



Office of the City Treasurer

www.cityofsacramento.org/treasurer/

Russell Fehr, City Treasurer

Ann Land/Bertha Henschel Endowment Fund

Annual Investment Report

June 30, 2014

A decorative graphic at the bottom of the page consisting of several overlapping, semi-transparent, light-colored rectangular blocks of varying sizes and orientations, creating a layered, architectural effect.

FY2014

TABLE OF CONTENTS

	PAGE
INTRODUCTION, STRATEGY & OBJECTIVES.....	3
PORTFOLIO SUMMARY.....	4
PORTFOLIO APPRAISAL.....	6
PERFORMANCE HISTORY.....	9
PERFORMANCE BY ASSET CLASS @ MARKET.....	10
PERFORMANCE BY ASSET CLASS @ COST.....	11
PURCHASES/SALES AND GAINS/LOSSES.....	12

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

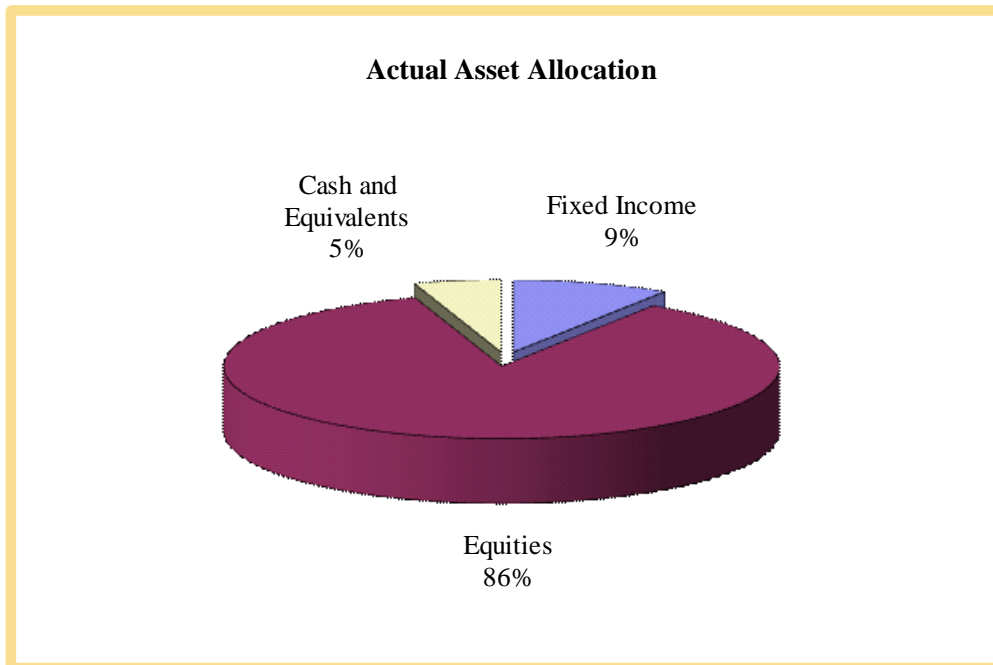
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$80,000-110,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)	225,078	259,817	7.1	4.8	12,362
CORPORATE BONDS					
FINANCIAL	58,921	75,020	2.1	5.8	4,350
Accrued Interest		1,208	0.0		
	283,999	336,045	9.2	5.0	16,712
Equities					
COMMON STOCK					
MATERIALS	94,498	152,965	4.2	1.5	2,276
INDUSTRIALS	267,181	341,112	9.3	2.4	8,139
TELECOMMUNICATION SERVICES	252,724	247,463	6.8	5.3	13,032
CONSUMER DISCRETIONARY	62,137	112,164	3.1	3.1	3,444
CONSUMER STAPLES	336,604	593,296	16.2	3.7	21,998
ENERGY	161,361	320,679	8.8	4.7	14,927
FINANCIAL	129,080	210,690	5.8	3.0	6,410
HEALTHCARE	232,269	377,455	10.3	3.0	11,440
INFORMATION TECHNOLOGY	137,269	195,417	5.3	1.9	3,727
UTILITIES	257,843	349,890	9.6	3.9	13,722
PASSIVE INDEX	41,781	46,188	1.3	3.0	1,371
COMMON STOCK	1,972,748	2,947,321	80.6	3.4	100,486
AMERICAN DEPOSITORY RECEIPTS					
ENERGY	120,164	124,960	3.4	3.7	4,570
HEALTHCARE	39,174	64,176	1.8	5.0	3,185
AMERICAN DEPOSITORY RECEIPTS	159,338	189,136	5.2	4.1	7,755

