

FY 2017

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2017

City of
SACRAMENTO
Office of the City Treasurer

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

John Colville, City Treasurer

FY 2017



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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

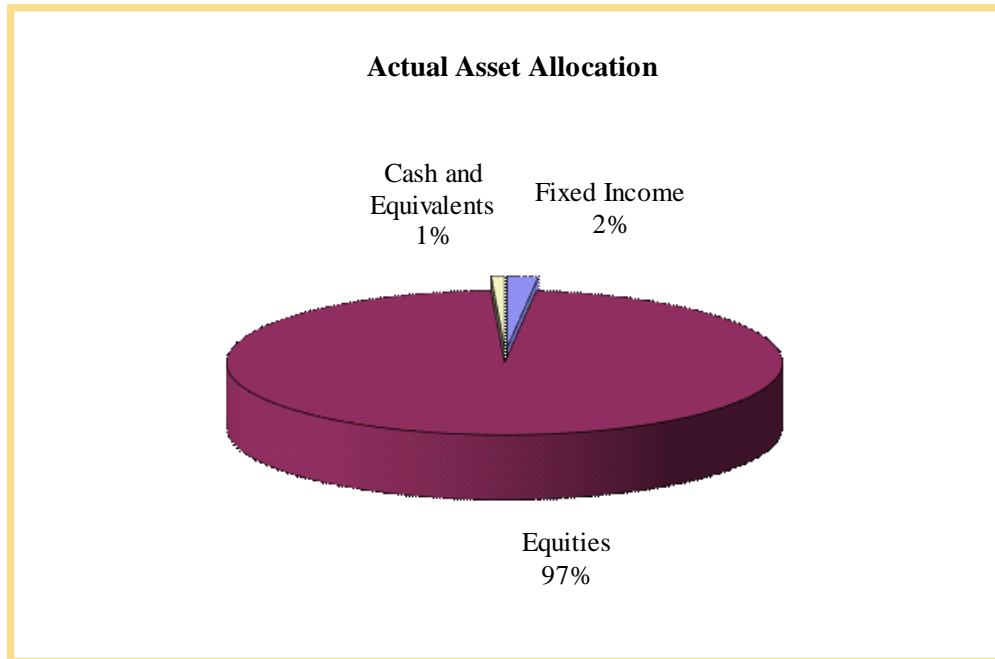
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$80,000-110,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
CORPORATE BONDS					
FINANCIAL	58,921	72,626	1.8	6.0	4,350
Accrued Interest		556	0.0		
	<u>58,921</u>	<u>73,182</u>	<u>1.8</u>	<u>6.0</u>	<u>4,350</u>
Equities					
COMMON STOCK					
MATERIALS	94,498	149,864	3.7	1.7	2,530
INDUSTRIALS	307,319	430,266	10.7	2.6	11,051
TELECOMMUNICATION SERVICES	213,257	222,953	5.5	5.2	11,557
CONSUMER DISCRETIONARY	62,137	125,466	3.1	3.2	4,056
CONSUMER STAPLES	344,133	882,504	21.9	3.2	28,023
ENERGY	230,328	232,196	5.8	4.5	10,525
OIL AND GAS REFINING AND MARKETING	20,537	39,173	1.0	4.5	1,777
FINANCIAL	232,792	345,317	8.6	3.5	12,075
HEALTHCARE	232,269	440,635	10.9	3.0	13,140
INFORMATION TECHNOLOGY	73,765	201,199	5.0	1.6	3,275
REAL ESTATE INVESTMENT TRUSTS	13,788	13,878	0.3	3.2	440
UTILITIES	248,148	406,206	10.1	3.6	14,576
PASSIVE INDEX	310,460	329,437	8.2	4.9	16,058
COMMON STOCK	<u>2,383,433</u>	<u>3,819,096</u>	<u>94.8</u>	<u>3.4</u>	<u>129,084</u>
AMERICAN DEPOSITORY RECEIPTS					
ENERGY	62,404	51,975	1.3	6.9	3,570

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
HEALTHCARE	39,174	51,744	1.3	4.6	2,400
AMERICAN DEPOSITORY RECEIPTS	101,578	103,719	2.6	5.8	5,970
	2,485,011	3,922,815	97.4	3.4	135,054
Cash and Equiv. CASH AND EQUIVALENTS	31,876	31,876	0.8	2.4	753
	31,876	31,876	0.8	2.4	753
TOTAL PORTFOLIO	2,575,807	4,027,873	100.0	3.5	140,157



