



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

***United Way***  
Quarterly Investment Report  
December 31, 2011

Russell Fehr, City Treasurer  
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## **INTRODUCTION**

In 1999, the United Way of Sacramento contracted with our office to provide financial management services. The investment objective of this fund is to provide for growth and capital preservation. The initial transfer was \$1.9 million followed by \$696 thousand. The original asset allocation was 70% equity and 30% fixed income. On February 22, 2008, these funds were aggregated to be managed under a single strategy.

## **STRATEGY**

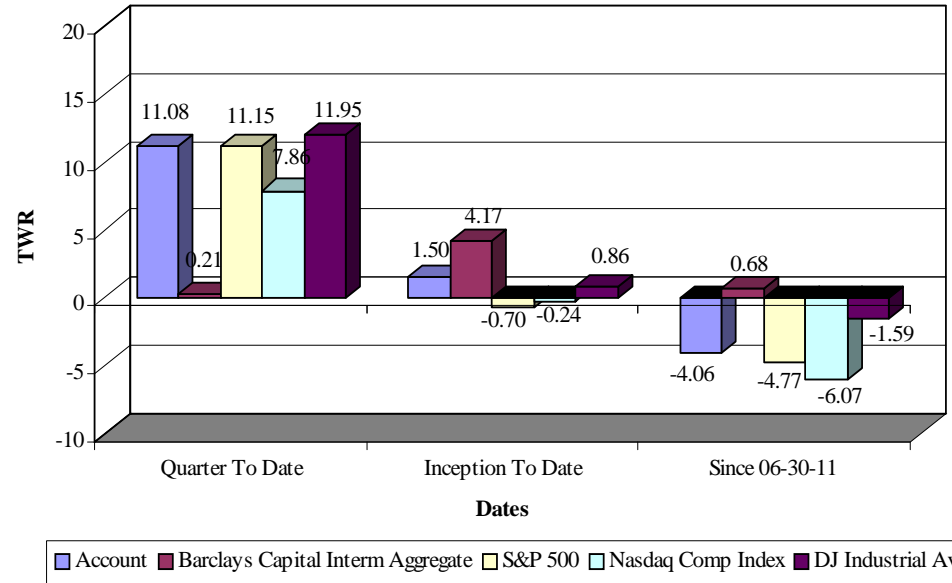
Investments will be made for the sole interest and exclusive purpose of providing the maximum return within the client's investment constraints. The assets must be invested with care, skill and diligence that a prudent person acting in this capacity as a fiduciary would undertake.

## **OBJECTIVES**

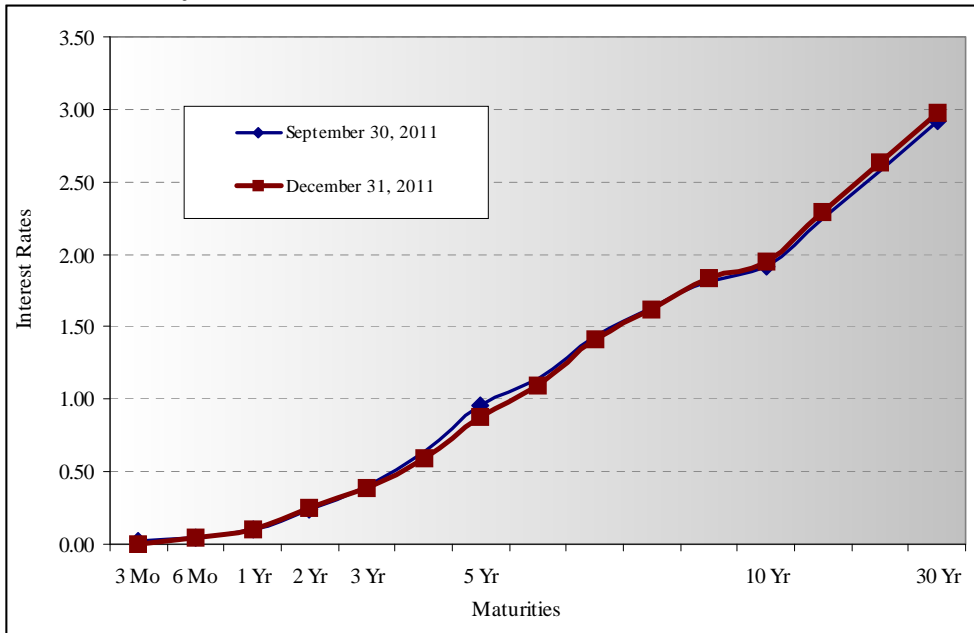
The objective of this fund is to provide for growth and capital preservation. The portfolio should be invested to minimize the likelihood of low or negative total rate of returns. The long term goal of the portfolio is to maximize the returns without exposure to undue risk. Whereas, it is understood that fluctuating, even negative rates of return are characteristic of the securities investment market. As a goal, minimum expected total rate of return should seek to exceed the increase in the CPI by 5 percent annually. The portfolio will contain no derivatives of any form.

