

FY 2019

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2019

City of
SACRAMENTO
Office of the City Treasurer

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

John Colville, City Treasurer

FY 2019

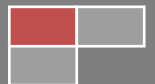


TABLE OF CONTENTS

	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

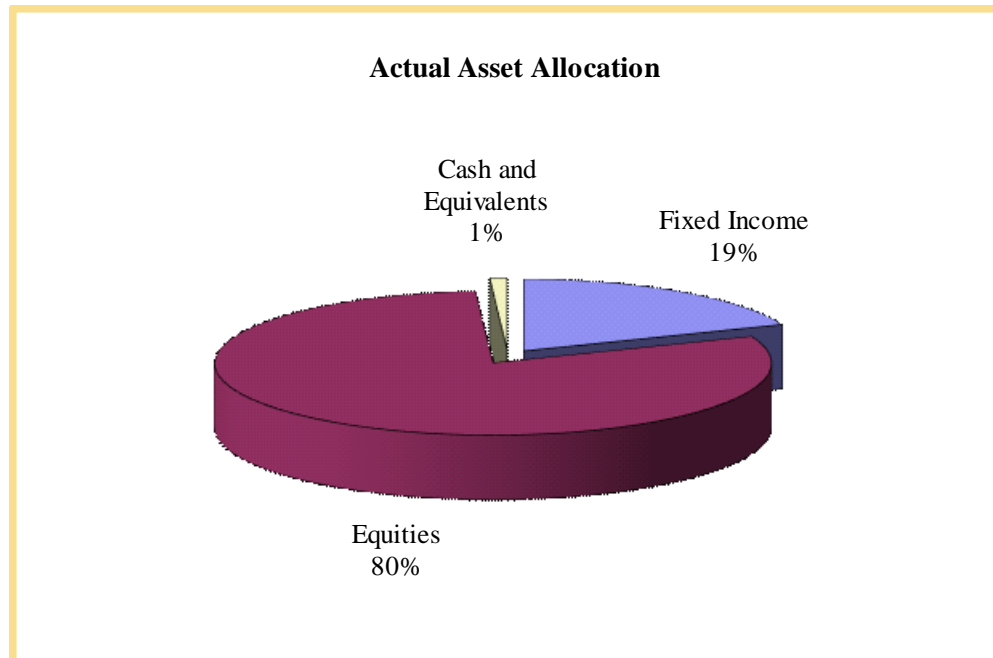
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$110,000-140,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
CORPORATE BONDS					
CONSUMER DISCRETIONARY	200,071	217,295	5.1	3.7	8,125
FINANCIAL	232,815	258,440	6.1	4.6	11,825
HEALTHCARE	99,438	108,310	2.6	3.6	3,850
TRANSPORTATION	200,770	217,528	5.1	3.6	7,900
CORPORATE BONDS	733,094	801,573	18.9	4.0	31,700
Accrued Interest		5,090	0.1		
	733,094	806,664	19.0	4.0	31,700
Equities					
COMMON STOCK					
INDUSTRIALS	180,451	403,478	9.5	2.5	10,018
COMMUNICATION SERVICES	213,257	241,679	5.7	5.0	12,043
CONSUMER DISCRETIONARY	30,938	124,596	2.9	2.2	2,784
CONSUMER STAPLES	254,027	443,580	10.4	3.9	17,517
ENERGY	250,865	268,188	6.3	5.5	14,680
FINANCIAL	175,347	252,135	5.9	3.8	9,457
HEALTHCARE	232,269	485,715	11.4	3.0	14,700
REAL ESTATE	13,788	15,848	0.4	3.3	528
UTILITIES	199,424	341,697	8.0	3.5	12,085
PASSIVE INDEX	617,809	636,196	15.0	4.4	28,129
COMMON STOCK	2,168,175	3,213,112	75.7	3.8	121,940
AMERICAN DEPOSITORY RECEIPTS					
CONSUMER STAPLES	145,534	73,366	1.7	7.5	5,479
ENERGY	62,404	62,550	1.5	5.9	3,660