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
	2,132,086	3,136,457	85.8	3.5	108,241
Cash and Equiv.					
CASH AND EQUIVALENTS	184,829	184,829	5.1	1.0	1,777
	184,829	184,829	5.1	1.0	1,777
TOTAL PORTFOLIO	2,600,913	3,657,331	100.0	3.5	126,730



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

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		7,519		7,519		7,519	0.21	4.00				
	miscintrec	Misc Interest Receivable		204		204		204	0.01	4.00				
	PoolA	Pool A Cash		195,760		195,760		195,760	5.35	0.75				
	sliab	Securities Lending Liability		-18,655		-18,655		-18,655	-0.51	0.00				
				184,829		184,829		184,829	5.06	0.96				
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)														
230,000	31398adm1	Fannie Mae 5.375% Due 06-12-17	97.86	225,078	112.96	259,817	652	260,470	7.11	4.76	AA+	Aaa		
CORPORATE BONDS														
FINANCIAL														
60,000	126117ae0	Cna Financial Corp 7.250% Due 11-15-23	98.20	58,921	125.03	75,020	556	75,576	2.05	5.80	BBB	Baa2		
				58,921		75,020	556	75,576	2.05	5.80				
COMMON STOCK														
MATERIALS														
750	iyf	Ishares US Basic Materials ETF	69.09	51,819	87.53	65,647		65,647	1.80	1.38				
700	mon	Monsanto C0 New Com	60.97	42,679	124.74	87,318		87,318	2.39	1.57	A			
				94,498		152,965		152,965	4.18	1.49				
INDUSTRIALS														
500	cat	Caterpillar Inc Del Com	69.24	34,620	108.67	54,335		54,335	1.49	2.58	A+			
600	de	Deere & Co Com	81.10	48,657	90.55	54,330		54,330	1.49	2.65	A			
1,500	rrd	Donnelley R R & Sons Com	17.41	26,116	16.96	25,440		25,440	0.70	6.13	B-			
2,000	ge	General Electric Co	33.73	67,460	26.28	52,560		52,560	1.44	3.35	A-			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	147.01	58,804		58,804	1.61	0.82				
200	lmt	Lockheed Martin Corp	137.44	27,488	160.73	32,146		32,146	0.88	0.62	A+			
550	utx	United Technologies	58.08	31,944	115.45	63,497		63,497	1.74	2.04	A+			
				267,181		341,112		341,112	9.33	2.39				
TELECOMMUNICATION SERVICES														
2,500	t	At&t Inc	39.73	99,330	35.36	88,400		88,400	2.42	5.20	B+			
10,480	fr	Frontier Communication Com	7.65	80,174	5.84	61,203		61,203	1.67	6.85	B-			
2,000	vz	Verizon Communications Inc	36.61	73,219	48.93	97,860		97,860	2.68	4.33	B			
				252,724		247,463		247,463	6.77	5.27				
CONSUMER DISCRETIONARY														
3,000	f	Ford Mtr Co	10.40	31,199	17.24	51,720		51,720	1.41	2.90	B-			
600	mcd	Mcdonald's Corp	51.56	30,938	100.74	60,444		60,444	1.65	3.22	A			
				62,137		112,164		112,164	3.07	3.07				
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	41.94	104,850		104,850	2.87	4.96	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	42.36	67,776		67,776	1.85	2.88	A+			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

