Ishares Tr Dj Us Energy	37.85	11,356	39.83	11,949		11,949	1.71	1.40				
500	kmp	Kinder Morgan Energy Partners Ltd	48.23	24,114	84.95	42,475		42,475	6.08	5.46				
				35,470		54,424		54,424	7.79	4.57				
<b>FINANCIAL</b>														
1,000	nly	Annaly Cap Mgmt Inc Com	18.61	18,610	15.96	15,960		15,960	2.29	14.29	B			
450	kie	SPDR S&P Insurance Etf	41.72	18,775	37.21	16,744		16,744	2.40	1.67				
2,000	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.60	27,195	13.00	26,000		26,000	3.72	1.73				
				64,580		58,704		58,704	8.41	5.13				

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<b>HEALTHCARE</b>														
500	jnj	Johnson & Johnson	61.71	30,855	65.58	32,790		32,790	4.69	3.48	A+			
600	xlx	Select Sector Spdr Tr Sbi Healthcare	31.93	19,161	34.69	20,814		20,814	2.98	1.96				
				50,016		53,604		53,604	7.68	2.89				
<b>INFORMATION TECHNOLOGY</b>														
1,600	iyw	Ishares Tr Dj Us Tech Sec	58.52	93,635	63.90	102,240		102,240	14.64	0.61				
<b>UTILITIES</b>														
600	xlu	Select Sector Spdr Tr Sbi Int-Utils	30.14	18,084	35.98	21,588		21,588	3.09	3.80				
				591,724		664,170		664,170	95.10	2.85				
<b>AMERICAN DEPOSITORY RECEIPTS</b>														
<b>ENERGY</b>														
800	bp	Bp Amoco Plc - Spons Adr	36.99	29,595	42.74	34,192		34,192	4.90	3.93				
				29,595		34,192		34,192	4.90	3.93				
<b>TOTAL PORTFOLIO</b>				<b>621,378</b>		<b>698,420</b>	<b>0</b>	<b>698,420</b>	<b>100.00</b>	<b>2.92</b>				

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*George H. Clark Memorial Scholarship Fund*  
 From 10-01-11 To 12-31-11

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>12-31-11 Price</u>	<u>Difference</u>
<u>Purchases</u>							
<b>COMMON STOCK</b>							
10-17-11	10-20-11	300	Ishares Tr Dj Us Energy	37.85	11,356	39.83	2
10-17-11	10-20-11	800	Ishares Tr Dj Us Tech Sec	65.24	52,195	63.90	-1
					63,551		
Total Purchases					63,551		

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**PURCHASE/SALE AND GAIN/LOSS**  
*George H. Clark Memorial Scholarship Fund*  
 From 10-01-11 To 12-31-11

<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>							
<b>COMMON STOCK</b>							
10-14-11	10-19-11	168	Frontier Communication Com	5.92	995	9.82	-654
10-14-11	10-19-11	1,250	General Electric Co	16.54	20,675	38.93	-27,986
10-14-11	10-19-11	400	Select Sector Spdr Tr Sbi Int-Utills	33.86	13,544	30.14	1,488
10-14-11	10-19-11	200	United Technologies	74.42	14,884	79.92	-1,100
					50,097		-28,253
Total Sales					50,097		-28,253