## Performance

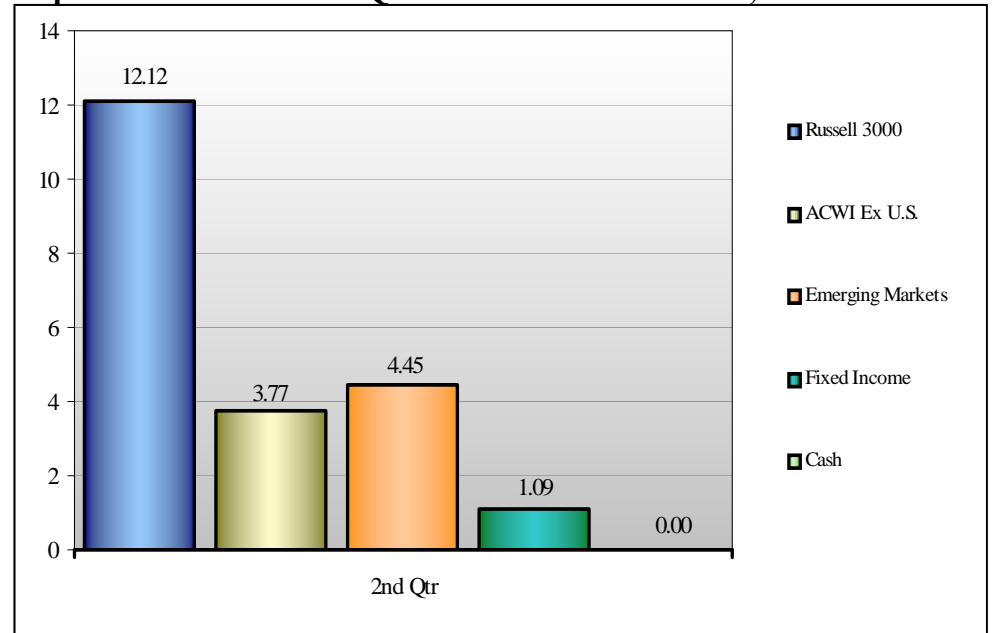
|                                   | Quarter To Date | Inception To Date | Since 06-30-11 |
|-----------------------------------|-----------------|-------------------|----------------|
| Account                           | 11.08           | 1.50              | -4.06          |
| Barclays Capital Interm Aggregate | 0.21            | 4.17              | 0.68           |
| S&P 500                           | 11.15           | -0.70             | -4.77          |
| Nasdaq Comp Index                 | 7.86            | -0.24             | -6.07          |
| DJ Industrial Ave                 | 11.95           | 0.86              | -1.59          |



