



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

Ethel Hart Mutual Endowment Fund

Quarterly Investment Report

June 30, 2011

Russell Fehr, City Treasurer

John P. Colville, Chief Investment Officer

Lydia Abreu, Investment and Operations Manager

Robert Tokunaga, Senior Investment Officer

915 I Street, HCH 3rd Floor #09500, Sacramento, CA 95814-2604

Phone: 916-808-5168 Fax: 916-808-5171

www.cityofsacramento.org/treasurer/

INTRODUCTION

In 1993, Ethel MacLeod Hart left a bequest of \$1,498,719.07 to the City of Sacramento for the “.. use, enjoyment and comfort of senior citizens.” On the recommendation of the Ethel MacLeod Hart Advisory Committee a permanent endowment of \$1,000,000 was established. The balance of the bequest was retained in an operating fund account (Hart Operating Fund) and used over the next five-year period for appropriate projects. Annually the amount available for disbursement will be reported to the Board by Rosanne Bernardy, Superintendent of the Office of Human Services. The Hart Trust Endowment Fund (“the Fund”) will be invested with a growth objective. The minimum return objective on these dollars over a five year period is \$400,000 or roughly 7% compounded annually.

The Advisory Committee is responsible for providing advice to City staff and the City Council on the appropriate use of the Ethel MacLeod Hart Trust Fund for Senior Citizens consistent with the terms of the bequest, the interest of the donor, and the approved general guidelines. The Advisory Committee consists of seven members appointed by the Mayor. Appointees must be residents of the City and at least sixty (60) years of age. Two Advisory Committee members must be representatives of specific organizations: American Association of Retired Persons and Sacramento County Adult and Aging Commission.

STRATEGY

- * Adhere to prudent investment practices to provide for the preservation and growth of principal; and

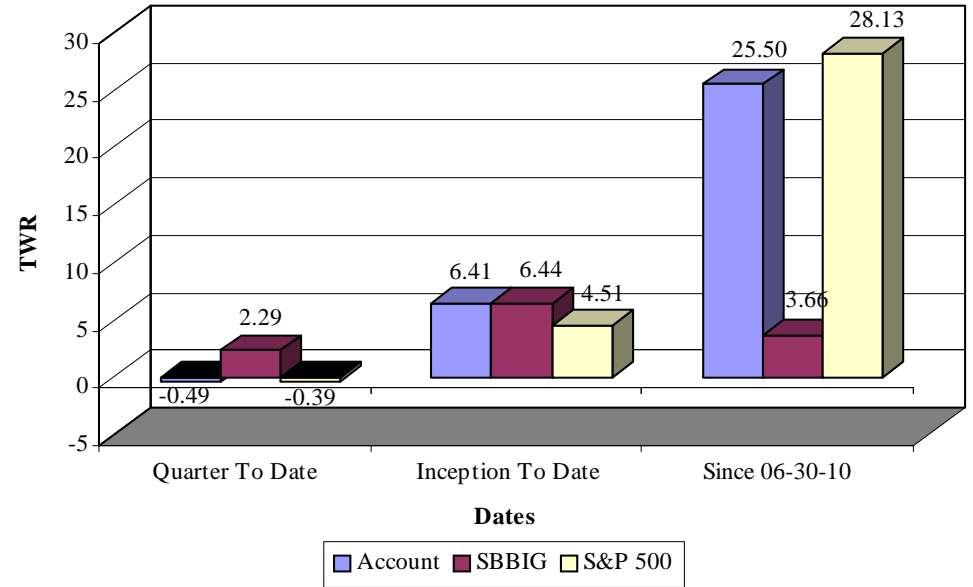
OBJECTIVES

- * The objective for this fund is growth and capital preservation; and
- * To earn a total rate of return on the Hart Trust Endowment Fund to meet the return objectives of \$400,000 (approximately 7% compounded annually) over subsequent five-year periods; and
- * Provide liquidity for the Hart Operating Fund for the “..use, enjoyment and comfort of senior citizens” based on recommendations to City Council by the Advisory Committee.