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
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	68.18	95,452		95,452	2.61	2.11	A+			
1,150	pm	Philip Morris Intl Inc Com	43.78	50,346	84.31	96,956		96,956	2.65	4.46				
700	pg	Procter & Gamble Co	58.18	40,726	78.59	55,013		55,013	1.50	3.28	A+			
2,000	rai	Reynolds American Inc Com	19.88	39,760	60.35	120,700		120,700	3.30	4.44	B+			
700	wmt	Wal Mart Stores Inc	68.03	47,621	75.07	52,549		52,549	1.44	2.56	A+			
				336,604		593,296		593,296	16.23	3.71				
ENERGY														
2,500	ampl	Alps Etf Tr Alerian Mlp	16.03	40,075	19.00	47,500		47,500	1.30	5.87				
500	cvx	Chevron Corporation	58.54	29,271	130.55	65,275		65,275	1.79	3.28	A+			
1,200	kmp	Kinder Morgan Energy Partners Ltd	46.22	55,460	82.21	98,652		98,652	2.70	6.76				
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	84.04	109,252		109,252	2.99	3.05				
				161,361		320,679		320,679	8.77	4.65				
FINANCIAL														
800	mtb	M & T Bk Corp Com	51.92	41,535	124.05	99,240		99,240	2.71	2.26	B+			
3,000	pgf	Powershares Etf Trust Finl Pfd Ptf	20.17	60,520	18.20	54,600		54,600	1.49	6.02				
2,500	xlf	Select Sector Spdr Tr Sbi Int-Finl	10.81	27,025	22.74	56,850		56,850	1.55	1.56				
				129,080		210,690		210,690	5.76	3.04				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	48.51	97,020		97,020	2.65	2.97	B+			
1,000	jnj	Johnson & Johnson	62.22	62,224	104.62	104,620		104,620	2.86	2.68	A+			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	57.85	86,775		86,775	2.37	3.04	B			
3,000	pfe	Pfizer Inc	22.22	66,651	29.68	89,040		89,040	2.44	3.50	B+			
				232,269		377,455		377,455	10.32	3.03				
INFORMATION TECHNOLOGY														
700	aapl	Apple Inc.	90.72	63,504	92.93	65,051		65,051	1.78	2.02	B+			
700	iyw	Ishares US Technology ETF	40.00	28,000	96.88	67,816		67,816	1.85	1.08				
1,500	msft	Microsoft Corp	30.51	45,765	41.70	62,550		62,550	1.71	2.69	A-			
				137,269		195,417		195,417	5.34	1.91				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	40.88	40,880		40,880	1.12	3.91	B			
833	duk	Duke Energy Corp New Com New	48.34	40,264	74.19	61,800		61,800	1.69	4.29	B			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	57.84	86,760		86,760	2.37	3.92	B+			
1,200	ppl	Ppl Corp Com	30.39	36,473	35.53	42,636		42,636	1.17	4.19	B+			
1,400	scg	Scana Corp New Com	34.80	48,724	53.81	75,334		75,334	2.06	3.90	A-			
1,000	se	Spectra Energy Corp Wi	20.54	20,537	42.48	42,480		42,480	1.16	3.15	A			
				257,843		349,890		349,890	9.57	3.92				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

<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>	<u>Bond Status</u>	<u>Call Put Date</u>
PASSIVE INDEX														
600	dvy	Ishares Select Dividend ETF	69.63	41,781	76.98	46,188		46,188	1.26	2.97				
				1,972,748		2,947,321		2,947,321	80.61	3.41				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
1,200	bp	BP Plc Sponsored Adr	42.25	50,700	52.75	63,300		63,300	1.73	4.44				
2,000	sto	Statoil Asa Sponsored Adr	34.73	69,464	30.83	61,660		61,660	1.69	2.86			A	
				120,164		124,960		124,960	3.42	3.66				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	39,174	53.48	64,176		64,176	1.76	4.96				
				159,338		189,136		189,136	5.17	4.10				
TOTAL PORTFOLIO				2,600,913		3,656,122	1,208	3,657,331	100.00	3.47				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2014