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
HEALTHCARE	39,174	48,024	1.1	5.0	2,395
AMERICAN DEPOSITORY RECEIPTS	247,112	183,940	4.3	6.3	11,534
	2,415,287	3,397,053	80.0	3.9	133,474
Cash and Equiv. CASH AND EQUIVALENTS	42,505	42,505	1.0	2.7	1,163
	42,505	42,505	1.0	2.7	1,163
TOTAL PORTFOLIO	3,190,885	4,246,221	100.0	3.9	166,338



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

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		6,469		6,469		6,469	0.15	4.00				
	miscintrec	Misc Interest Receivable		10		10		10	0.00	1.75				
	PoolA	Pool A Cash		36,025		36,025		36,025	0.85	2.51				
				42,505		42,505		42,505	1.00	2.74				
CORPORATE BONDS														
CONSUMER DISCRETIONARY														
100,000	609207am7	Mondelez Intl Inc 4.125% Due 05-07-28	99.97	99,970	108.30	108,304	619	108,922	2.55	3.81	BBB	Baa1		02-07-28
100,000	855244ar0	Starbucks Corp 4.000% Due 11-15-28	100.10	100,101	108.99	108,991	511	109,502	2.57	3.67	BBB+	Baa1		08-15-28
				200,071		217,295	1,130	218,424	5.12	3.74				
FINANCIAL														
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	117.28	70,369	556	70,925	1.66	6.18	BBB+	Baa2		
100,000	49326eeg4	Keycorp Medium Term Nts Be 4.100% Due 04-30-28	99.31	99,312	108.83	108,832	695	109,527	2.57	3.77	BBB+	Baa1		
75,000	269246bs2	E Trade Financial Corp 4.500% Due 06-20-28	99.44	74,582	105.65	79,239	103	79,342	1.87	4.26	BBB	Baa2		03-20-28
				232,815		258,440	1,354	259,794	6.09	4.58				
HEALTHCARE														
100,000	91324pdk5	Unitedhealth Group Inc 3.850% Due 06-15-28	99.44	99,438	108.31	108,310	171	108,481	2.55	3.55	A+	A3		
TRANSPORTATION														
200,000	907818ey0	Union Pacific Corp 3.950% Due 09-10-28	100.38	200,770	108.76	217,528	2,436	219,964	5.13	3.63	A-	Baa1		06-10-28
				733,094		801,573	5,090	806,664	18.90	3.95				
COMMON STOCK														
INDUSTRIALS														
350	ba	Boeing Co Com	139.52	48,832	364.01	127,403		127,403	3.00	2.26	A+			
700	cat	Caterpillar Inc Del Com	73.80	51,658	136.29	95,403		95,403	2.25	3.02	B+			
300	lmt	Lockheed Martin Corp	160.06	48,017	363.54	109,062		109,062	2.57	2.42	A			
550	utx	United Technologies	58.08	31,944	130.20	71,610		71,610	1.69	2.26	A			
				180,451		403,478		403,478	9.51	2.48				
COMMUNICATION SERVICES														
2,950	t	At&t Inc	39.71	117,141	33.51	98,854		98,854	2.33	6.09	B			
2,500	vz	Verizon Communications Inc	38.45	96,116	57.13	142,825		142,825	3.37	4.22	B			
				213,257		241,679		241,679	5.70	4.98				
CONSUMER DISCRETIONARY														
600	mcd	McDonald's Corp	51.56	30,938	207.66	124,596		124,596	2.94	2.23	A			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

