

FY 2015

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2015

City of
SACRAMENTO
Office of the City Treasurer

[Office of the City Treasurer - City of Sacramento](#)

Russell Fehr, City Treasurer

FY 2015



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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

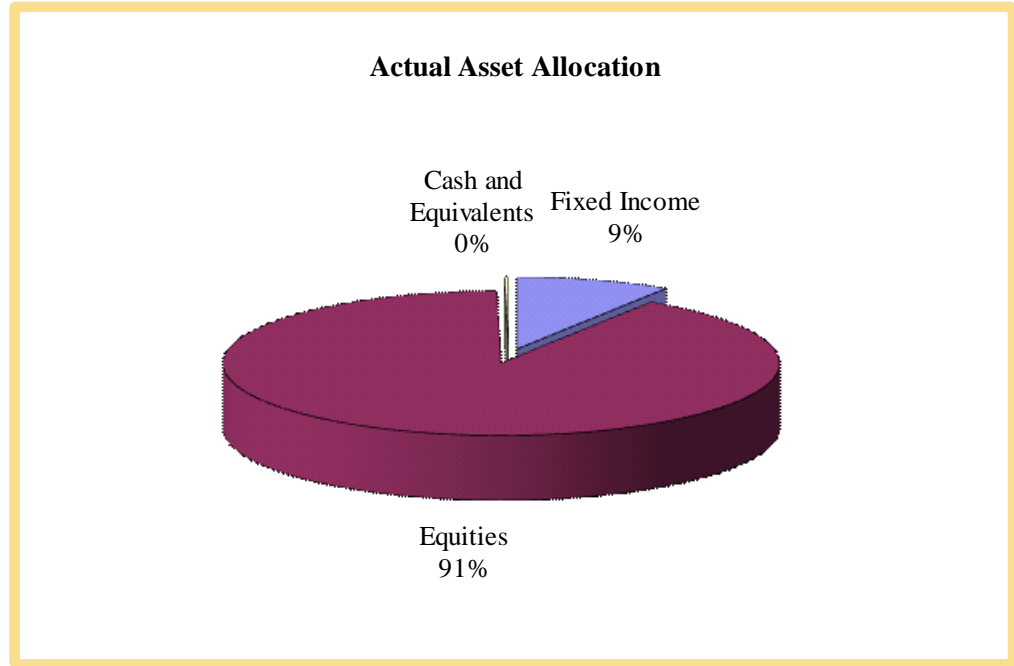
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$80,000-110,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)	225,078	250,511	7.0	4.9	12,362
CORPORATE BONDS					
FINANCIAL	58,921	72,400	2.0	6.0	4,350
Accrued Interest		1,208	0.0		
	283,999	324,120	9.0	5.2	16,712
Equities					
COMMON STOCK					
MATERIALS	143,994	177,874	5.0	1.7	3,100
INDUSTRIALS	284,096	339,577	9.5	3.2	10,903
TELECOMMUNICATION SERVICES	275,621	257,201	7.2	5.7	14,602
CONSUMER DISCRETIONARY	62,137	102,072	2.8	3.8	3,840
CONSUMER STAPLES	391,754	675,536	18.8	3.7	24,838
ENERGY	230,328	297,699	8.3	5.0	14,808
FINANCIAL	234,099	326,308	9.1	4.1	13,300
HEALTHCARE	232,269	416,525	11.6	2.9	12,020
INFORMATION TECHNOLOGY	73,765	139,494	3.9	1.9	2,693
UTILITIES	271,125	335,066	9.3	4.4	14,854
PASSIVE INDEX	73,861	75,150	2.1	3.3	2,452
COMMON STOCK	2,273,049	3,142,503	87.6	3.7	117,410
AMERICAN DEPOSITORY RECEIPTS					
ENERGY	62,404	59,940	1.7	6.0	3,570
HEALTHCARE	39,174	49,980	1.4	5.9	2,973
AMERICAN DEPOSITORY RECEIPTS	101,578	109,920	3.1	6.0	6,543

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
	2,374,627	3,252,423	90.7	3.8	123,953
Cash and Equiv.					
CASH AND EQUIVALENTS	8,765	8,765	0.2	3.8	332
	8,765	8,765	0.2	3.8	332
TOTAL PORTFOLIO	2,667,391	3,585,308	100.0	3.9	140,998