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

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		10,047		10,047		10,047	0.25	4.00				
	PoolA	Pool A Cash		21,830		21,830		21,830	0.54	1.61				
				31,876		31,876		31,876	0.79	2.36				
CORPORATE BONDS														
FINANCIAL														
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	121.04	72,626	556	73,182	1.80	5.99	BBB	Baa2		
				58,921		72,626	556	73,182	1.80	5.99				
COMMON STOCK														
MATERIALS														
750	iy	Ishares US Basic Materials ETF	69.09	51,819	89.35	67,012		67,012	1.66	1.52				
700	mon	Monsanto C0 New Com	60.97	42,679	118.36	82,852		82,852	2.06	1.82	A-			
				94,498		149,864		149,864	3.72	1.69				
INDUSTRIALS														
350	ba	Boeing Co Com	139.52	48,832	197.75	69,212		69,212	1.72	2.87	A			
700	cat	Caterpillar Inc Del Com	73.80	51,658	107.46	75,222		75,222	1.87	2.90	B+			
1,000	rrd	Donnelley R R & Sons Co	28.51	28,512	12.54	12,540		12,540	0.31	4.47	B-			
2,000	ge	General Electric Co	33.73	67,460	27.01	54,020		54,020	1.34	3.55	B+			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	172.07	68,828		68,828	1.71	0.98				
300	lmt	Lockheed Martin Corp	160.06	48,017	277.61	83,283		83,283	2.07	2.62	A+			
550	utx	United Technologies	58.08	31,944	122.11	67,160		67,160	1.67	2.29	A+			
				307,319		430,266		430,266	10.68	2.57				
TELECOMMUNICATION SERVICES														
2,950	t	At&t Inc	39.71	117,141	37.73	111,303		111,303	2.76	5.19	B			
2,500	vz	Verizon Communications Inc	38.45	96,116	44.66	111,650		111,650	2.77	5.17	B			
				213,257		222,953		222,953	5.54	5.18				
CONSUMER DISCRETIONARY														
3,000	f	Ford Mtr Co	10.40	31,199	11.19	33,570		33,570	0.83	5.36	B			
600	mcd	Mcdonald's Corp	51.56	30,938	153.16	91,896		91,896	2.28	2.45	A			
				62,137		125,466		125,466	3.12	3.23				
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	74.47	186,175		186,175	4.62	3.55	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	44.85	71,760		71,760	1.78	3.30	A-			
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	74.13	103,782		103,782	2.58	2.16	A			
500	kmb	Kimberly Clark Corp	110.30	55,150	129.11	64,555		64,555	1.60	3.01	A-			
1,150	pm	Philip Morris Intl Inc Com	43.78	50,346	117.45	135,067		135,067	3.35	3.54	B			
700	pg	Procter & Gamble Co	58.18	40,726	87.15	61,005		61,005	1.51	3.17	A			
4,000	rai	Reynolds American Inc Com	9.94	39,760	65.04	260,160		260,160	6.46	3.14	A-			
				344,133		882,504		882,504	21.91	3.18				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

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
ENERGY														
2,500	amp	Alps Etf Tr Alerian Mlp	16.03	40,075	11.96	29,900		29,900	0.74	7.48				
500	cvx	Chevron Corporation	58.54	29,271	104.33	52,165		52,165	1.30	4.14	B			
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	19.16	57,480		57,480	1.43	2.61	B			
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	71.27	92,651		92,651	2.30	5.00				
				230,328		232,196		232,196	5.77	4.53				
OIL AND GAS REFINING AND MARKETING														
984	enb	Enbridge Inc Com	20.87	20,537	39.81	39,173		39,173	0.97	4.54	B+			
FINANCIAL														
2,000	bx	Blackstone Group L P Com Unit Ltd	37.09	74,171	33.35	66,700		66,700	1.66	6.87				
800	mtb	M & T Bk Corp Com	51.92	41,535	161.95	129,560		129,560	3.22	1.85	B+			
3,800	pgf	Powershares Etf Trust Finl Pfd Ptf	19.82	75,304	19.10	72,580		72,580	1.80	5.30				
3,100	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.48	41,782	24.67	76,477		76,477	1.90	1.63				
				232,792		345,317		345,317	8.57	3.50				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	55.72	111,440		111,440	2.77	2.80	B			
1,000	jjj	Johnson & Johnson	62.22	62,224	132.29	132,290		132,290	3.28	2.54	A			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	64.09	96,135		96,135	2.39	2.93	B			
3,000	pfe	Pfizer Inc	22.22	66,651	33.59	100,770		100,770	2.50	3.81	B+			
				232,269		440,635		440,635	10.94	2.98				
INFORMATION TECHNOLOGY														
700	iyw	Ishares US Technology ETF	40.00	28,000	139.72	97,804		97,804	2.43	0.96				
1,500	msft	Microsoft Corp	30.51	45,765	68.93	103,395		103,395	2.57	2.26	A-			
				73,765		201,199		201,199	5.00	1.63				
REAL ESTATE INVESTMENT TRUSTS														
431	xlre	Select Sector Spdr Tr Rl Est Sel Sec	31.99	13,788	32.20	13,878		13,878	0.34	3.17				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	54.67	54,670		54,670	1.36	3.22	B			
1,000	duk	Duke Energy Corp New Com New	53.56	53,560	83.59	83,590		83,590	2.08	4.26	B			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	85.16	127,740		127,740	3.17	3.08	A-			
1,200	ppl	Ppl Corp Com	28.35	34,019	38.66	46,392		46,392	1.15	4.09	B			
1,400	scg	Scana Corp New Com	34.80	48,724	67.01	93,814		93,814	2.33	3.66	A			
				248,148		406,206		406,206	10.09	3.59				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