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
CONSUMER STAPLES														
2,500	mo	Altria Group Inc	26.65	66,630	47.35	118,375		118,375	2.79	7.10	A-			
1,600	ko	Coca Cola Co Com	30.20	48,320	50.92	81,472		81,472	1.92	3.14	B+			
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	71.67	100,338		100,338	2.37	2.40	A-			
500	kmb	Kimberly Clark Corp	110.30	55,150	133.28	66,640		66,640	1.57	3.09	B+			
700	pg	Procter & Gamble Co	58.18	40,726	109.65	76,755		76,755	1.81	2.72	A			
				254,027		443,580		443,580	10.46	3.95				
ENERGY														
2,500	amp	Alps Etf Tr Alerian Mlp	16.03	40,075	9.85	24,625		24,625	0.58	7.83				
500	cvx	Chevron Corporation	58.54	29,271	124.44	62,220		62,220	1.47	3.83	B			
984	enb	Enbridge Inc Com	20.87	20,537	36.08	35,503		35,503	0.84	6.14	B+			
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	20.88	62,640		62,640	1.48	4.79	B			
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	64.00	83,200		83,200	1.96	6.24				
				250,865		268,188		268,188	6.32	5.47				
FINANCIAL														
3,750	bx	Blackstone Group Inc	35.62	133,565	44.42	166,575		166,575	3.93	4.66				
3,100	xlf	Select Sector Spdr Tr Sbi Int-Finl	13.48	41,782	27.60	85,560		85,560	2.02	1.98				
				175,347		252,135		252,135	5.94	3.75				
HEALTHCARE														
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	45.35	90,700		90,700	2.14	3.62	B-			
1,000	jnj	Johnson & Johnson	62.22	62,224	139.28	139,280		139,280	3.28	2.73	A-			
1,500	mrk	Merck & Co Inc (new)	41.75	62,629	83.85	125,775		125,775	2.97	2.62	B-			
3,000	pfe	Pfizer Inc	22.22	66,651	43.32	129,960		129,960	3.06	3.32	B+			
				232,269		485,715		485,715	11.45	3.03				
REAL ESTATE														
431	xlre	Select Sector Spdr Tr RI Est Sel Sec	31.99	13,788	36.77	15,848		15,848	0.37	3.33				
UTILITIES														
1,000	aee	Ameren Corp Com	50.04	50,043	75.11	75,110		75,110	1.77	2.53	B			
1,000	duk	Duke Energy Corp New Com New	53.56	53,560	88.24	88,240		88,240	2.08	4.28	B+			
1,500	pnw	Pinnacle West Cap Corp	41.20	61,802	94.09	141,135		141,135	3.33	3.14	A-			
1,200	ppl	Ppl Corp Com	28.35	34,019	31.01	37,212		37,212	0.88	5.32	B			
				199,424		341,697		341,697	8.06	3.54				
PASSIVE INDEX														
6,950	pgf	Invesco Financial Preferred ETF	19.50	135,554	18.42	128,019		128,019	3.02	5.43				
15,700	pgx	Invesco Preferred ETF	15.07	236,599	14.64	229,848		229,848	5.42	5.54				
1,850	dvy	Ishares Select Dividend ETF	83.53	154,525	99.56	184,186		184,186	4.34	3.38				

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

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
740	iwd	Ishares Tr Russell 1000 Val	123.15	91,131	127.22	94,143		94,143	2.22	2.35				
				617,809		636,196		636,196	15.00	4.42				
				2,168,175		3,213,112		3,213,112	75.76	3.80				
AMERICAN DEPOSITORY RECEIPTS														
CONSUMER STAPLES														
2,104	bti	British Amern Tob Plc Sponsored Adr	69.17	145,534	34.87	73,366		73,366	1.73	7.47				
ENERGY														
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	41.70	62,550		62,550	1.47	5.85				
HEALTHCARE														
1,200	gsk	Glaxosmithkline	32.64	39,174	40.02	48,024		48,024	1.13	4.99				
				247,112		183,940		183,940	4.34	6.27				
TOTAL PORTFOLIO				3,190,885		4,241,131	5,090	4,246,221	100.00	3.92				