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

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		8,138		8,138		8,138	0.23	4.00				
	PoolA	Pool A Cash		627		627		627	0.02	1.06				
				8,765		8,765		8,765	0.24	3.79				
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)														
230,000	31398adm1	Fannie Mae 5.375% Due 06-12-17	97.86	225,078	108.92	250,511	652	251,164	6.99	4.93	AA+	Aaa		
CORPORATE BONDS														
FINANCIAL														
60,000	126117ae0	Cna Financial Corp 7.250% Due 11-15-23	98.20	58,921	120.67	72,400	556	72,956	2.02	6.01	BBB	Baa2		
				58,921		72,400	556	72,956	2.02	6.01				
COMMON STOCK														
MATERIALS														
2,300	fcx	Freeport-Mcmoran Inc	21.52	49,496	18.62	42,826		42,826	1.19	1.07	B-			
750	iyx	Ishares US Basic Materials ETF	69.09	51,819	80.58	60,435		60,435	1.69	1.87				
700	mon	Monsanto CO New Com	60.97	42,679	106.59	74,613		74,613	2.08	2.03	A			
				143,994		177,874		177,874	4.96	1.74				
INDUSTRIALS														
700	cat	Caterpillar Inc Del Com	73.80	51,658	84.82	59,374		59,374	1.66	3.63	A+			
3,000	rrd	Donnelley R R & Sons Com	18.04	54,121	17.43	52,290		52,290	1.46	5.97	B-			
2,000	ge	General Electric Co	33.73	67,460	26.57	53,140		53,140	1.48	3.46	A-			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	144.98	57,992		57,992	1.62	1.00				
300	lmt	Lockheed Martin Corp	160.06	48,017	185.90	55,770		55,770	1.56	3.23	A+			
550	utx	United Technologies	58.08	31,944	110.93	61,011		61,011	1.70	2.31	A+			
				284,096		339,577		339,577	9.47	3.21				
TELECOMMUNICATION SERVICES														
2,500	t	At&t Inc	39.73	99,330	35.52	88,800		88,800	2.48	5.29	B+			
10,480	ftt	Frontier Communication Com	7.65	80,174	4.95	51,876		51,876	1.45	8.48	B			
2,500	vz	Verizon Communications Inc	38.45	96,116	46.61	116,525		116,525	3.25	4.72	B			
				275,621		257,201		257,201	7.18	5.68				
CONSUMER DISCRETIONARY														
3,000	f	Ford Mtr Co	10.40	31,199	15.01	45,030		45,030	1.26	4.00	B-			
600	mcd	Mcdonald's Corp	51.56	30,938	95.07	57,042		57,042	1.59	3.58	A			
				62,137		102,072		102,072	2.85	3.76				
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	48.91	122,275		122,275	3.41	4.62	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	39.23	62,768		62,768	1.75	3.36	A			
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	65.41	91,574		91,574	2.56	2.32	A+			
500	kmb	Kimberly Clark Corp	110.30	55,150	105.97	52,985		52,985	1.48	3.32	A			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

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
1,150	pm	Philip Morris Intl Inc Com	43.78	50,346	80.17	92,195		92,195	2.57	4.99				
700	pg	Procter & Gamble Co	58.18	40,726	78.24	54,768		54,768	1.53	3.39	A			
2,000	rai	Reynolds American Inc Com	19.88	39,760	74.66	149,320		149,320	4.17	3.59	B+			
700	wmt	Wal Mart Stores Inc	68.03	47,621	70.93	49,651		49,651	1.39	2.76	A+			
				391,754		675,536		675,536	18.85	3.68				
ENERGY														
2,500	amp	Alps Etf Tr Alerian Mlp	16.03	40,075	15.56	38,900		38,900	1.09	7.56				
500	cvx	Chevron Corporation	58.54	29,271	96.47	48,235		48,235	1.35	4.44	A-			
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	38.39	115,170		115,170	3.21	5.11	B			
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	73.38	95,394		95,394	2.66	4.03				
				230,328		297,699		297,699	8.31	4.97				
FINANCIAL														
2,000	bx	Blackstone Group L P Com Unit Ltd	37.74	75,478	40.87	81,740		81,740	2.28	6.97				
800	mtb	M & T Bk Corp Com	51.92	41,535	124.93	99,944		99,944	2.79	2.24	B+			
3,800	pgf	Powershares Etf Trust Finl Pfd Ptf	19.82	75,304	18.17	69,046		69,046	1.93	5.85				
3,100	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.48	41,782	24.38	75,578		75,578	2.11	1.74				
				234,099		326,308		326,308	9.10	4.08				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	66.54	133,080		133,080	3.71	2.22	B+			
1,000	jn	Johnson & Johnson	62.22	62,224	97.46	97,460		97,460	2.72	3.08	A+			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	56.93	85,395		85,395	2.38	3.16	B+			
3,000	pfe	Pfizer Inc	22.22	66,651	33.53	100,590		100,590	2.81	3.34	B+			
				232,269		416,525		416,525	11.62	2.89				
INFORMATION TECHNOLOGY														
700	iyw	Ishares US Technology ETF	40.00	28,000	104.67	73,269		73,269	2.04	1.14				
1,500	msft	Microsoft Corp	30.51	45,765	44.15	66,225		66,225	1.85	2.81	A-			
				73,765		139,494		139,494	3.89	1.93				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	37.68	37,680		37,680	1.05	4.35	B			
1,000	duk	Duke Energy Corp New Com New	53.56	53,560	70.62	70,620		70,620	1.97	4.67	B			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	56.89	85,335		85,335	2.38	4.18	B+			
1,200	ppl	Ppl Corp Com	28.35	34,019	29.47	35,364		35,364	0.99	5.12	B+			
1,400	scg	Scana Corp New Com	34.80	48,724	50.65	70,910		70,910	1.98	4.30	A			
1,000	se	Spectra Energy Corp Wi	20.54	20,537	32.60	32,600		32,600	0.91	4.54	A			
149	tln	Talen Energy Corp Com	16.37	2,440	17.16	2,557		2,557	0.07	0.00				
				271,125		335,066		335,066	9.35	4.43				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