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



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

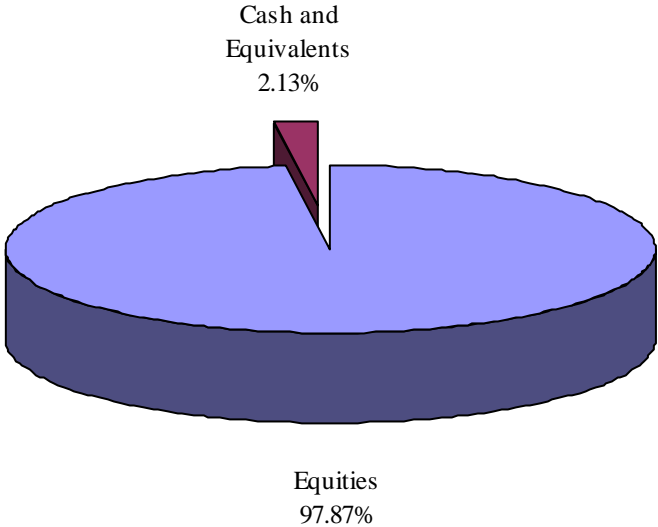


**Activity**

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

|                                    |                  |
|------------------------------------|------------------|
| <b>Portfolio Value on 09-30-11</b> | <b>2,628,312</b> |
| Contributions                      | 0                |
| Withdrawals                        | -3,225           |
| Realized Gains                     | 6,374            |
| Unrealized Gains                   | 269,101          |
| Interest                           | 636              |
| Dividends                          | 14,956           |
| <b>Portfolio Value on 12-31-11</b> | <b>2,916,154</b> |

**Actual Asset Allocation**



**Top 10 Holdings**

| Securities                           | Market Value | Pct.  |
|--------------------------------------|--------------|-------|
| Ishares Tr Dj Us Tech Sec            | 607,050      | 20.82 |
| Ishares Tr Dj Us Energy              | 422,198      | 14.48 |
| Select Sector Spdr Tr Sbi Int-Finl   | 341,900      | 11.72 |
| Select Sector Spdr Tr Sbi Cons Discr | 331,670      | 11.37 |
| Select Sector Spdr Tr Sbi Cons Stpls | 324,900      | 11.14 |
| Select Sector Spdr Tr Sbi Healthcare | 312,210      | 10.71 |
| Select Sector Spdr Tr Sbi Int-Inds   | 307,125      | 10.53 |
| Vanguard World Fds Utilities Etf     | 99,957       | 3.43  |
| Ishares Tr Dj Us Bas Matl            | 57,870       | 1.98  |
| Fidelity Fund                        | 46,253       | 1.59  |

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*United Way*  
*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 |
|-----------------------------------|-----------------|--|-----------|------------------|-------|------------------|------------------|----------------------------|---------------|-------------|-------|-------|-------------|---------------|
| <b>CASH AND EQUIVALENTS</b>       |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
|                                   | fidfund         | Fidelity Fund                            |           | 46,253           |       | 46,253           |                  | 46,253                     | 1.59          | 0.01        |       |       |             |               |
|                                   | miscintrec      | Misc Interest Receivable                 |           | 233              |       | 233              |                  | 233                        | 0.01          | 4.00        |       |       |             |               |
|                                   | sliab           | Securities Lending Liability             |           | -14,000          |       | -14,000          |                  | -14,000                    | -0.48         | 0.00        |       |       |             |               |
|                                   |                 |  |           | <u>32,486</u>    |       | <u>32,486</u>    |                  | <u>32,486</u>              | 1.11          | 0.04        |       |       |             |               |
| <b>COMMON STOCK</b>               |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| <b>MATERIALS</b>                  |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 900                               | iyd             | Ishares Tr Dj Us Bas Matl                | 78.55     | 70,692           | 64.30 | 57,870           |                  | 57,870                     | 1.98          | 2.22        |       |       |             |               |
| 1,200                             | dba             | Powershs Db Multi Sect Db<br>Agricult Fd | 32.22     | 38,664           | 28.88 | 34,656           |                  | 34,656                     | 1.19          | 0.00        |       |       |             |               |
|                                   |                 |  |           | <u>109,356</u>   |       | <u>92,526</u>    |                  | <u>92,526</u>              | 3.17          | 1.39        |       |       |             |               |
| <b>INDUSTRIALS</b>                |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 9,100                             | xli             | Select Sector Spdr Tr Sbi Int-Inds       | 37.37     | 340,059          | 33.75 | 307,125          |                  | 307,125                    | 10.53         | 2.16        |       |       |             |               |
| <b>TELECOMMUNICATION SERVICES</b> |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 1,100                             | vz              | Verizon Communications Inc               | 36.68     | 40,351           | 40.12 | 44,132           |                  | 44,132                     | 1.51          | 4.99        | B     |       |             |               |
| <b>CONSUMER DISCRETIONARY</b>     |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 8,500                             | xly             | Select Sector Spdr Tr Sbi Cons<br>Discr  | 35.34     | 300,389          | 39.02 | 331,670          |                  | 331,670                    | 11.37         | 1.55        |       |       |             |               |
| <b>CONSUMER STAPLES</b>           |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 10,000                            | xlp             | Select Sector Spdr Tr Sbi Cons<br>Stpls  | 29.56     | 295,621          | 32.49 | 324,900          |                  | 324,900                    | 11.14         | 2.73        |       |       |             |               |
| <b>ENERGY</b>                     |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 10,600                            | iey             | Ishares Tr Dj Us Energy                  | 42.41     | 449,570          | 39.83 | 422,198          |                  | 422,198                    | 14.48         | 1.40        |       |       |             |               |
| <b>FINANCIAL</b>                  |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 26,300                            | xlf             | Select Sector Spdr Tr Sbi Int-Finl       | 16.03     | 421,672          | 13.00 | 341,900          |                  | 341,900                    | 11.72         | 1.73        |       |       |             |               |
| <b>HEALTHCARE</b>                 |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 9,000                             | xlv             | Select Sector Spdr Tr Sbi<br>Healthcare  | 32.39     | 291,496          | 34.69 | 312,210          |                  | 312,210                    | 10.71         | 1.96        |       |       |             |               |
| <b>INFORMATION TECHNOLOGY</b>     |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 9,500                             | iyw             | Ishares Tr Dj Us Tech Sec                | 65.36     | 620,921          | 63.90 | 607,050          |                  | 607,050                    | 20.82         | 0.61        |       |       |             |               |
| <b>UTILITIES</b>                  |                 |  |           |                  |       |                  |                  |                            |               |             |       |       |             |               |
| 1,300                             | vpu             | Vanguard World Fds Utilities Etf         | 70.04     | 91,048           | 76.89 | 99,957           |                  | 99,957                     | 3.43          | 3.46        |       |       |             |               |
|                                   |                 |  |           | <u>2,960,484</u> |       | <u>2,883,668</u> |                  | <u>2,883,668</u>           | 98.89         | 1.71        |       |       |             |               |
| <b>TOTAL PORTFOLIO</b>            |                 |  |           | <b>2,992,970</b> |       | <b>2,916,154</b> | <b>0</b>         | <b>2,916,154</b>           | <b>100.00</b> | <b>1.69</b> |       |       |             |               |

