

FY 2020

# *Ann Land/Bertha Henschel Endowment Fund* Annual Investment Report

June 30, 2020

City of  
**SACRAMENTO**  
Office of the City Treasurer

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

John Colville, City Treasurer

FY 2020



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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**

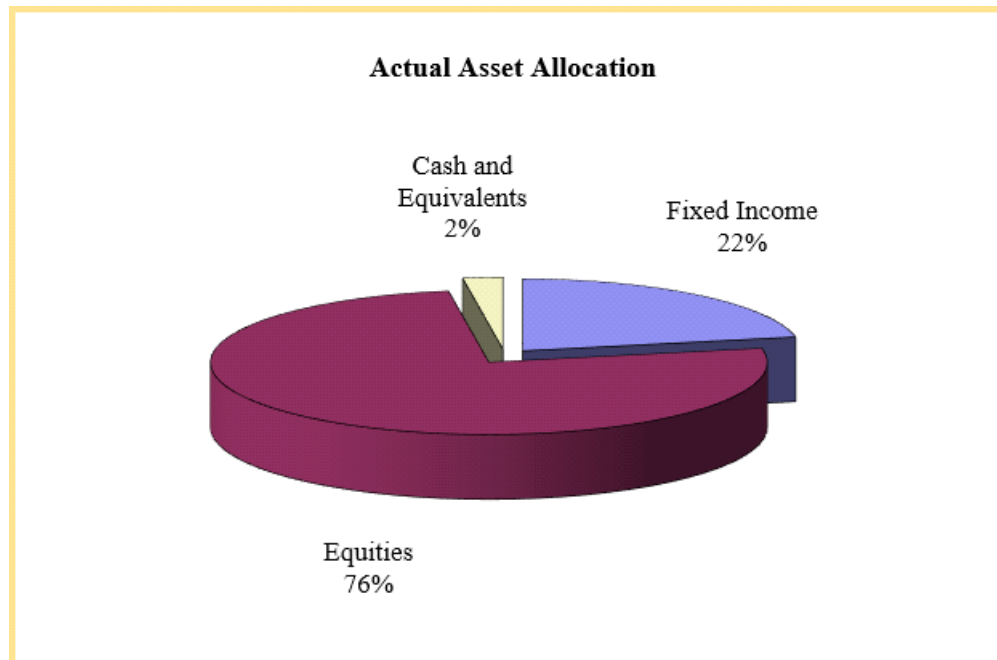
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$110,000-140,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento  
**PORTFOLIO SUMMARY**  
*Ann Land/Bertha Henschel Endowment Fund*  
 June 30, 2020

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
<b>Fixed Income</b>					
CORPORATE BONDS					
CONSUMER DISCRETIONARY	200,071	235,789	5.9	3.4	8,125
FINANCIAL	232,815	272,728	6.9	4.3	11,825
HEALTHCARE	99,438	118,278	3.0	3.3	3,850
TRANSPORTATION	200,770	237,460	6.0	3.3	7,900
CORPORATE BONDS	733,094	864,255	21.8	3.7	31,700
Accrued Interest		5,090	0.1		
	733,094	869,346	21.9	3.7	31,700
<b>Equities</b>					
COMMON STOCK					
INDUSTRIALS	156,890	268,649	6.8	2.9	7,859
COMMUNICATION SERVICES	213,257	227,003	5.7	5.4	12,286
CONSUMER DISCRETIONARY	86,949	168,151	4.2	2.2	3,690
CONSUMER STAPLES	268,552	418,555	10.5	4.3	17,835
ENERGY	210,790	176,179	4.4	7.6	13,424
FINANCIAL	167,747	223,354	5.6	2.2	4,997
HEALTHCARE	165,618	374,225	9.4	3.0	11,300
INFORMATION TECHNOLOGY	107,826	96,616	2.4	5.4	5,216
UTILITIES	210,266	300,130	7.6	4.2	12,465
PASSIVE INDEX	633,539	590,868	14.9	4.8	28,208
COMMON STOCK	2,221,434	2,843,731	71.6	4.1	117,279
AMERICAN DEPOSITORY RECEIPTS					
CONSUMER STAPLES	145,534	81,677	2.1	6.9	5,608
ENERGY	62,404	34,980	0.9	9.3	3,255

City of Sacramento  
**PORTFOLIO SUMMARY**  
*Ann Land/Bertha Henschel Endowment Fund*  
 June 30, 2020