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2019

Monthly Performance

Time Period	Percent Return Per Period						Cumulative TWR Basis = 100					
	Portfolio	Russell 1000 Value (Price Only)	iShares Select Dividend ETF	DJ Select Dividend	FTSE US Broad Investment-Grade Bond	S&P 500	Portfolio	Russell 1000 Value (Price Only)	iShares Select Dividend ETF	DJ Select Dividend	FTSE US Broad Investment-Grade Bond	S&P 500
06-30-2018							100.00	100.00	100.00	100.00	100.00	100.00
06-30-2018 to 07-31-2018	4.02	3.78	2.27	2.31	0.04	3.60	104.02	103.78	102.27	102.31	100.04	103.60
07-31-2018 to 08-31-2018	0.62	1.21	1.05	1.06	0.66	3.03	104.67	105.04	103.35	103.39	100.70	106.74
08-31-2018 to 09-30-2018	1.22	0.00	-1.24	-0.30	-0.66	0.43	105.95	105.04	102.07	103.08	100.03	107.20
09-30-2018 to 10-31-2018	-3.42	-5.33	-3.90	-3.87	-0.78	-6.94	102.33	99.44	98.09	99.09	99.25	99.76
10-31-2018 to 11-30-2018	1.88	2.70	2.07	2.14	0.57	1.79	104.25	102.13	100.11	101.21	99.82	101.54
11-30-2018 to 12-31-2018	-4.85	-9.82	-8.73	-8.01	1.86	-9.18	99.19	92.10	91.38	93.10	101.67	92.22
12-31-2018 to 01-31-2019	4.70	7.57	6.81	6.84	1.03	7.87	103.85	99.06	97.60	99.47	102.72	99.48
01-31-2019 to 02-28-2019	3.09	2.93	2.89	2.91	-0.05	2.97	107.06	101.97	100.42	102.37	102.67	102.43
02-28-2019 to 03-31-2019	1.71	0.43	0.03	1.03	1.95	1.79	108.89	102.41	100.45	103.42	104.67	104.27
03-31-2019 to 04-30-2019	1.18	3.37	2.93	2.99	0.05	3.93	110.18	105.86	103.40	106.50	104.72	108.37
04-30-2019 to 05-31-2019	-2.46	-6.70	-7.37	-7.38	1.79	-6.58	107.47	98.77	95.77	98.64	106.59	101.24
05-31-2019 to 06-30-2019	4.34	6.97	6.36	7.25	1.24	6.89	112.14	105.66	101.86	105.80	107.91	108.22
Date to Date												
06-30-2018 to 06-30-2019	12.14	5.66	1.86	5.80	7.91	8.22						

Performance History

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

	Latest 1 Year	Latest 3 Years	Latest 5 Years	Inception To Date
Account	12.14	7.14	6.95	7.72
Russell 1000 Value (Price Only)	5.66	7.44	4.79	6.64
iShares Select Dividend ETF	1.86	5.30	5.28	? *
DJ Select Dividend	5.80	9.21	9.22	? *
FTSE US Broad Investment-Grade Bond	7.91	2.32	2.95	6.20
S&P 500	8.22	11.91	8.46	7.43

*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 06-30-18 To 06-30-19

	<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 06-30-18	68,638	0	0	3,836,265	30,830	3,935,734
Accrued Interest	556	0	0	0	0	556
Purchases/Contributions	683,289	0	0	91,772	944,243	0
Sales/Withdrawals	-28,782	0	0	-915,461	-933,604	-158,542
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Realized Gains	0	0	0	9,949	0	9,949
Unrealized Gains	58,762	0	0	240,199	0	298,961
Interest Income	19,666	0	0	0	1,035	20,701
Dividend Income	0	0	0	134,329	0	134,329
Change in Accrued Interest	4,535	0	0	0	0	4,535
Market Value on 06-30-19	801,573	0	0	3,397,053	42,505	4,241,131
Accrued Interest	5,090	0	0	0	0	5,090
Total Gain before Fees	82,962	0	0	384,477	1,035	468,474
IRR for 1.00 Years	15.03%	0.00%	0.00%	11.77%	1.97%	12.10%
Annualized IRR	15.03%	0.00%	0.00%	11.77%	1.97%	12.10%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-18 To 06-30-19

