

FY 2016

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2016

City of
SACRAMENTO
Office of the City Treasurer

Office of the City Treasurer - City of Sacramento

John Colville, Interim City Treasurer

FY 2016



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

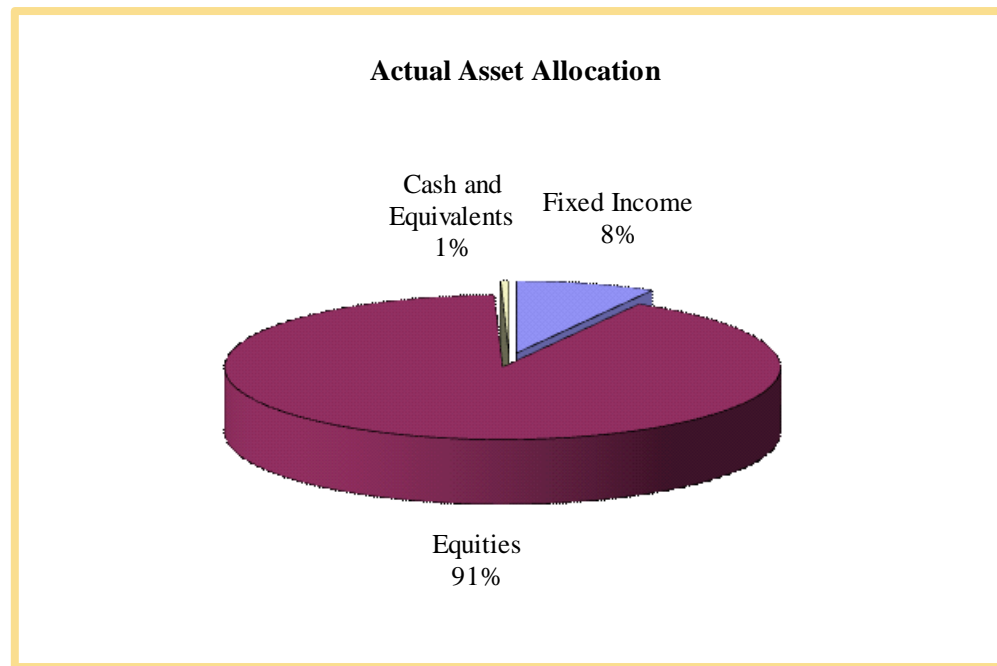
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$80,000-110,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)	225,078	240,221	6.2	5.1	12,362
CORPORATE BONDS					
FINANCIAL	58,921	72,806	1.9	6.0	4,350
Accrued Interest		1,208	0.0		
	283,999	314,235	8.1	5.3	16,712
Equities					
COMMON STOCK					
MATERIALS	94,498	129,342	3.4	2.0	2,557
INDUSTRIALS	332,928	396,751	10.3	3.2	12,727
TELECOMMUNICATION SERVICES	275,621	299,396	7.8	5.0	14,852
CONSUMER DISCRETIONARY	62,137	109,914	2.9	3.6	3,936
CONSUMER STAPLES	344,133	808,115	21.0	3.1	24,691
ENERGY	230,328	239,175	6.2	4.4	10,599
FINANCIAL	234,099	288,586	7.5	3.9	11,366
HEALTHCARE	232,269	460,445	11.9	2.7	12,600
INFORMATION TECHNOLOGY	73,765	150,451	3.9	2.1	3,119
UTILITIES	271,125	450,833	11.7	3.4	15,534
PASSIVE INDEX	73,861	85,280	2.2	3.1	2,650
COMMON STOCK	2,224,764	3,418,289	88.6	3.4	114,631
AMERICAN DEPOSITORY RECEIPTS					
ENERGY	62,404	53,265	1.4	6.7	3,570
HEALTHCARE	39,174	52,008	1.3	5.0	2,621
AMERICAN DEPOSITORY RECEIPTS	101,578	105,273	2.7	5.9	6,191

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
	2,326,342	3,523,562	91.4	3.4	120,822
Cash and Equiv.					
CASH AND EQUIVALENTS	18,349	18,349	0.5	2.6	479
	18,349	18,349	0.5	2.6	479
TOTAL PORTFOLIO	2,628,689	3,856,146	100.0	3.6	138,014