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
HEALTHCARE	39,174	48,948	1.2	4.9	2,403
AMERICAN DEPOSITORY RECEIPTS	247,112	165,605	4.2	6.8	11,266
	2,468,545	3,009,336	75.8	4.3	128,545
<b>Cash and Equiv.</b> CASH AND EQUIVALENTS	92,022	92,022	2.3	1.9	1,729
	92,022	92,022	2.3	1.9	1,729
<b>TOTAL PORTFOLIO</b>	<b>3,293,661</b>	<b>3,970,704</b>	<b>100.0</b>	<b>4.1</b>	<b>161,974</b>



City of Sacramento  
**PORTFOLIO APPRAISAL**  
*Ann Land/Bertha Henschel Endowment Fund*  
 June 30, 2020

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Cur. Yield	S & P	Bond Status	Call Put Date
<b>CASH AND EQUIVALENTS</b>													
	divacc	Dividend Accrual		4,483		4,483		4,483	0.11	4.00			
	miscintrec	Misc Interest Receivable		0		0		0	0.00	0.01			
	PoolA	Pool A Cash		87,539		87,539		87,539	2.21	1.77			
				92,022		92,022		92,022	2.32	1.88			
<b>CORPORATE BONDS</b>													
<b>CONSUMER DISCRETIONARY</b>													
100,000	609207am7	Mondelez Intl Inc 4.125% Due 05-07-28	99.97	99,970	118.76	118,765	619	119,384	2.99	3.47	BBB		02-07-28
100,000	855244ar0	Starbucks Corp 4.000% Due 11-15-28	100.10	100,101	117.02	117,024	511	117,535	2.95	3.42	BBB+		08-15-28
				200,071		235,789	1,130	236,919	5.95	3.45			
<b>FINANCIAL</b>													
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	116.57	69,945	556	70,501	1.76	6.22	A-		
100,000	49326eeg4	Keycorp Medium Term Nts Be 4.100% Due 04-30-28	99.31	99,312	116.05	116,052	695	116,747	2.93	3.53	BBB+		
75,000	269246bs2	E Trade Financial Corp 4.500% Due 06-20-28	99.44	74,582	115.64	86,731	103	86,835	2.19	3.89	BBB		03-20-28
				232,815		272,728	1,354	274,082	6.88	4.34			
<b>HEALTHCARE</b>													
100,000	91324pdk5	Unitedhealth Group Inc 3.850% Due 06-15-28	99.44	99,438	118.28	118,278	171	118,449	2.98	3.26	A+		
<b>TRANSPORTATION</b>													
200,000	907818ey0	Union Pacific Corp 3.950% Due 09-10-28	100.38	200,770	118.73	237,460	2,436	239,896	5.99	3.33	A-		06-10-28
				733,094		864,255	5,090	869,346	21.79	3.67			
<b>COMMON STOCK</b>													
<b>INDUSTRIALS</b>													
700	cat	Caterpillar Inc Del Com	73.80	51,658	126.50	88,550		88,550	2.23	3.26	B+		
350	lmt	Lockheed Martin Corp	192.14	67,249	364.92	127,722		127,722	3.22	2.63	A		
850	rtx	Raytheon Technologies Com	44.69	37,982	61.62	52,377		52,377	1.32	3.08			
				156,890		268,649		268,649	6.77	2.93			
<b>COMMUNICATION SERVICES</b>													
2,950	t	At&t Inc	39.71	117,141	30.23	89,178		89,178	2.25	6.88	B		
2,500	vz	Verizon Communications Inc	38.45	96,116	55.13	137,825		137,825	3.48	4.46	B		
				213,257		227,003		227,003	5.72	5.41			
<b>CONSUMER DISCRETIONARY</b>													
600	mcd	Mcdonald's Corp	51.56	30,938	184.47	110,682		110,682	2.79	2.71	A		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*Ann Land/Bertha Henschel Endowment Fund*  
 June 30, 2020