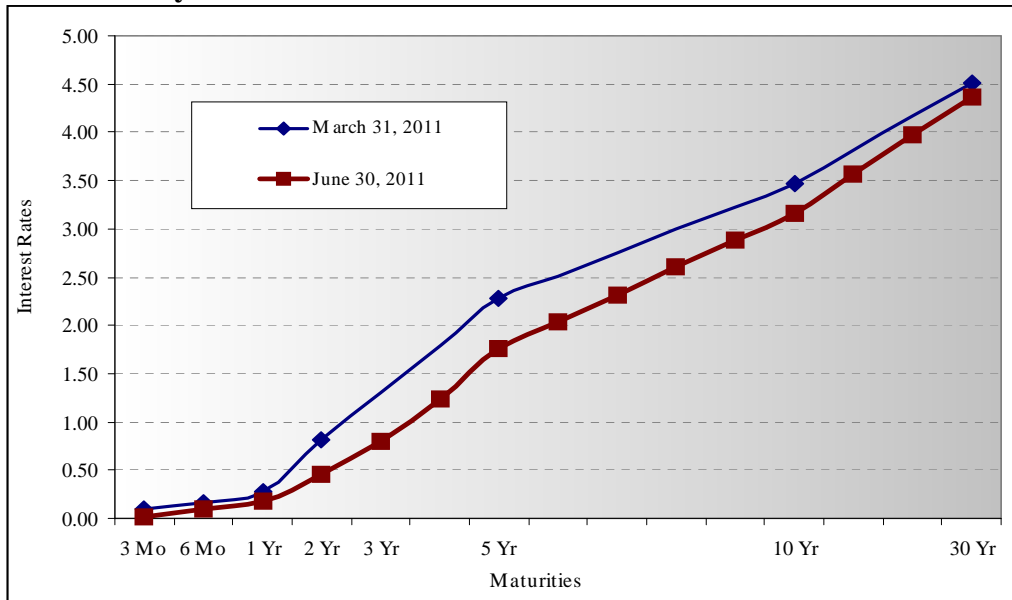
City of Sacramento
Ethel Hart Mutual Endowment Fund
 June 30, 2011

Performance

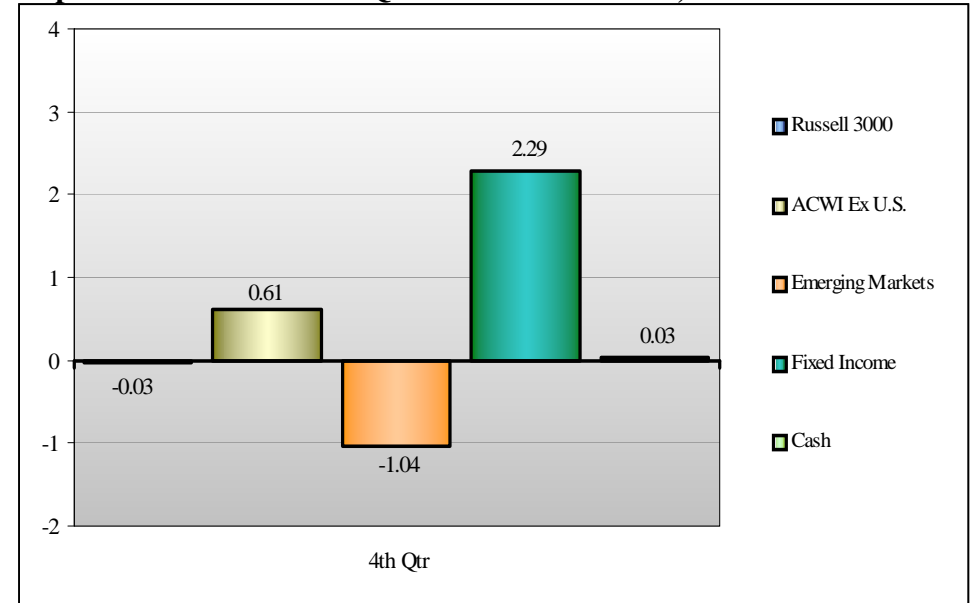
	Quarter To Date	Inception To Date	Since 06-30-10
Account	-0.49	6.41	25.50
SBBIG	2.29	6.44	3.66
S&P 500	-0.39	4.51	28.13



