



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

Ethel Hart Mutual Endowment Fund
Quarterly Investment Report
December 31, 2011

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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

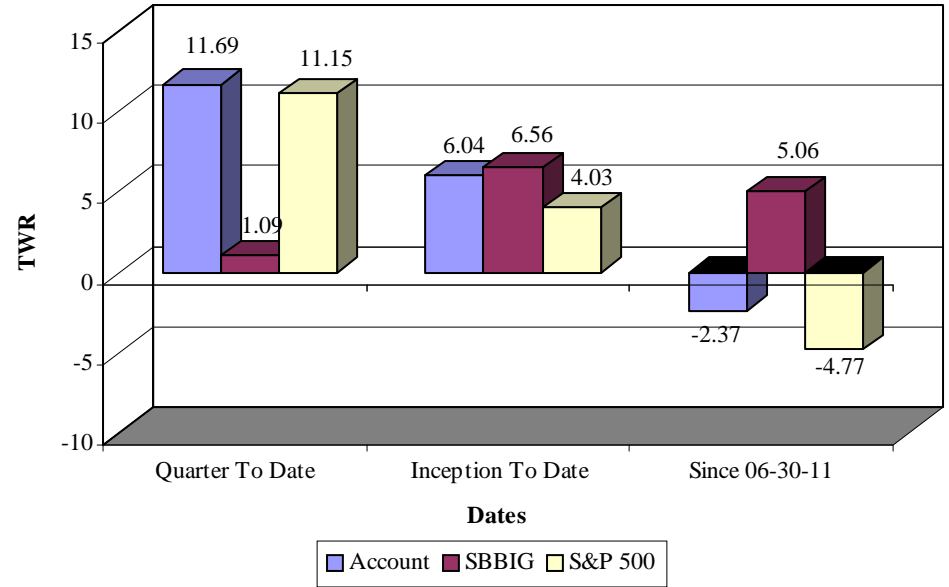
OBJECTIVES

- * 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.

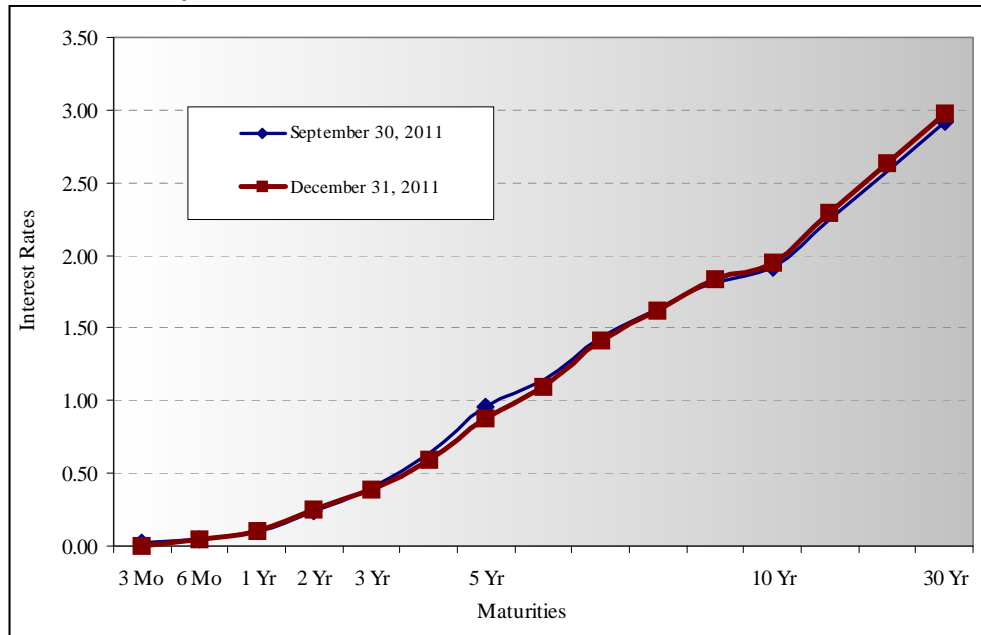
City of Sacramento
Ethel Hart Mutual Endowment Fund
 December 31, 2011