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Cur. Yield	S & P	Bond Status	Call Put Date
450	xly	Select Sector Spdr Tr Sbi Cons Discr	124.47	56,011	127.71	57,469		57,469	1.45	1.20			
				<u>86,949</u>		<u>168,151</u>		<u>168,151</u>	4.24	2.19			
<b>CONSUMER STAPLES</b>													
2,500	mo	Altria Group Inc	26.65	66,630	39.25	98,125		98,125	2.47	8.76	A-		
2,200	ko	Coca Cola Co Com	36.70	80,735	44.68	98,296		98,296	2.48	3.67	B+		
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	73.26	102,564		102,564	2.59	2.40	A-		
1,000	pg	Procter & Gamble Co	77.99	<u>77,985</u>	119.57	<u>119,570</u>		<u>119,570</u>	3.02	<u>2.65</u>	A		
				268,552		418,555		418,555	10.55	4.26			
<b>ENERGY</b>													
500	cvx	Chevron Corporation	58.54	29,271	89.23	44,615		44,615	1.13	5.78	B		
984	enb	Enbridge Inc Com	20.87	20,537	30.42	29,933		29,933	0.75	7.85	B+		
3,000	kmi	Kinder Morgan Inc Del Com	41.48	124,426	15.17	45,510		45,510	1.15	6.92	B		
1,300	mmp	Magellan Midstream Prt Com Unit Rp Lp	28.12	36,555	43.17	56,121		56,121	1.42	9.52			
				<u>210,790</u>		<u>176,179</u>		<u>176,179</u>	4.44	7.62			
<b>FINANCIAL</b>													
1,900	bx	Blackstone Group Inc	35.62	67,673	56.66	107,654		107,654	2.71	1.80			
5,000	xlf	Select Sector Spdr Tr Sbi Int-Finl	20.01	<u>100,074</u>	23.14	<u>115,700</u>		<u>115,700</u>	2.92	<u>2.64</u>			
				167,747		223,354		223,354	5.63	2.24			
<b>HEALTHCARE</b>													
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	58.80	117,600		117,600	2.97	3.06	B-		
1,000	jnj	Johnson & Johnson	62.22	62,224	140.63	140,630		140,630	3.55	2.87	A-		
1,500	mrk	Merck & Co Inc (new)	41.75	<u>62,629</u>	77.33	<u>115,995</u>		<u>115,995</u>	2.93	<u>3.16</u>	B-		
				165,618		374,225		374,225	9.44	3.02			
<b>INFORMATION TECHNOLOGY</b>													
800	ibm	International Bus Mach	134.78	107,826	120.77	96,616		96,616	2.44	5.40	A-		
<b>UTILITIES</b>													
1,000	aee	Ameren Corp Com	50.04	50,043	70.36	70,360		70,360	1.77	2.81	B		
1,500	duk	Duke Energy Corp New Com New	65.61	98,421	79.89	119,835		119,835	3.02	4.83	B+		
1,500	pnw	Pinnacle West Cap Corp	41.20	<u>61,802</u>	73.29	<u>109,935</u>		<u>109,935</u>	2.77	<u>4.27</u>	A-		
				210,266		300,130		300,130	7.57	4.15			
<b>PASSIVE INDEX</b>													
6,950	pgf	Invesco Financial Preferred ETF	19.50	135,554	17.90	124,405		124,405	3.14	5.29			
15,700	pgx	Invesco Preferred ETF	15.07	236,599	14.12	221,684		221,684	5.59	5.44			
2,000	dvy	Ishares Select Dividend ETF	85.13	170,255	80.72	161,440		161,440	4.07	4.45			
740	iwd	Ishares Tr Russell 1000 Val	123.15	91,131	112.62	83,339		83,339	2.10	2.86			
				<u>633,539</u>		<u>590,868</u>		<u>590,868</u>	14.90	4.77			
				2,221,434		2,843,731		2,843,731	71.71	4.12			

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*Ann Land/Bertha Henschel Endowment Fund*  
 June 30, 2020

<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 &amp; P</u>	<u>Bond Status</u>	<u>Call Put Date</u>
<b>AMERICAN DEPOSITORY RECEIPTS</b>													
CONSUMER STAPLES													
2,104	bti	British Amern Tob Plc Sponsored Adr	69.17	145,534	38.82	81,677		81,677	2.06	6.87			
ENERGY													
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	23.32	34,980		34,980	0.88	9.31			
HEALTHCARE													
1,200	gsk	Glaxosmithkline	32.64	39,174	40.79	48,948		48,948	1.23	4.91			
				247,112		165,605		165,605	4.18	6.80			
<b>TOTAL PORTFOLIO</b>				<b>3,293,661</b>		<b>3,965,614</b>	<b>5,090</b>	<b>3,970,704</b>	<b>100.00</b>	<b>4.08</b>			



City of Sacramento  
**Ann Land/Bertha Henschel Endowment Fund**  
 June 30, 2020