<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	92.21	92,210		92,210	2.29	3.06				
15,700	pgx	Powershares Etf Tr li Pfd Portfolio	15.07	236,599	15.11	237,227		237,227	5.89	5.58				
				310,460		329,437		329,437	8.18	4.87				
				2,383,433		3,819,096		3,819,096	94.83	3.38				
AMERICAN DEPOSITORY RECEIPTS														
ENERGY														
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	34.65	51,975		51,975	1.29	6.87				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	39,174	43.12	51,744		51,744	1.28	4.64				
				101,578		103,719		103,719	2.58	5.76				
TOTAL PORTFOLIO				2,575,807		4,027,317	556	4,027,873	100.00	3.48				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2017

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)
06-30-2016							100.00	100.00	100.00	100.00	100.00	100.00
06-30-2016 to 07-31-2016	0.90	3.56	-0.06	2.80	6.60	2.74	100.90	103.56	99.94	102.80	106.60	102.74
07-31-2016 to 08-31-2016	-2.21	-0.12	-0.16	-0.17	0.99	0.47	98.67	103.43	99.78	102.63	107.65	103.23
08-31-2016 to 09-30-2016	-0.67	-0.12	0.12	-0.50	1.89	-0.40	98.01	103.31	99.90	102.11	109.69	102.81
09-30-2016 to 10-31-2016	-0.82	-1.94	-0.07	-0.91	-2.31	-1.70	97.20	101.30	99.84	101.18	107.15	101.07
10-31-2016 to 11-30-2016	1.34	3.42	-0.41	5.41	2.59	5.40	98.51	104.76	99.43	106.66	109.93	106.53
11-30-2016 to 12-31-2016	2.89	1.82	0.03	3.34	1.12	2.29	101.36	106.67	99.45	110.22	111.16	108.97
12-31-2016 to 01-31-2017	1.36	1.79	0.14	0.51	4.30	0.58	102.74	108.58	99.59	110.79	115.94	109.60
01-31-2017 to 02-28-2017	3.58	3.72	0.10	4.77	3.75	3.31	106.41	112.62	99.69	116.08	120.29	113.22
02-28-2017 to 03-31-2017	-0.72	-0.04	0.04	-0.72	1.48	-1.21	105.65	112.57	99.73	115.24	122.08	111.85
03-31-2017 to 04-30-2017	0.58	0.91	0.14	1.34	2.30	-0.33	106.26	113.59	99.88	116.79	124.88	111.48
04-30-2017 to 05-31-2017	1.98	1.16	0.13	0.33	2.50	-0.38	108.36	114.91	100.01	117.17	128.00	111.05
05-31-2017 to 06-30-2017	-0.11	0.48	-0.08	1.62	-0.94	1.45	108.24	115.46	99.93	119.07	126.80	112.66
Date to Date 06-30-2016 to 06-30-2017	8.24	15.46	-0.07	19.07	26.80	12.66						

Performance History

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

	Latest 1 Year	Latest 3 Year	Latest 5 Year	Inception To Date
Account	8.24	7.19	9.80	7.80
SBBIG	-0.28	2.49	2.22	6.37
S&P 500	15.46	7.33	12.21	7.25
Russell 1000 Value (Price Only)	12.66	4.70	11.16	6.76
Nasdaq Comp Index	26.80	11.68	15.91	9.19
DJ Industrial Ave	19.07	8.26	10.64	7.64

City of Sacramento
PERFORMANCE BY ASSET CLASS
Discounted Cash Flow Method Gross of Fees
Ann Land/Bertha Henschel Endowment Fund
From 06-30-16 To 06-30-17

