

FY 2018

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2018

City of
SACRAMENTO
Office of the City Treasurer

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

John Colville, City Treasurer

FY 2018



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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

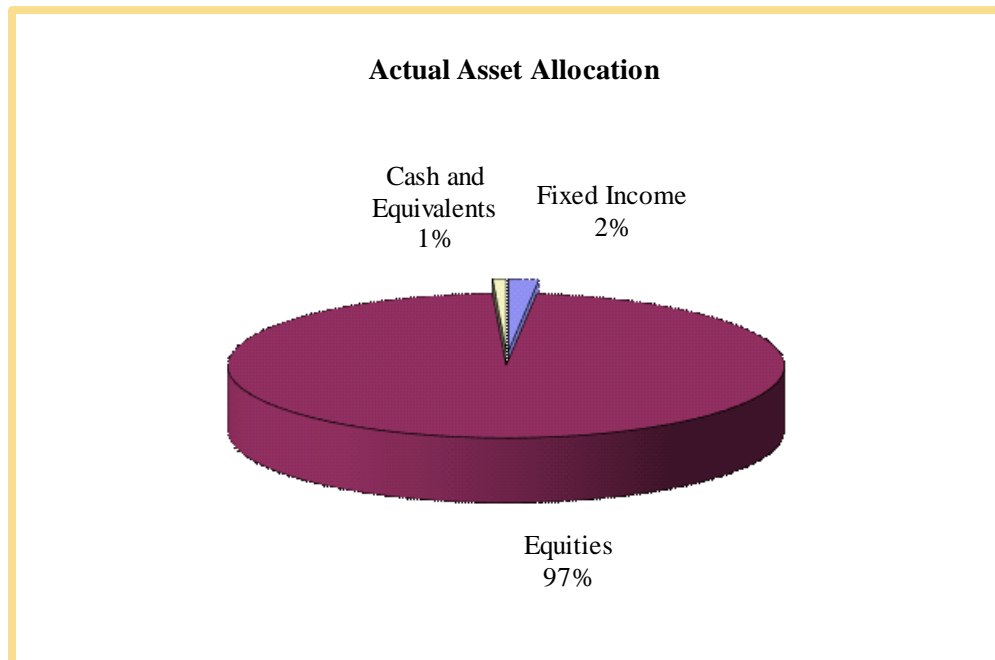
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$110,000-140,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
CORPORATE BONDS					
FINANCIAL	58,921	68,638	1.7	6.3	4,350
Accrued Interest		556	0.0		
	58,921	69,194	1.8	6.3	4,350
Equities					
COMMON STOCK					
MATERIALS	51,819	74,257	1.9	1.6	1,178
INDUSTRIALS	307,319	477,265	12.1	2.2	10,630
TELECOMMUNICATION SERVICES	213,257	220,499	5.6	5.4	11,800
CONSUMER DISCRETIONARY	62,137	127,224	3.2	3.3	4,224
CONSUMER STAPLES	304,373	503,048	12.8	4.4	22,100
ENERGY	230,328	231,279	5.9	5.1	11,681
OIL AND GAS REFINING AND MARKETING	20,537	35,119	0.9	5.8	2,022
FINANCIAL	216,882	339,186	8.6	3.8	12,936
HEALTHCARE	232,269	431,910	11.0	3.1	13,520
INFORMATION TECHNOLOGY	73,765	272,704	6.9	1.3	3,502
REAL ESTATE	13,788	14,098	0.4	3.2	454
INVESTMENT TRUSTS					
UTILITIES	248,148	348,958	8.9	3.5	12,371
PASSIVE INDEX	526,678	537,708	13.7	4.8	25,641
COMMON STOCK	2,501,302	3,613,256	91.8	3.7	132,058
AMERICAN DEPOSITORY RECEIPTS					
CONSUMER STAPLES	145,534	106,147	2.7	5.2	5,529
ENERGY	62,404	68,490	1.7	5.3	3,660

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
HEALTHCARE	39,174	48,372	1.2	5.3	2,580
AMERICAN DEPOSITORY RECEIPTS	247,112	223,009	5.7	5.3	11,769
	2,748,413	3,836,265	97.5	3.7	143,827
Cash and Equiv. CASH AND EQUIVALENTS	30,830	30,830	0.8	2.8	858
	30,830	30,830	0.8	2.8	858
TOTAL PORTFOLIO	2,838,164	3,936,290	100.0	3.8	149,035