	Fixed Income	Call Options	Put Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
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
Purchases	683,289	0	0	91,131	0	780,491	780,491	1,554,911
Contributions	0	0	0	641	391,559	-227,807	163,752	0
Sales	0	0	0	-780,491	0	-774,420	-774,420	-1,554,911
Withdrawals	-28,782	0	0	-134,970	-377,156	217,972	-159,184	-158,542
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	356,234	0	0	0	356,234
Amortization	0	0	0	0	0	0	0	0
Interest Income	19,666	0	0	0	784	251	1,035	20,701
Dividend Income	0	0	0	134,329	0	0	0	134,329
Change in Accrued Interest	4,535	0	0	0	0	0	0	4,535
Cost Value on 06-30-19	733,094	0	0	2,415,287	36,025	6,479	42,505	3,190,885
Accrued Interest	5,090	0	0	0	0	0	0	5,090
Average Cost Base	544,173	0	0	2,168,916	32,115	20,384	52,499	2,765,587
Total Gain before Fees	24,200	0	0	490,562	784	251	1,035	515,798
IRR for 1.00 Years	4.45%	0.00%	0.00%	22.62%	2.44%	1.23%	1.97%	18.65%
Annualized IRR	4.45%	0.00%	0.00%	22.62%	2.44%	1.23%	1.97%	18.65%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-18 To 06-30-19

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	06-30-2019 <u>Price</u>	<u>Difference</u>
<u>Purchases</u>							
CORPORATE BONDS							
10-25-2018	10-29-2018	75,000	E Trade Financial Corp 4.500% Due 06-20-28	99.44	74,582	105.65	6
10-25-2018	10-29-2018	100,000	Keycorp Medium Term Nts Be 4.100% Due 04-30-28	99.31	99,312	108.83	10
09-28-2018	10-02-2018	100,000	Mondelez Intl Inc 4.125% Due 05-07-28	99.97	99,970	108.30	8
09-28-2018	10-02-2018	100,000	Starbucks Corp 4.000% Due 11-15-28	100.10	100,101	108.99	9
09-18-2018	09-20-2018	200,000	Union Pacific Corp 3.950% Due 09-10-28	100.38	200,770	108.76	8
10-25-2018	10-29-2018	100,000	Unitedhealth Group Inc 3.850% Due 06-15-28	99.44	99,438	108.31	9
					674,173		
COMMON STOCK							
07-20-2018	07-24-2018	740	Ishares Tr Russell 1000 Val	123.15	91,131	127.22	4
					91,131		
					765,304		
Total Purchases							

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-18 To 06-30-19

<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							
09-12-2018	09-14-2018	1,000	Donnelley R R & Sons Co	5.30	5,297	28.51	-23,215
10-22-2018	10-24-2018	3,000	Ford Mtr Co	8.38	25,147	10.40	-6,053
10-30-2018	11-01-2018	2,000	General Electric Co	11.33	22,662	33.73	-44,798
09-26-2018	09-28-2018	400	Ishares Tr Transp Ave Idx	204.05	81,620	77.24	50,724
10-22-2018	10-24-2018	750	Ishares US Basic Materials ETF	89.94	67,457	69.09	15,638
09-26-2018	09-28-2018	700	Ishares US Technology ETF	193.12	135,181	40.00	107,181
09-13-2018	09-17-2018	800	M & T Bk Corp Com	173.51	138,811	51.92	97,275
10-22-2018	10-24-2018	1,500	Microsoft Corp	108.90	163,346	30.51	117,581
07-19-2018	07-23-2018	1,150	Philip Morris Intl Inc Com	79.50	91,427	43.78	41,081
09-13-2018	09-17-2018	1,400	Scana Corp New Com	35.39	49,544	34.80	820
					780,491		356,234
Total Sales					780,491		356,234