U.S. Treasury Yield Curve - Fiscal Year 2010-11



Capital Market Returns - Quarter Ended June 30, 2011



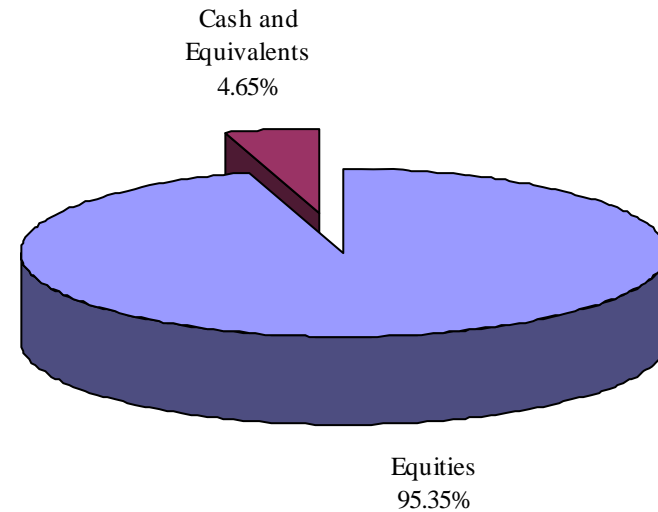
City of Sacramento
Ethel Hart Mutual Endowment Fund
 June 30, 2011

Activity

From 03-31-11 to 06-30-11

Portfolio Value on 03-31-11	1,616,790
Contributions	0
Withdrawals	0
Realized Gains	0
Unrealized Gains	-19,989
Interest	656
Dividends	11,396
Portfolio Value on 06-30-11	1,608,853

Actual Asset Allocation



Top 10 Holdings

Securities	Market Value	Pct.
Ishares Tr Dj Us Tech Sec	152,797	9.50
Pool A Cash	76,847	4.78
Select Sector Spdr Tr Sbi Int-Finl	76,750	4.77
International Bus Mach	51,465	3.20
Peabody Energy Corp	47,128	2.93
Visa Inc Com Cl A	46,343	2.88
Merck & Co Inc (new)	45,877	2.85
Oil Svc Holdrs Tr Depostry Rcpt	45,600	2.83
Pinnacle West Cap Corp	44,580	2.77
Kinder Morgan Energy Partners Ltd	43,560	2.71

City of Sacramento
PORTFOLIO APPRAISAL
Ethel Hart Mutual Endowment Fund
 June 30, 2011

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
CASH AND EQUIVALENTS														
	divacc	Dividend Accrual		3,703		3,703		3,703	0.23	4.00				
	miscintrec	Misc Interest Receivable		134		134		134	0.01	4.00				
	PoolA	Pool A Cash		76,847		76,847		76,847	4.78	1.68				
	intreceiv	Pool A Interest Receivable		87		87		87	0.01	1.68				
	slliab	Securities Lending Liability		-6,000		-6,000		-6,000	-0.37	0.00				
				<u>74,772</u>		<u>74,772</u>		<u>74,772</u>	<u>4.65</u>	<u>1.93</u>				
COMMON STOCK														
MATERIALS														
200	cf	Cf Industries Holdings Inc.	164.97	32,994	141.67	28,334		28,334	1.76	0.00	A			
600	mon	Monsanto C0 New Com	43.22	25,933	72.54	43,524		43,524	2.71	1.54	B+			
				<u>58,927</u>		<u>71,858</u>		<u>71,858</u>	<u>4.47</u>	<u>0.94</u>				
INDUSTRIALS														
500	cp	Canadian Pac Ltd New Com	62.06	31,030	62.32	31,160		31,160	1.94	2.00	A-			
400	cat	Caterpillar Inc Del Com	69.21	27,683	106.46	42,584		42,584	2.65	1.73	A+			
500	de	Deere & Co Com	81.10	40,548	82.45	41,225		41,225	2.56	1.99	A-			
2,000	ge	General Electric Co	34.68	69,367	18.86	37,720		37,720	2.34	3.18	A-			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	97.96	39,184		39,184	2.44	1.12				
				<u>199,524</u>		<u>191,873</u>		<u>191,873</u>	<u>11.93</u>	<u>1.99</u>				
TELECOMMUNICATION SERVICES														
900	t	At&t Inc	38.40	34,561	31.41	28,269		28,269	1.76	5.48	B+			
3,180	ftt	Frontier Communication Com	11.72	37,276	8.07	25,663		25,663	1.60	9.29	B-			
750	vz	Verizon Communications Inc	35.36	26,520	37.23	27,922		27,922	1.74	5.24	B			
				<u>98,357</u>		<u>81,854</u>		<u>81,854</u>	<u>5.09</u>	<u>6.59</u>				
CONSUMER DISCRETIONARY														
1,000	bby	Best Buy Inc Com	36.21	36,210	31.41	31,410		31,410	1.95	2.04	B+			
500	mcd	McDonald's Corp	52.28	26,140	84.32	42,160		42,160	2.62	2.89	A			
1,000	xly	Select Sector Spdr Tr Sbi Cons Discr	29.60	29,600	40.21	40,210		40,210	2.50	1.45				
				<u>91,950</u>		<u>113,780</u>		<u>113,780</u>	<u>7.07</u>	<u>2.15</u>				
CONSUMER STAPLES														
1,100	mo	Altria Group Inc	21.48	23,624	26.41	29,051		29,051	1.81	5.76	A			
400	ko	Coca Cola Co Com	64.61	25,844	67.29	26,916		26,916	1.67	2.79	A+			
550	pm	Philip Morris Intl Inc Com	48.11	26,462	66.77	36,723		36,723	2.28	3.83				
				<u>75,929</u>		<u>92,690</u>		<u>92,690</u>	<u>5.76</u>	<u>4.13</u>				
ENERGY														
2,700	ampl	Alps Etf Tr Alerian Mlp	15.86	42,822	16.04	43,308		43,308	2.69	6.13				
1,000	eca	Encana Corp Com	36.01	36,010	30.79	30,790		30,790	1.91	2.60	B+			
600	kmp	Kinder Morgan Energy Partners Ltd	58.14	34,884	72.60	43,560		43,560	2.71	6.28				
300	oih	Oil Svc Holdrs Tr Depostry Rept	117.82	35,347	152.00	45,600		45,600	2.83	0.60				