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

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		9,122		9,122		9,122	0.24	4.00				
	PoolA	Pool A Cash		9,227		9,227		9,227	0.24	1.24				
				18,349		18,349		18,349	0.48	2.61				
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)														
230,000	31398adm1	Fannie Mae 5.375% Due 06-12-17	97.86	225,078	104.44	240,221	652	240,874	6.23	5.15	AA+	Aaa		
CORPORATE BONDS														
FINANCIAL														
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	121.34	72,806	556	73,362	1.89	5.97	BBB	Baa2		
				58,921		72,806	556	73,362	1.89	5.97				
COMMON STOCK														
MATERIALS														
750	iy	Ishares US Basic Materials ETF	69.09	51,819	75.94	56,955		56,955	1.48	1.84				
700	mon	Monsanto CO New Com	60.97	42,679	103.41	72,387		72,387	1.88	2.09	A			
				94,498		129,342		129,342	3.36	1.98				
INDUSTRIALS														
350	ba	Boeing Co Com	139.52	48,832	129.87	45,454		45,454	1.18	3.36	A-			
700	cat	Caterpillar Inc Del Com	73.80	51,658	75.81	53,067		53,067	1.38	4.06	A-			
3,000	rrd	Donnelley R R & Sons Com	18.04	54,121	16.92	50,760		50,760	1.32	6.15	B			
2,000	ge	General Electric Co	33.73	67,460	31.48	62,960		62,960	1.63	2.92	B+			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	134.14	53,656		53,656	1.39	1.22				
300	lmt	Lockheed Martin Corp	160.06	48,017	248.17	74,451		74,451	1.93	2.66	A+			
550	utx	United Technologies	58.08	31,944	102.55	56,402		56,402	1.46	2.57	A+			
				332,928		396,751		396,751	10.29	3.21				
TELECOMMUNICATION SERVICES														
2,500	t	At&t Inc	39.73	99,330	43.21	108,025		108,025	2.80	4.44	B+			
10,480	ft	Frontier Communication Com	7.65	80,174	4.94	51,771		51,771	1.34	8.50	B			
2,500	vz	Verizon Communications Inc	38.45	96,116	55.84	139,600		139,600	3.62	4.05	B			
				275,621		299,396		299,396	7.77	4.96				
CONSUMER DISCRETIONARY														
3,000	f	Ford Mtr Co	10.40	31,199	12.57	37,710		37,710	0.98	4.77	B			
600	mcd	Mcdonald's Corp	51.56	30,938	120.34	72,204		72,204	1.87	2.96	A			
				62,137		109,914		109,914	2.85	3.58				
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	68.96	172,400		172,400	4.47	3.54	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	45.33	72,528		72,528	1.88	3.09	A			
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	73.20	102,480		102,480	2.66	2.13	A			
500	kmb	Kimberly Clark Corp	110.30	55,150	137.48	68,740		68,740	1.78	2.68	A-			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