Performance

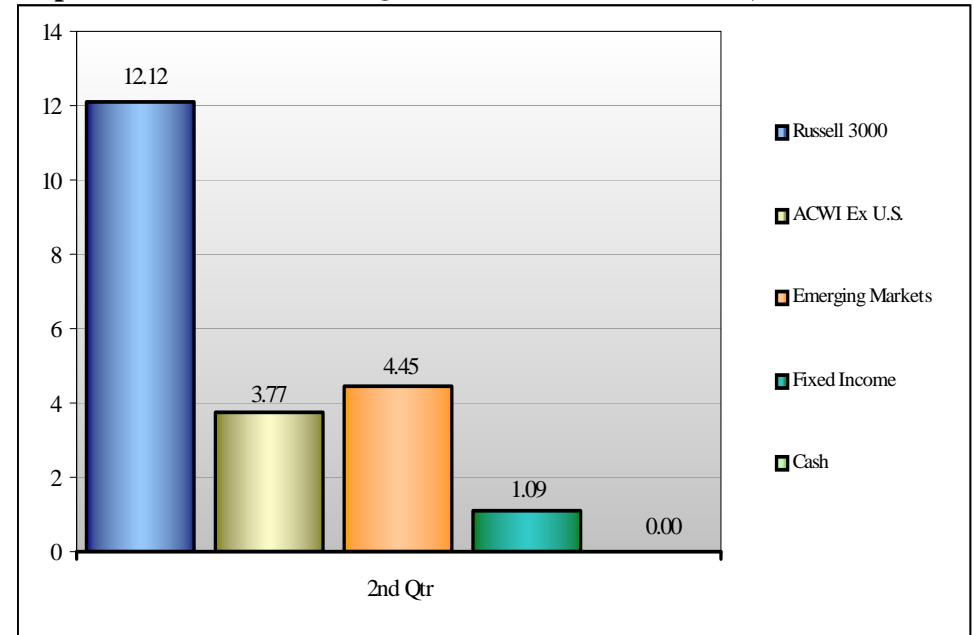
	Quarter To Date	Inception To Date	Since 06-30-11
Account	11.69	6.04	-2.37
SBBIG	1.09	6.56	5.06
S&P 500	11.15	4.03	-4.77



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



Capital Market Returns - Quarter Ended December 31, 2011



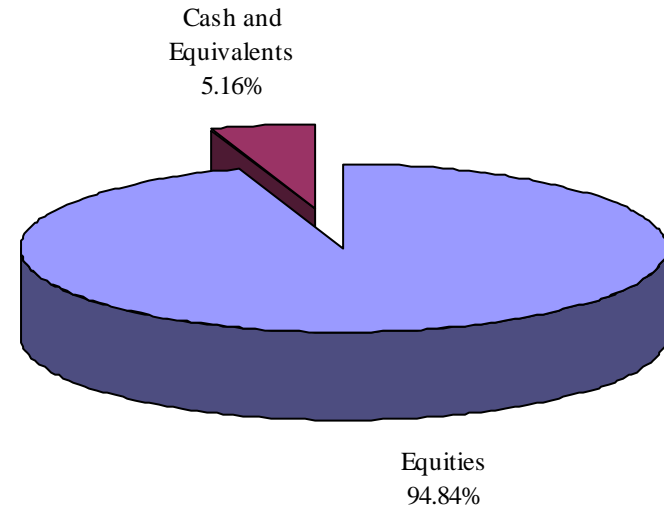
City of Sacramento
Ethel Hart Mutual Endowment Fund
 December 31, 2011

Activity

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

Portfolio Value on 09-30-11	1,406,276
Contributions	0
Withdrawals	0
Realized Gains	0
Unrealized Gains	151,229
Interest	918
Dividends	12,248
Portfolio Value on 12-31-11	1,570,671

Actual Asset Allocation



Top 10 Holdings

Securities	Market Value	Pct.
Ishares Tr Dj Us Tech Sec	150,165	9.56
Pool A Cash	83,027	5.29
Select Sector Spdr Tr Sbi Int-Finl	65,000	4.14
Alps Etf Tr Alerian Mlp	64,818	4.13
Visa Inc Com Cl A	55,841	3.56
International Bus Mach	55,164	3.51
Kinder Morgan Energy Partners Ltd	50,970	3.25
Mcdonald's Corp	50,165	3.19
Merck & Co Inc (new)	49,010	3.12
Pinnacle West Cap Corp	48,180	3.07