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PORTFOLIO APPRAISAL
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 June 30, 2011

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
800	btu	Peabody Energy Corp	25.05	20,038	58.91	47,128		47,128	2.93	0.58	B+			
				169,101		210,386		210,386	13.08	3.20				
FINANCIAL														
1,300	nly	Annaly Cap Mgmt Inc Com	18.63	24,219	18.04	23,452		23,452	1.46	14.41	B			
180	gs	Goldman Sachs Group Com	172.80	31,104	133.09	23,956		23,956	1.49	0.75	A-			
750	jpm	Jpmorgan Chase & Co	45.10	33,825	40.94	30,705		30,705	1.91	2.44	B+			
1,700	pgf	Powershares Etf Trust Finl Pfd Ptf	21.46	36,482	18.03	30,651		30,651	1.91	6.97				
5,000	xlfi	Select Sector Spdr Tr Sbi Int-Finl	11.50	57,521	15.35	76,750		76,750	4.77	1.20				
750	kie	Spdr Series Trust Spdr Kbw Ins Etf	40.64	30,480	41.71	31,282		31,282	1.94	1.72				
				213,631		216,797		216,797	13.48	3.65				
HEALTHCARE														
500	jnj	Johnson & Johnson	61.41	30,704	66.52	33,260		33,260	2.07	3.43	A+			
1,300	mrk	Merck & Co Inc (new)	47.16	61,307	35.29	45,877		45,877	2.85	4.31	B			
1,500	pfe	Pfizer Inc	25.02	37,530	20.60	30,900		30,900	1.92	3.88	B			
				129,541		110,037		110,037	6.84	3.92				
INFORMATION TECHNOLOGY														
300	ibm	International Bus Mach	122.35	36,705	171.55	51,465		51,465	3.20	1.75	A+			
2,350	iyw	Ishares Tr Dj Us Tech Sec	44.52	104,623	65.02	152,797		152,797	9.50	0.49				
1,500	msft	Microsoft Corp	24.44	36,653	26.00	39,000		39,000	2.42	2.46	B+			
550	v	Visa Inc Com Cl A	72.66	39,961	84.26	46,343		46,343	2.88	0.71				
				217,942		289,605		289,605	18.00	1.01				
UTILITIES														
700	d	Dominion Res Va New Com	36.45	25,513	48.27	33,789		33,789	2.10	4.08	A-			
1,000	pnw	Pinnacle West Cap Corp	47.13	47,127	44.58	44,580		44,580	2.77	4.71	B			
				72,640		78,369		78,369	4.87	4.44				
PASSIVE INDEX														
500	iwm	Ishares Tr Russell 2000	81.91	40,955	82.80	41,400		41,400	2.57	1.08				
				1,368,498		1,498,649		1,498,649	93.15	2.80				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
800	bp	Bp Amoco Plc - Spons ADR	36.99	29,595	44.29	35,432		35,432	2.20	3.79				
				29,595		35,432		35,432	2.20	3.79				
TOTAL PORTFOLIO				1,472,865		1,608,853	0	1,608,853	100.00	2.78				

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ethel Hart Mutual Endowment Fund
From 04-01-11 To 06-30-11

<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>
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No transactions within the specified date range were found!