	<u>Fixed Income</u>	<u>Call Options</u>	<u>Put Options</u>	<u>Equities</u>	<u>Cash and Equiv.</u>	<u>Total Portfolio</u>
Market Value on 06-30-16	313,027	0	0	3,523,562	18,349	3,854,937
Accrued Interest	1,208	0	0	0	0	1,208
Purchases/Contributions	0	0	0	543,075	669,491	25,608
Sales/Withdrawals	-246,712	0	0	-448,387	-656,258	-164,399
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Realized Gains	-10,221	0	0	-59,640	0	-69,861
Unrealized Gains	-179	0	0	227,697	0	227,517
Interest Income	16,712	0	0	0	294	17,006
Dividend Income	0	0	0	136,509	0	136,509
Change in Accrued Interest	-652	0	0	0	0	-652
Market Value on 06-30-17	72,626	0	0	3,922,815	31,876	4,027,317
Accrued Interest	556	0	0	0	0	556
Total Gain before Fees	5,659	0	0	304,565	294	310,518
IRR for 1.00 Years	1.91%	0.00%	0.00%	8.77%	0.99%	8.18%
Annualized IRR	1.91%	0.00%	0.00%	8.77%	0.99%	8.18%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-16 To 06-30-17

	Fixed Income	Call Options	Put Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
Cost Value on 06-30-16	283,999	0	0	2,326,342	9,227	9,122	18,349	2,628,689
Accrued Interest	1,208	0	0	0	0	0	0	1,208
Purchases	0	0	0	517,232	0	516,035	516,035	1,033,267
Contributions	0	0	0	25,843	403,798	-250,342	153,456	25,608
Sales	-230,000	0	0	-286,035	0	-517,232	-517,232	-1,033,267
Withdrawals	-16,712	0	0	-162,352	-391,489	252,463	-139,026	-164,399
Transfers In	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Realized Gains	4,922	0	0	-72,528	0	0	0	-67,606
Amortization	0	0	0	0	0	0	0	0
Interest Income	16,712	0	0	0	294	0	294	17,006
Dividend Income	0	0	0	136,509	0	0	0	136,509
Change in Accrued Interest	-652	0	0	0	0	0	0	-652
Cost Value on 06-30-17	58,921	0	0	2,485,011	21,830	10,047	31,876	2,575,807
Accrued Interest	556	0	0	0	0	0	0	556
Average Cost Base	266,662	0	0	2,273,163	24,592	5,236	29,828	2,569,653
Total Gain before Fees	20,982	0	0	63,981	294	0	294	85,257
IRR for 1.00 Years	7.87%	0.00%	0.00%	2.81%	1.20%	0.00%	0.99%	3.32%
Annualized IRR	7.87%	0.00%	0.00%	2.81%	1.20%	0.00%	0.99%	3.32%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-16 To 06-30-17

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2017 Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
11-28-2016	12-01-2016	450	At&t Inc	39.58	17,811	37.73	-2
02-27-2017	02-27-2017	984	Enbridge Inc Com	20.87	20,537	39.81	19
06-21-2017	06-26-2017	15,700	Powershares Etf Tr Ii Pfd Portfolio	15.07	236,599	15.11	0
09-19-2016	09-22-2016	431	Select Sector Spdr Tr Rl Est Sel Sec	31.99	13,799	32.20	0
06-14-2017	06-19-2017	935	Spdr Tr Unit Ser 1	244.37	228,486	241.80	-3
					517,232		
Total Purchases					517,232		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-16 To 06-30-17

<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							
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)							
06-12-2017	06-12-2017	230,000	Fannie Mae 5.375% Due 06-12-17	100.00	230,000	97.86	4,922
					230,000		4,922
COMMON STOCK							
11-17-2016	11-22-2016	375	Donnelley Financial Solution	20.87	7,826	29.69	-3,307
05-01-2017	05-04-2017	10,480	Frontier Communication Com	1.86	19,531	7.65	-60,643
11-17-2016	11-22-2016	375	LSC Communications Inc Com	19.89	7,459	38.60	-7,016
11-17-2016	11-22-2016	50	Pjt Partners Inc Com Cl A	30.08	1,504	26.14	197
09-27-2016	09-27-2016	0	Select Sector Spdr Tr RI Est Sel Sec	32.52	11	31.99	0
06-21-2017	06-26-2017	935	Spdr Tr Unit Ser 1	242.87	227,088	244.37	-1,398
02-27-2017	02-27-2017	1,000	Spectra Energy Corp Wi	20.54	20,537	20.54	0
11-17-2016	11-22-2016	149	Talen Energy Corp Com	13.95	2,078	16.37	-361
					286,035		-72,528
Total Sales					516,035		-67,606