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	101.72	116,978		116,978	3.03	4.01				
700	pg	Procter & Gamble Co	58.18	40,726	84.67	59,269		59,269	1.54	3.16	A			
4,000	rai	Reynolds American Inc Com	9.94	39,760	53.93	215,720		215,720	5.60	2.67	B+			
				344,133		808,115		808,115	20.96	3.06				
ENERGY														
2,500	amlp	Alps Etf Tr Alerian Mlp	16.03	40,075	12.72	31,800		31,800	0.82	8.47				
500	cvx	Chevron Corporation	58.54	29,271	104.83	52,415		52,415	1.36	4.08	B+			
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	18.72	56,160		56,160	1.46	2.67	B			
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	76.00	98,800		98,800	2.56	4.32				
				230,328		239,175		239,175	6.20	4.43				
FINANCIAL														
2,000	bx	Blackstone Group L P Com Unit Ltd	37.09	74,171	24.54	49,080		49,080	1.27	7.09				
800	mtb	M & T Bk Corp Com	51.92	41,535	118.23	94,584		94,584	2.45	2.37	B+			
50	pjt	Pjt Partners Inc Com Cl A	26.14	1,307	23.00	1,150		1,150	0.03	0.87				
3,800	pgf	Powershares Etf Trust Finl Pfd Ptf	19.82	75,304	19.19	72,922		72,922	1.89	5.57				
3,100	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.48	41,782	22.85	70,850		70,850	1.84	2.22				
				234,099		288,586		288,586	7.49	3.94				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	73.55	147,100		147,100	3.82	2.07	B			
1,000	jnj	Johnson & Johnson	62.22	62,224	121.30	121,300		121,300	3.15	2.64	A			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	57.61	86,415		86,415	2.24	3.19	B			
3,000	pfe	Pfizer Inc	22.22	66,651	35.21	105,630		105,630	2.74	3.41	B+			
				232,269		460,445		460,445	11.94	2.74				
INFORMATION TECHNOLOGY														
700	iyw	Ishares US Technology ETF	40.00	28,000	105.28	73,696		73,696	1.91	1.30				
1,500	msft	Microsoft Corp	30.51	45,765	51.17	76,755		76,755	1.99	2.81	A-			
				73,765		150,451		150,451	3.90	2.07				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	53.58	53,580		53,580	1.39	3.17	B			
1,000	duk	Duke Energy Corp New Com New	53.56	53,560	85.79	85,790		85,790	2.23	3.99	B			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	81.06	121,590		121,590	3.15	3.08	B+			
1,200	ppl	Ppl Corp Com	28.35	34,019	37.75	45,300		45,300	1.18	4.03	B			
1,400	scg	Scana Corp New Com	34.80	48,724	75.66	105,924		105,924	2.75	3.04	A			
1,000	se	Spectra Energy Corp Wi	20.54	20,537	36.63	36,630		36,630	0.95	4.42	A			
149	tln	Talen Energy Corp Com	16.37	2,440	13.55	2,019		2,019	0.05	0.00				
				271,125		450,833		450,833	11.69	3.45				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

<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	73,861	85.28	85,280		85,280	2.21	3.11				
				2,224,764		3,418,289		3,418,289	88.67	3.35				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	35.51	53,265		53,265	1.38	6.70				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	39,174	43.34	52,008		52,008	1.35	5.04				
				101,578		105,273		105,273	2.73	5.88				
TOTAL PORTFOLIO				2,628,689		3,854,937	1,208	3,856,146	100.00	3.58				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2016

Monthly Performance

Time Period	Percent Return Per Period							Cumulative TWR Basis = 100					
	Portfolio	S&P 500	Barclays Capital Interm Aggregate	DJ Industrial Ave	Nasdaq Comp Index	Russell 1000 Value (Price Only)	Portfolio	S&P 500	Barclays Capital Interm Aggregate	DJ Industrial Ave	Nasdaq Comp Index	Russell 1000 Value (Price Only)	
06-30-15							100.00	100.00	100.00	100.00	100.00	100.00	
06-30-15 to 07-31-15	1.63	1.97	0.06	0.40	2.84	0.30	101.63	101.97	100.06	100.40	102.84	100.30	
07-31-15 to 08-31-15	-4.78	-6.26	-0.04	-6.57	-6.86	-6.22	96.77	95.59	100.02	93.81	95.78	94.06	
08-31-15 to 09-30-15	-1.46	-2.64	0.30	-1.47	-3.27	-3.23	95.36	93.06	100.32	92.42	92.65	91.02	
09-30-15 to 10-31-15	7.14	8.30	-0.09	8.47	9.38	7.38	102.18	100.79	100.23	100.25	101.34	97.74	
10-31-15 to 11-30-15	-1.35	0.05	-0.24	0.32	1.09	0.09	100.80	100.84	99.98	100.57	102.44	97.83	
11-30-15 to 12-31-15	-0.47	-1.75	-0.10	-1.66	-1.98	-2.37	100.32	99.07	99.89	98.90	100.41	95.52	
12-31-15 to 01-31-16	-0.77	-5.07	0.61	-5.50	-7.86	-5.30	99.55	94.04	100.50	93.45	92.52	90.46	
01-31-16 to 02-29-16	1.00	-0.41	0.11	0.30	-1.21	-0.37	100.55	93.66	100.60	93.74	91.40	90.12	
02-29-16 to 03-31-16	5.13	6.60	0.17	7.08	6.84	6.98	105.70	99.84	100.78	100.37	97.65	96.41	
03-31-16 to 04-30-16	1.24	0.27	0.04	0.50	-1.94	1.96	107.01	100.11	100.82	100.87	95.76	98.31	
04-30-16 to 05-31-16	0.66	1.53	-0.10	0.08	3.62	1.24	107.72	101.64	100.72	100.95	99.22	99.53	
05-31-16 to 06-30-16	3.82	0.09	0.59	0.80	-2.13	0.66	111.83	101.73	101.31	101.76	97.11	100.19	
Date to Date													
06-30-15 to 06-30-16	11.83	1.73	1.31	1.76	-2.89	0.19							