City of Sacramento
PORTFOLIO APPRAISAL
Ethel Hart Mutual Endowment Fund
 December 31, 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		3,037		3,037		3,037	0.19	4.00				
	miscintrec	Misc Interest Receivable		234		234		234	0.01	4.00				
	PoolA	Pool A Cash		83,027		83,027		83,027	5.29	1.74				
	intreceiv	Pool A Interest Receivable		767		767		767	0.05	1.74				
	slliab	Securities Lending Liability		-6,000		-6,000		-6,000	-0.38	0.00				
				<u>81,066</u>		<u>81,066</u>		<u>81,066</u>	5.16	1.96				
COMMON STOCK														
MATERIALS														
200	cf	Cf Industries Holdings Inc.	164.97	32,994	144.98	28,996		28,996	1.85	1.10	A			
600	mon	Monsanto C0 New Com	43.22	25,933	70.07	42,042		42,042	2.68	1.71	A-			
				<u>58,927</u>		<u>71,038</u>		<u>71,038</u>	4.52	1.46				
INDUSTRIALS														
500	cp	Canadian Pac Ltd New Com	62.06	31,030	67.67	33,835		33,835	2.15	1.73	A-			
400	cat	Caterpillar Inc Del Com	69.21	27,683	90.60	36,240		36,240	2.31	2.03	A+			
500	de	Deere & Co Com	81.10	40,548	77.35	38,675		38,675	2.46	2.12	A			
2,000	ge	General Electric Co	34.68	69,367	17.91	35,820		35,820	2.28	3.80	A-			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	89.47	35,788		35,788	2.28	1.52				
				<u>199,524</u>		<u>180,358</u>		<u>180,358</u>	11.48	2.24				
TELECOMMUNICATION SERVICES														
900	t	At&t Inc	38.40	34,561	30.24	27,216		27,216	1.73	5.82	B+			
3,180	ftt	Frontier Communication Com	11.72	37,276	5.15	16,377		16,377	1.04	14.56	B-			
750	vz	Verizon Communications Inc	35.36	26,520	40.12	30,090		30,090	1.92	4.99	B			
				<u>98,357</u>		<u>73,683</u>		<u>73,683</u>	4.69	7.42				
CONSUMER DISCRETIONARY														
1,000	bby	Best Buy Inc Com	36.21	36,210	23.37	23,370		23,370	1.49	2.74	B+			
500	mcd	Mcdonald's Corp	52.28	26,140	100.33	50,165		50,165	3.19	2.79	A			
1,000	xly	Select Sector Spdr Tr Sbi Cons Discr	29.60	29,600	39.02	39,020		39,020	2.48	1.55				
				<u>91,950</u>		<u>112,555</u>		<u>112,555</u>	7.17	2.35				
CONSUMER STAPLES														
1,100	mo	Altria Group Inc	26.65	29,317	29.65	32,615		32,615	2.08	5.53	A			
400	ko	Coca Cola Co Com	64.61	25,844	69.97	27,988		27,988	1.78	2.69	A+			
550	pm	Philip Morris Intl Inc Com	48.11	26,462	78.48	43,164		43,164	2.75	3.92				
				<u>81,623</u>		<u>103,767</u>		<u>103,767</u>	6.61	4.10				
ENERGY														
3,900	amp	Alps Etf Tr Alerian Mlp	15.91	62,058	16.62	64,818		64,818	4.13	6.01				
1,000	eca	Encana Corp Com	36.01	36,010	18.53	18,530		18,530	1.18	4.32	B+			
600	kmp	Kinder Morgan Energy Partners Ltd	58.14	34,884	84.95	50,970		50,970	3.25	5.46				
300	oih	Oil Svc Holdrs Tr Depostry Rept	117.82	35,347	114.50	34,350		34,350	2.19	0.78				

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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
800	btu	Peabody Energy Corp	25.05	20,038	33.11	26,488		26,488	1.69	1.03	B+			
				188,337		195,156		195,156	12.43	4.11				
FINANCIAL														
1,300	nly	Annaly Cap Mgmt Inc Com	18.63	24,219	15.96	20,748		20,748	1.32	14.29	B			
180	gs	Goldman Sachs Group Com	172.80	31,104	90.43	16,277		16,277	1.04	1.11	A-			
750	jpm	Jpmorgan Chase & Co	45.10	33,825	33.25	24,937		24,937	1.59	3.01	B+			
1,700	pgf	Powershares Etf Trust Finl Pfd Ptf	21.46	36,482	16.12	27,404		27,404	1.74	7.64				
750	kie	SPDR S&P Insurance Etf	40.64	30,480	37.21	27,907		27,907	1.78	1.67				
5,000	xlf	Select Sector Spdr Tr Sbi Int-Finl	11.50	57,521	13.00	65,000		65,000	4.14	1.73				
				213,631		182,274		182,274	11.60	4.16				
HEALTHCARE														
500	jjj	Johnson & Johnson	61.41	30,704	65.58	32,790		32,790	2.09	3.48	A+			
1,300	mrk	Merck & Co Inc (new)	47.16	61,307	37.70	49,010		49,010	3.12	4.46	B			
1,500	pfe	Pfizer Inc	25.02	37,530	21.64	32,460		32,460	2.07	4.07	B			
				129,541		114,260		114,260	7.27	4.06				
INFORMATION TECHNOLOGY														
300	ibm	International Bus Mach	122.35	36,705	183.88	55,164		55,164	3.51	1.63	A+			
2,350	iyw	Ishares Tr Dj Us Tech Sec	44.52	104,623	63.90	150,165		150,165	9.56	0.61				
1,500	msft	Microsoft Corp	24.44	36,653	25.96	38,940		38,940	2.48	3.08	A-			
550	v	Visa Inc Com Cl A	72.66	39,961	101.53	55,841		55,841	3.56	0.87				
				217,942		300,110		300,110	19.11	1.16				
UTILITIES														
700	d	Dominion Res Va New Com	36.45	25,513	53.08	37,156		37,156	2.37	3.71	A-			
1,000	pnw	Pinnacle West Cap Corp	47.13	47,127	48.18	48,180		48,180	3.07	4.36	B			
				72,640		85,336		85,336	5.43	4.08				
PASSIVE INDEX														
500	iwm	Ishares Tr Russell 2000	81.91	40,955	73.75	36,875		36,875	2.35	1.40				
				1,393,427		1,455,413		1,455,413	92.66	3.10				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
800	bp	Bp Amoco Plc - Spons Adr	36.99	29,595	42.74	34,192		34,192	2.18	3.93				
				29,595		34,192		34,192	2.18	3.93				
TOTAL PORTFOLIO				1,504,088		1,570,671	0	1,570,671	100.00	3.06				

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ethel Hart Mutual Endowment 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>
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No transactions within the specified date range were found!