Monthly Performance

Time Period	Percent Return Per Period						Cumulative TWR Basis = 100					
	Portfolio	S&P 500	DJ Select Dividend	Barclays Capital Intern Aggregate	DJ Industrial Ave	Nasdaq Comp Index	Portfolio	S&P 500	DJ Select Dividend	Barclays Capital Intern Aggregate	DJ Industrial Ave	Nasdaq Comp Index
06-30-13							100.00	100.00	100.00	100.00	100.00	100.00
06-30-13 to 07-31-13	3.01	4.95	5.55	0.16	3.96	6.56	103.01	104.95	105.55	100.16	103.96	106.56
07-31-13 to 08-31-13	-2.37	-3.13	-4.15	-0.10	-4.45	-1.01	100.57	101.66	101.17	100.06	99.33	105.48
08-31-13 to 09-30-13	1.60	2.97	3.31	0.23	2.16	5.06	102.18	104.69	104.52	100.29	101.48	110.82
09-30-13 to 10-31-13	4.25	4.46	5.30	0.11	2.75	3.93	106.52	109.35	110.06	100.40	104.27	115.18
10-31-13 to 11-30-13	1.54	2.80	1.10	0.10	3.48	3.58	108.16	112.42	111.28	100.49	107.89	119.29
11-30-13 to 12-31-13	0.98	2.36	1.87	-0.14	3.05	2.87	109.23	115.07	113.36	100.36	111.18	122.72
12-31-13 to 01-31-14	-2.70	-3.56	-2.48	0.16	-5.30	-1.74	106.27	110.98	110.55	100.52	105.29	120.59
01-31-14 to 02-28-14	3.20	4.31	3.51	0.09	3.97	4.98	109.68	115.76	114.44	100.61	109.47	126.59
02-28-14 to 03-31-14	2.08	0.69	2.77	-0.11	0.83	-2.53	111.96	116.56	117.60	100.50	110.38	123.38
03-31-14 to 04-30-14	2.80	0.62	2.11	0.14	0.75	-2.01	115.10	117.29	120.09	100.64	111.21	120.90
04-30-14 to 05-31-14	1.15	2.10	0.71	0.18	0.82	3.11	116.42	119.75	120.94	100.82	112.12	124.66
05-31-14 to 06-30-14	1.56	1.91	2.98	-0.05	0.65	3.90	118.23	122.04	124.54	100.77	112.86	129.53
Date to Date 06-30-13 to 06-30-14	18.23	22.04	24.54	0.77	12.86	29.53						

Performance History

**TWR FOR SELECTED PERIODS
 ANNUALIZED
 GROSS OF FEES**

	Latest 1 Year	Latest 3 Year	Latest 5 Year	Inception To Date
Account	18.23	12.20	15.69	7.86
SBBIG	4.34	3.68	4.72	6.80
S&P 500	22.04	14.07	16.35	7.24
DJ Select Dividend	24.54	17.69	21.58	?*
Nasdaq Comp Index	29.53	16.70	19.16	8.92
DJ Industrial Ave	12.86	10.67	14.78	7.57

* Index commencement date was 11/30/03

City of Sacramento
PERFORMANCE BY ASSET CLASS
Discounted Cash Flow Method Gross of Fees
Ann Land/Bertha Henschel Endowment Fund
From 06-30-13 To 06-30-14

	<u>Fixed Income</u>	<u>Options</u>	<u>Equities</u>	<u>Cash and Equiv.</u>	<u>Total Portfolio</u>
Market Value on 06-30-13	337,774	0	2,845,098	29,917	3,212,790
Accrued Interest	1,208	0	0	0	1,208
Purchases/Contributions	0	0	232,960	515,863	0
Sales/Withdrawals	-16,712	0	-499,150	-364,916	-131,957
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Realized Gains	0	0	33,627	0	33,627
Unrealized Gains	-2,937	0	414,697	0	411,760
Interest Income	16,712	0	0	3,965	20,677
Dividend Income	0	0	109,225	0	109,225
Change in Accrued Interest	0	0	0	0	0
Market Value on 06-30-14	334,837	0	3,136,457	184,829	3,656,122
Accrued Interest	1,208	0	0	0	1,208
Total Gain before Fees	13,775	0	557,549	3,965	575,289
IRR for 1.00 Years	4.13%	0.00%	20.22%	5.66%	18.21%
Annualized IRR	4.13%	0.00%	20.22%	5.66%	18.21%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-13 To 06-30-14