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

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		9,985		9,985		9,985	0.25	4.00				
	miscintrec	Misc Interest Receivable		7		7		7	0.00	4.00				
	PoolA	Pool A Cash		20,838		20,838		20,838	0.53	2.20				
				30,830		30,830		30,830	0.78	2.78				
CORPORATE BONDS														
FINANCIAL														
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	114.40	68,638	556	69,194	1.74	6.34	BBB+	Baa2		
				58,921		68,638	556	69,194	1.74	6.34				
COMMON STOCK														
MATERIALS														
750	iyM	Ishares US Basic Materials ETF	69.09	51,819	99.01	74,257		74,257	1.89	1.59				
INDUSTRIALS														
350	ba	Boeing Co Com	139.52	48,832	335.51	117,428		117,428	2.98	2.04	A+			
700	cat	Caterpillar Inc Del Com	73.80	51,658	135.67	94,969		94,969	2.41	2.54	B+			
1,000	rrd	Donnelley R R & Sons Co	28.51	28,512	5.76	5,760		5,760	0.15	2.08	B-			
2,000	ge	General Electric Co	33.73	67,460	13.61	27,220		27,220	0.69	3.53	B			
400	iyt	Ishares Tr Transp Ave Idx	77.24	30,896	186.23	74,492		74,492	1.89	1.08				
300	lmt	Lockheed Martin Corp	160.06	48,017	295.43	88,629		88,629	2.25	2.71	A			
550	utx	United Technologies	58.08	31,944	125.03	68,766		68,766	1.75	2.24	A			
				307,319		477,265		477,265	12.13	2.23				
TELECOMMUNICATION SERVICES														
2,950	t	At&t Inc	39.71	117,141	32.11	94,724		94,724	2.41	6.23	B			
2,500	vz	Verizon Communications Inc	38.45	96,116	50.31	125,775		125,775	3.20	4.69	B			
				213,257		220,499		220,499	5.60	5.35				
CONSUMER DISCRETIONARY														
3,000	f	Ford Mtr Co	10.40	31,199	11.07	33,210		33,210	0.84	5.42	B			
600	mcd	Mcdonald's Corp	51.56	30,938	156.69	94,014		94,014	2.39	2.58	A			
				62,137		127,224		127,224	3.23	3.32				
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	56.79	141,975		141,975	3.61	5.63	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	43.86	70,176		70,176	1.78	3.56	B+			
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	64.81	90,734		90,734	2.31	2.59	A-			
500	kmb	Kimberly Clark Corp	110.30	55,150	105.34	52,670		52,670	1.34	3.80	A-			
1,150	pm	Philip Morris Intl Inc Com	43.78	50,346	80.74	92,851		92,851	2.36	5.65	B			
700	pg	Procter & Gamble Co	58.18	40,726	78.06	54,642		54,642	1.39	3.68	A			
				304,373		503,048		503,048	12.78	4.39				
ENERGY														
2,500	amp	Alps Etf Tr Alerian Mlp	16.03	40,075	10.10	25,250		25,250	0.64	8.17				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

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
500	cvx	Chevron Corporation	58.54	29,271	126.43	63,215		63,215	1.61	3.54	B			
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	17.67	53,010		53,010	1.35	4.53	B			
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	69.08	89,804		89,804	2.28	5.54				
				230,328		231,279		231,279	5.88	5.05				
OIL AND GAS REFINING AND MARKETING														
984	enb	Enbridge Inc Com	20.87	20,537	35.69	35,119		35,119	0.89	5.76	B+			
FINANCIAL														
3,750	bx	Blackstone Group L P Com Unit Ltd	35.62	133,565	32.17	120,637		120,637	3.07	6.90				
800	mtb	M & T Bk Corp Com	51.92	41,535	170.15	136,120		136,120	3.46	2.35	A-			
3,100	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.48	41,782	26.59	82,429		82,429	2.09	1.71				
				216,882		339,186		339,186	8.62	3.81				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	55.34	110,680		110,680	2.81	2.89	B-			
1,000	jnj	Johnson & Johnson	62.22	62,224	121.34	121,340		121,340	3.08	2.77	A-			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	60.70	91,050		91,050	2.31	3.16	B-			
3,000	pfe	Pfizer Inc	22.22	66,651	36.28	108,840		108,840	2.77	3.75	B+			
				232,269		431,910		431,910	10.97	3.13				
INFORMATION TECHNOLOGY														
700	iyw	Ishares US Technology ETF	40.00	28,000	178.27	124,789		124,789	3.17	0.79				
1,500	msft	Microsoft Corp	30.51	45,765	98.61	147,915		147,915	3.76	1.70	A-			
				73,765		272,704		272,704	6.93	1.28				
REAL ESTATE INVESTMENT TRUSTS														
431	xlre	Select Sector Spdr Tr RI Est Sel Sec	31.99	13,788	32.71	14,098		14,098	0.36	3.22				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	60.85	60,850		60,850	1.55	3.01	B			
1,000	duk	Duke Energy Corp New Com New	53.56	53,560	79.08	79,080		79,080	2.01	4.69	B+			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	80.56	120,840		120,840	3.07	3.45	A-			
1,200	ppl	Ppl Corp Com	28.35	34,019	28.55	34,260		34,260	0.87	5.74	B			
1,400	scg	Scana Corp New Com	34.80	48,724	38.52	53,928		53,928	1.37	1.28	A-			
				248,148		348,958		348,958	8.87	3.55				
PASSIVE INDEX														
6,950	pgf	Invesco Financial Preferred ETF	19.50	135,554	18.46	128,297		128,297	3.26	5.41				
15,700	pgx	Invesco Preferred ETF	15.07	236,599	14.56	228,592		228,592	5.81	5.66				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