<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														
1,000	dvy	Ishares Select Dividend ETF	73.86	<u>73,861</u>	75.15	<u>75,150</u>		<u>75,150</u>	2.10	3.26				
				2,273,049		3,142,503		3,142,503	87.68	3.74				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	39.96	59,940		59,940	1.67	5.96				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	<u>39,174</u>	41.65	<u>49,980</u>		<u>49,980</u>	1.39	5.95				
				101,578		109,920		109,920	3.07	5.95				
TOTAL PORTFOLIO				2,667,391		3,584,100	1,208	3,585,308	100.00	3.93				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2015

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
06-30-14							100.00	100.00	100.00	100.00	100.00	100.00
06-30-14 to 07-31-14	-2.30	-1.51	-4.23	-0.08	-1.56	-0.87	97.70	98.49	95.77	99.92	98.44	99.13
07-31-14 to 08-31-14	3.30	3.77	4.11	0.17	3.23	4.82	100.92	102.20	99.70	100.09	101.62	103.90
08-31-14 to 09-30-14	-0.84	-1.55	-2.91	-0.06	-0.32	-1.90	100.07	100.62	96.80	100.03	101.29	101.93
09-30-14 to 10-31-14	2.32	2.32	5.89	0.29	2.04	3.06	102.40	102.95	102.50	100.32	103.35	105.05
10-31-14 to 11-30-14	2.45	2.45	0.95	0.15	2.52	3.47	104.91	105.48	103.47	100.47	105.95	108.70
11-30-14 to 12-31-14	-0.64	-0.42	1.48	-0.24	-0.03	-1.16	104.24	105.03	105.00	100.22	105.92	107.44
12-31-14 to 01-31-15	-1.03	-3.10	-0.43	0.52	-3.69	-2.13	103.16	101.77	104.55	100.75	102.01	105.15
01-31-15 to 02-28-15	3.20	5.49	0.61	-0.22	5.64	7.08	106.46	107.36	105.19	100.53	107.76	112.60
02-28-15 to 03-31-15	-2.41	-1.74	-1.14	0.24	-1.97	-1.26	103.89	105.49	104.00	100.76	105.64	111.18
03-31-15 to 04-30-15	1.81	0.85	0.53	0.05	0.36	0.83	105.78	106.39	104.55	100.81	106.03	112.10
04-30-15 to 05-31-15	-0.57	1.05	0.09	0.07	0.95	2.60	105.17	107.51	104.65	100.89	107.04	115.01
05-31-15 to 06-30-15	-3.25	-2.10	-3.25	0.02	-2.17	-1.64	101.75	105.25	101.25	100.91	104.71	113.13
Date to Date 06-30-14 to 06-30-15	1.75	5.25	1.25	0.91	4.71	13.13						

Performance History

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

	Latest 1 Year	Latest 3 Year	Latest 5 Year	Inception To Date
Account	1.75	9.64	12.68	7.64
SBBIG	1.87	1.83	3.31	6.63
S&P 500	5.25	14.84	14.89	7.17
DJ Select Dividend	1.25	14.31	16.48	?*
Nasdaq Comp Index	13.13	19.33	18.78	9.06
DJ Industrial Ave	4.71	11.01	12.51	7.47