	Fixed Income	Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
Cost Value on 06-30-13	283,999	0	2,389,745	38,795	-8,878	29,917	2,703,661
Accrued Interest	1,208	0	0	0	0	0	1,208
Purchases	0	0	232,852	0	389,817	389,817	622,669
Contributions	0	0	108	416,542	-290,497	126,046	0
Sales	0	0	-389,817	0	-232,852	-232,852	-622,669
Withdrawals	-16,712	0	-109,333	-260,269	128,204	-132,064	-131,957
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Realized Gains	0	0	-100,694	0	0	0	-100,694
Amortization	0	0	0	0	0	0	0
Interest Income	16,712	0	0	692	3,273	3,965	20,677
Dividend Income	0	0	109,225	0	0	0	109,225
Change in Accrued Interest	0	0	0	0	0	0	0
Cost Value on 06-30-14	283,999	0	2,132,086	195,760	-10,932	184,829	2,600,913
Accrued Interest	1,208	0	0	0	0	0	1,208
Average Cost Base	278,634	0	2,297,992	82,458	-11,618	70,840	2,647,467
Total Gain before Fees	16,712	0	8,531	692	3,273	3,965	29,209
IRR for 1.00 Years	6.00%	0.00%	0.37%	0.84%	NA	5.60%	1.10%
Annualized IRR	6.00%	0.00%	0.37%	0.84%	NA	5.60%	1.10%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-13 To 06-30-14

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2014 Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
07-09-2013	07-12-2013	2,000	Annaly Cap Mgmt Inc Com	11.82	23,639	11.43	0
07-11-2013	07-16-2013	500	Cenovus Energy Inc Com	31.00	15,500	32.37	1
11-07-2013	11-13-2013	1,500	Donnelley R R & Sons Com	17.41	26,116	16.96	0
07-09-2013	07-12-2013	5,000	Frontier Communication Com	4.00	19,990	5.84	2
07-10-2013	07-15-2013	750	Ishares US Basic Materials ETF	69.09	51,819	87.53	18
11-07-2013	11-13-2013	200	Lockheed Martin Corp	137.44	27,488	160.73	23
07-09-2013	07-12-2013	1,000	Powershares Etf Trust Finl Pfd Ptf	17.60	17,600	18.20	1
					182,152		
AMERICAN DEPOSITORY RECEIPTS							
07-12-2013	07-17-2013	1,200	BP Plc Sponsored Adr	42.25	50,700	52.75	10
					50,700		
					232,852		
Total Purchases							

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-13 To 06-30-14

<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>
Sales							
COMMON STOCK							
11-07-2013	11-13-2013	4,000	Annaly Cap Mgmt Inc Com	11.00	44,001	14.60	-14,381
04-29-2014	05-02-2014	200	Apple Inc.	593.23	118,645	635.04	-8,362
10-31-2013	11-05-2013	1,500	Cenovus Energy Inc Com	29.96	44,939	35.04	-7,622
07-09-2013	07-12-2013	200	Cf Industries Holdings Inc.	180.66	36,132	164.97	3,138
10-31-2013	11-05-2013	1,058	Exelon Corp	28.60	30,263	52.32	-25,092
07-09-2013	07-12-2013	1,000	Ishares Latin America 40 ETF	35.38	35,375	50.96	-15,583
07-09-2013	07-12-2013	350	Kinder Morgan Energy Partners Ltd	86.34	30,218	46.22	14,043
07-09-2013	07-12-2013	2,000	Penn West Pete Ltd New Com	10.85	21,700	29.75	-37,800
07-09-2013	07-12-2013	1,061	Southern Copper Corp Com	26.90	28,543	35.42	-9,035
					389,817		-100,694
Total Sales					389,817		-100,694