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
1,850	dvy	Ishares Select Dividend ETF	83.53	154,525	97.74	180,819		180,819	4.59	3.18				
				526,678		537,708		537,708	13.66	4.77				
				2,501,302		3,613,256		3,613,256	91.81	3.65				
AMERICAN DEPOSITORY RECEIPTS														
CONSUMER STAPLES														
2,104	bti	British Amern Tob Plc Sponsored Adr	69.17	145,534	50.45	106,147		106,147	2.70	5.21				
ENERGY														
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	45.66	68,490		68,490	1.74	5.34				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	39,174	40.31	48,372		48,372	1.23	5.33				
				247,112		223,009		223,009	5.67	5.28				
TOTAL PORTFOLIO				2,838,164		3,935,734	556	3,936,290	100.00	3.79				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2018

Monthly Performance

Time Period	Percent Return Per Period						Cumulative TWR Basis = 100					
	Portfolio	SBBIG	S&P 500	Russell 1000 Value (Price Only)	iShares Select Dividend ETF	DJ Select Dividend	Portfolio	SBBIG	S&P 500	Russell 1000 Value (Price Only)	iShares Select Dividend ETF	DJ Select Dividend
06-30-2017							100.00	100.00	100.00	100.00	100.00	100.00
06-30-2017 to 07-31-2017	0.63	0.45	1.93	1.17	0.61	0.68	100.63	100.45	101.93	101.17	100.61	100.68
07-31-2017 to 08-31-2017	-0.08	0.85	0.05	-1.45	-0.78	-0.69	100.55	101.31	101.99	99.70	99.83	99.99
08-31-2017 to 09-30-2017	1.16	-0.47	1.93	2.78	1.74	2.48	101.72	100.83	103.96	102.47	101.56	102.47
09-30-2017 to 10-31-2017	0.04	0.05	2.22	0.58	1.17	1.25	101.76	100.88	106.27	103.06	102.75	103.74
10-31-2017 to 11-30-2017	1.88	-0.12	2.81	2.77	4.05	4.06	103.67	100.76	109.25	105.92	106.92	107.96
11-30-2017 to 12-31-2017	1.56	0.47	0.98	1.27	-0.03	0.79	105.28	101.23	110.32	107.27	106.89	108.81
12-31-2017 to 01-31-2018	2.23	-1.16	5.62	3.73	2.13	2.11	107.63	100.05	116.52	111.26	109.16	111.11
01-31-2018 to 02-28-2018	-4.45	-0.95	-3.89	-5.02	-4.25	-4.19	102.83	99.10	111.98	105.68	104.52	106.46
02-28-2018 to 03-31-2018	-1.43	0.64	-2.69	-1.96	-1.31	-0.39	101.36	99.73	108.97	103.61	103.16	106.05
03-31-2018 to 04-30-2018	-1.06	-0.73	0.27	0.18	1.26	1.25	100.29	99.01	109.27	103.80	104.46	107.38
04-30-2018 to 05-31-2018	0.43	0.72	2.16	0.30	1.39	1.38	100.72	99.72	111.63	104.11	105.91	108.86
05-31-2018 to 06-30-2018	0.59	-0.17	0.48	0.07	0.08	0.98	101.32	99.55	112.17	104.18	106.00	109.93
Date to Date 06-30-2017 to 06-30-2018	1.32	-0.45	12.17	4.18	6.00	9.93						