* 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 06-30-14 To 06-30-15

	<u>Fixed Income</u>	<u>Options</u>	<u>Equities</u>	<u>Cash and Equiv.</u>	<u>Total Portfolio</u>
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
Purchases/Contributions	0	0	532,794	482,213	2,454
Sales/Withdrawals	-16,712	0	-467,955	-668,255	-140,369
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Realized Gains	0	0	10,855	0	10,855
Unrealized Gains	-11,925	0	-71,367	0	-83,292
Interest Income	16,712	0	0	9,979	26,691
Dividend Income	0	0	111,638	0	111,638
Change in Accrued Interest	0	0	0	0	0
Market Value on 06-30-15	322,912	0	3,252,423	8,765	3,584,100
Accrued Interest	1,208	0	0	0	1,208
Total Gain before Fees	4,787	0	51,126	9,979	65,892
IRR for 1.00 Years	1.45%	0.00%	1.68%	4.50%	1.83%
Annualized IRR	1.45%	0.00%	1.68%	4.50%	1.83%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-14 To 06-30-15

	Fixed Income	Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
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
Purchases	0	0	530,340	0	353,863	353,863	884,203
Contributions	0	0	2,454	379,748	-251,398	128,350	2,454
Sales	0	0	-353,863	0	-530,340	-530,340	-884,203
Withdrawals	-16,712	0	-114,092	-576,631	438,717	-137,915	-140,369
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Realized Gains	0	0	66,064	0	0	0	66,064
Amortization	0	0	0	0	0	0	0
Interest Income	16,712	0	0	1,751	8,228	9,979	26,691
Dividend Income	0	0	111,638	0	0	0	111,638
Change in Accrued Interest	0	0	0	0	0	0	0
Cost Value on 06-30-15	283,999	0	2,374,627	627	8,138	8,765	2,667,391
Accrued Interest	1,208	0	0	0	0	0	1,208
Average Cost Base	278,634	0	2,043,820	227,368	-6,910	220,457	2,542,912
Total Gain before Fees	16,712	0	177,701	1,751	8,228	9,979	204,393
IRR for 1.00 Years	6.00%	0.00%	8.69%	0.77%	NA	4.53%	8.04%
Annualized IRR	6.00%	0.00%	8.69%	0.77%	NA	4.53%	8.04%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-14 To 06-30-15

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2015 Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
02-24-2015	02-27-2015	2,000	Blackstone Group L P Com Unit Ltd	37.74	75,478	40.87	3
02-25-2015	03-02-2015	200	Caterpillar Inc Del Com	85.19	17,038	84.82	0
02-24-2015	02-27-2015	1,500	Donnelley R R & Sons Com	18.67	28,005	17.43	-1
02-24-2015	02-27-2015	167	Duke Energy Corp New Com New	79.62	13,297	70.62	-9
02-25-2015	03-02-2015	2,300	Freeport-Mcmoran Inc	21.52	49,496	18.62	-3
02-25-2015	03-02-2015	400	Ishares Select Dividend ETF	80.20	32,080	75.15	-5
02-25-2015	03-02-2015	500	Kimberly Clark Corp	110.30	55,150	105.97	-4
11-28-2014	11-28-2014	2,671	Kinder Morgan Inc Del Com	41.38	110,526	38.39	-3
02-24-2015	02-27-2015	329	Kinder Morgan Inc Del Com	42.25	13,900	38.39	-4
02-25-2015	03-02-2015	100	Lockheed Martin Corp	205.29	20,529	185.90	-19
02-25-2015	03-02-2015	800	Powershares Etf Trust Finl Pfd Ptf	18.48	14,784	18.17	0
02-25-2015	03-02-2015	600	Select Sector Spdr Tr Sbi Int-Finl	24.59	14,757	24.38	0
12-12-2014	12-17-2014	500	Verizon Communications Inc	45.79	22,897	46.61	1
					467,936		
AMERICAN DEPOSITORY RECEIPTS							
02-24-2015	02-27-2015	1,500	BP Plc Sponsored Adr	41.60	62,404	39.96	-2
					62,404		
Total Purchases					530,340		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-14 To 06-30-15

<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>							
COMMON STOCK							
09-24-2014	09-29-2014	700	Apple Inc.	101.87	71,307	90.72	7,804
09-24-2014	09-29-2014	600	Deere & Co Com	83.56	50,137	81.10	1,480
11-28-2014	11-28-2014	1,200	Kinder Morgan Energy Partners Ltd	101.65	121,976	46.22	66,516
06-19-2015	06-19-2015	1	Talen Energy Corp Com	19.31	17	16.37	3
					243,437		75,802
AMERICAN DEPOSITORY RECEIPTS							
09-24-2014	09-29-2014	1,200	BP Plc Sponsored Adr	45.53	54,635	42.25	3,935
09-24-2014	09-29-2014	2,000	Statoil Asa Sponsored Adr	27.90	55,791	34.73	-13,673
					110,426		-9,739
Total Sales					353,863		66,064