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*United Way*  
 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> |
|-------------------------|--------------------|-----------------|--------------------------------------|-------------------|---------------|-----------------------|-------------------|
| <b><u>Purchases</u></b> |                    |                 |                                      |                   |               |                       |                   |
| <b>COMMON STOCK</b>     |                    |                 |                                      |                   |               |                       |                   |
| 10-17-11                | 10-20-11           | 1,800           | Ishares Tr Dj Us Energy              | 37.85             | 68,133        | 39.83                 | 2                 |
| 10-17-11                | 10-20-11           | 1,200           | Ishares Tr Dj Us Tech Sec            | 65.24             | 78,293        | 63.90                 | -1                |
| 10-17-11                | 10-20-11           | 1,300           | Select Sector Spdr Tr Sbi Cons Discr | 38.23             | 49,696        | 39.02                 | 1                 |
|                         |                    |                 |                                      |                   | 196,122       |                       |                   |
| Total Purchases         |                    |                 |                                      |                   | 196,122       |                       |                   |

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*United Way*  
 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           | 500             | Ishares Silver Trust Ishares         | 31.26             | 15,630        | 38.09                 | -3,415           |
| 10-14-11            | 10-19-11           | 1,900           | Select Sector Spdr Tr Sbi Cons Stpls | 30.76             | 58,449        | 29.56                 | 2,281            |
| 10-14-11            | 10-19-11           | 900             | Select Sector Spdr Tr Sbi Healthcare | 32.75             | 29,474        | 32.39                 | 325              |
| 10-14-11            | 10-19-11           | 2,800           | Select Sector Spdr Tr Sbi Int-Finl   | 12.51             | 35,027        | 16.03                 | -9,866           |
| 10-14-11            | 10-19-11           | 300             | Vanguard World Fds Utilities Etf     | 72.22             | 21,666        | 70.04                 | 654              |
|                     |                    |                 |                                      |                   | 160,246       |                       | -10,020          |
| Total Sales         |                    |                 |                                      |                   | 160,246       |                       | -10,020          |