Performance History

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

	Latest 1 Year	Latest 3 Year	Latest 5 Year	Inception To Date
Account	1.32	7.04	8.09	7.58
SBBIG	-0.45	1.71	2.26	6.14
S&P 500	12.17	9.63	11.10	7.40
Russell 1000 Value (Price Only)	4.18	5.55	7.66	6.67
iShares Select Dividend ETF	6.00	9.16	8.83	?*
DJ Select Dividend	9.93	13.21	12.84	?*

*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 06-30-17 To 06-30-18

	<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 06-30-17	72,626	0	0	3,922,815	31,876	4,027,317
Accrued Interest	556	0	0	0	0	556
Purchases/Contributions	0	0	0	509,244	572,144	0
Sales/Withdrawals	-4,350	0	0	-649,256	-573,726	-145,945
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Realized Gains	0	0	0	1,838	0	1,838
Unrealized Gains	-3,988	0	0	-89,379	0	-93,367
Interest Income	4,350	0	0	0	537	4,887
Dividend Income	0	0	0	141,003	0	141,003
Change in Accrued Interest	0	0	0	0	0	0
Market Value on 06-30-18	68,638	0	0	3,836,265	30,830	3,935,734
Accrued Interest	556	0	0	0	0	556
Total Gain before Fees	362	0	0	53,463	537	54,361
IRR for 1.00 Years	0.51%	0.00%	0.00%	1.39%	1.37%	1.37%
Annualized IRR	0.51%	0.00%	0.00%	1.39%	1.37%	1.37%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-17 To 06-30-18

	Fixed Income	Call Options	Put Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
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
Purchases	0	0	0	427,304	0	426,313	426,313	853,616
Contributions	0	0	0	81,940	263,707	-117,877	145,831	0
Sales	0	0	0	-426,313	0	-427,304	-427,304	-853,616
Withdrawals	-4,350	0	0	-222,943	-265,101	118,679	-146,422	-145,945
Transfers In	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Realized Gains	0	0	0	262,411	0	0	0	262,411
Amortization	0	0	0	0	0	0	0	0
Interest Income	4,350	0	0	0	402	134	537	4,887
Dividend Income	0	0	0	141,003	0	0	0	141,003
Change in Accrued Interest	0	0	0	0	0	0	0	0
Cost Value on 06-30-18	58,921	0	0	2,748,413	20,838	9,992	30,830	2,838,164
Accrued Interest	556	0	0	0	0	0	0	556
Average Cost Base	57,282	0	0	2,413,698	26,865	12,238	39,103	2,510,082
Total Gain before Fees	4,350	0	0	403,415	402	134	537	408,302
IRR for 1.00 Years	7.59%	0.00%	0.00%	16.71%	1.50%	1.10%	1.37%	16.27%
Annualized IRR	7.59%	0.00%	0.00%	16.71%	1.50%	1.10%	1.37%	16.27%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-17 To 06-30-18

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	06-30-2018 <u>Price</u>	<u>Difference</u>
<u>Purchases</u>							
COMMON STOCK							
08-04-2017	08-09-2017	800	Agrium Inc Com	101.83	81,462	? *	? *
08-04-2017	08-09-2017	1,750	Blackstone Group L P Com Unit Ltd	33.94	59,394	32.17	-2
08-04-2017	08-09-2017	3,150	Invesco Financial Preferred ETF	19.13	60,250	18.46	-1
02-08-2018	02-12-2018	850	Ishares Select Dividend ETF	94.90	80,664	97.74	3
					281,770		
AMERICAN DEPOSITORY RECEIPTS							
07-25-2017	07-25-2017	2,104	British Amern Tob Plc Sponsored Adr	69.17	145,534	50.45	-19
					145,534		
Total Purchases					427,304		

* Price on 6/30/18 is no longer available as Agrium Inc merged with Potash Corp which then became under new name Nutrien Ltd on 1/2/18.
Nutrien Ltd was subsequently sold on 2/8/18.

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-17 To 06-30-18

<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							
08-04-2017	08-09-2017	700	Monsanto C0 New Com	117.64	82,347	60.97	39,668
02-08-2018	02-12-2018	1,784	Nutrien Ltd Com	45.22	80,672	45.66	-790
07-25-2017	07-25-2017	4,000	Reynolds American Inc Com	65.82	263,294	9.94	223,534
					426,313		262,411
Total Sales					426,313		262,411