Performance History

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

	Latest 1 Year	Latest 3 Year	Latest 5 Year	Inception To Date
Account	11.83	10.39	9.95	7.78
SBBIG	5.98	4.05	3.77	6.60
S&P 500	1.73	9.33	9.71	6.98
Russell 1000 Value (Price Only)	0.19	7.22	8.61	6.56
Nasdaq Comp Index	-2.89	12.48	11.79	8.63
DJ Industrial Ave	1.76	6.34	7.63	7.27

City of Sacramento
PERFORMANCE BY ASSET CLASS
Discounted Cash Flow Method Gross of Fees
Ann Land/Bertha Henschel Endowment Fund
From 06-30-15 To 06-30-16

	<u>Fixed Income</u>	<u>Options</u>	<u>Equities</u>	<u>Cash and Equiv.</u>	<u>Total Portfolio</u>
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
Purchases/Contributions	0	0	50,207	198,930	1,307
Sales/Withdrawals	-16,712	0	-183,525	-189,752	-142,159
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Realized Gains	0	0	-35,045	0	-35,045
Unrealized Gains	-9,885	0	314,784	0	304,899
Interest Income	16,712	0	0	405	17,117
Dividend Income	0	0	124,718	0	124,718
Change in Accrued Interest	0	0	0	0	0
Market Value on 06-30-16	313,027	0	3,523,562	18,349	3,854,937
Accrued Interest	1,208	0	0	0	1,208
Total Gain before Fees	6,828	0	404,457	405	411,689
IRR for 1.00 Years	2.14%	0.00%	12.72%	1.45%	11.68%
Annualized IRR	2.14%	0.00%	12.72%	1.45%	11.68%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-15 To 06-30-16

	Fixed Income	Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
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
Purchases	0	0	48,832	0	57,432	57,432	106,264
Contributions	0	0	1,375	183,541	-42,042	141,499	1,307
Sales	0	0	-57,432	0	-48,832	-48,832	-106,264
Withdrawals	-16,712	0	-126,093	-175,116	34,196	-140,920	-142,159
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Realized Gains	0	0	-39,685	0	0	0	-39,685
Amortization	0	0	0	0	0	0	0
Interest Income	16,712	0	0	175	230	405	17,117
Dividend Income	0	0	124,718	0	0	0	124,718
Change in Accrued Interest	0	0	0	0	0	0	0
Cost Value on 06-30-16	283,999	0	2,326,342	9,227	9,122	18,349	2,628,689
Accrued Interest	1,208	0	0	0	0	0	1,208
Average Cost Base	278,626	0	2,300,528	19,704	8,182	27,886	2,607,040
Total Gain before Fees	16,712	0	85,033	175	230	405	102,150
IRR for 1.00 Years	6.00%	0.00%	3.70%	0.89%	2.81%	1.45%	3.92%
Annualized IRR	6.00%	0.00%	3.70%	0.89%	2.81%	1.45%	3.92%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
 From 07-01-15 To 06-30-16

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2016 Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
12-18-2015	12-23-2015	350	Boeing Co Com	139.52	48,832	129.87	-10
					48,832		
Total Purchases					48,832		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
 From 07-01-15 To 06-30-16

<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							
12-18-2015	12-23-2015	2,300	Freeport-Mcmoran Inc	6.41	14,740	21.52	-34,756
10-14-2015	10-19-2015	700	Wal Mart Stores Inc	60.99	<u>42,692</u>	68.03	<u>-4,929</u>
					57,432		-39,685
Total Sales					<u>57,432</u>		<u>-39,685</u>