Monthly Performance

Time Period	Portfolio	Percent Return Per Period							Cumulative TWR Basis = 100						
		Russell 1000 Value (Price Only)	iShares Select Dividend ETF Price Return	DJ Select Dividend Total Return	FTSE US Broad Investment-Grade Bond	Bloomberg S&P 500 Portfolio Barclays US Aggregate Bond	Russell 1000 Value (Price Only)	iShares Select Dividend ETF Price Return	DJ Select Dividend Total Return	FTSE US Broad Investment-Grade Bond	Bloomberg S&P 500 Portfolio Barclays US Aggregate Bond				
06-30-2019															
06-30-2019 to 07-31-2019	0.10	0.65	0.72	0.81	0.27	0.21	1.31	100.10	100.65	100.72	100.81	100.27	100.21	101.31	
07-31-2019 to 08-31-2019	1.49	-3.22	-2.32	-2.20	2.66	2.48	-1.81	101.59	97.41	98.38	98.60	102.94	102.69	99.48	
08-31-2019 to 09-30-2019	1.30	3.35	4.08	5.05	-0.55	-0.51	1.72	102.92	100.67	102.40	103.58	102.37	102.17	101.19	
09-30-2019 to 10-31-2019	0.71	1.23	0.14	0.07	0.30	0.29	2.04	103.65	101.91	102.54	103.66	102.68	102.46	103.26	
10-31-2019 to 11-30-2019	0.87	2.82	1.62	1.64	-0.03	-0.05	3.40	104.56	104.78	104.20	105.35	102.65	102.41	106.77	
11-30-2019 to 12-31-2019	2.26	2.51	1.85	2.83	-0.09	-0.07	2.86	106.92	107.41	106.13	108.33	102.56	102.35	109.82	
12-31-2019 to 01-31-2020	1.29	-2.32	-1.80	-1.74	2.01	1.84	-0.16	108.30	104.91	104.22	106.45	104.62	104.23	109.65	
01-31-2020 to 02-29-2020	-6.81	-9.91	-11.18	-11.25	1.68	1.72	-8.41	100.93	94.52	92.57	94.47	106.37	106.03	100.42	
02-29-2020 to 03-31-2020	-11.15	-17.32	-20.20	-18.98	-0.51	-0.56	-12.51	89.67	78.15	73.87	76.54	105.83	105.43	87.86	
03-31-2020 to 04-30-2020	7.66	11.04	9.65	9.58	1.72	1.70	12.68	96.54	86.78	81.00	83.87	107.66	107.23	99.00	
04-30-2020 to 05-31-2020	1.90	3.09	2.37	2.34	0.53	0.45	4.53	98.38	89.46	82.91	85.83	108.23	107.70	103.49	
05-31-2020 to 06-30-2020	-1.10	-0.88	-2.22	-1.14	0.68	0.60	1.84	97.29	88.67	81.08	84.85	108.96	108.35	105.39	
<b>Date to Date</b>															
06-30-2019 to 06-30-2020	-2.71	-11.33	-18.92	-15.15	8.96	8.35	5.39								

City of Sacramento  
***Ann Land/Bertha Henschel Endowment Fund***  
*June 30, 2020*

## Performance History

	<b>Latest 1 Year</b>	<b>Latest 3 Years</b>	<b>Latest 5 Years</b>	<b>Inception To Date</b>
Account	-2.71	3.40	6.00	7.39
Russell 1000 Value (Price Only)	-11.33	-0.80	1.96	6.05
iShares Select Dividend ETF Price Return	-18.92	-4.34	1.44	?*
DJ Select Dividend Total Return	-15.15	-0.44	5.43	?*
FTSE US Broad Investment-Grade Bond	8.96	5.39	4.35	6.28
Bloomberg Barclays US Aggregate Bond	8.35	5.08	4.11	5.48
S&P 500	5.39	8.56	8.49	7.37

*\*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 06-30-19 To 06-30-20

	<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 06-30-19	801,573	0	0	3,397,053	42,505	4,241,131
Accrued Interest	5,090	0	0	0	0	5,090
Purchases/Contributions	0	0	0	431,911	605,411	0
Sales/Withdrawals	-31,700	0	0	-614,220	-556,868	-165,466
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Realized Gains	0	0	0	-54,686	0	-54,686
Unrealized Gains	62,682	0	0	-281,517	0	-218,835
Interest Income	31,700	0	0	0	974	32,674
Dividend Income	0	0	0	130,797	0	130,797
Change in Accrued Interest	0	0	0	0	0	0
Market Value on 06-30-20	864,255	0	0	3,009,336	92,022	3,965,614
Accrued Interest	5,090	0	0	0	0	5,090
Total Gain before Fees	94,382	0	0	-205,407	974	-110,050
IRR for 1.00 Years	11.89%	0.00%	0.00%	-6.19%	1.57%	-2.64%
Annualized IRR	11.89%	0.00%	0.00%	-6.19%	1.57%	-2.64%

City of Sacramento  
**PERFORMANCE BY ASSET CLASS**  
**GROSS OF FEES AT COST**  
*Ann Land/Bertha Henschel Endowment Fund*  
*From 06-30-19 To 06-30-20*

	<b>Fixed Income</b>	<b>Call Options</b>	<b>Put Options</b>	<b>Equities</b>	<b>Pool A Cash</b>	<b>Other Cash &amp; Equivalents</b>	<b>Total Cash and Equiv.</b>	<b>Total Portfolio</b>
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
Purchases	0	0	0	390,714	0	442,227	442,227	832,940
Contributions	0	0	0	41,197	218,260	-55,076	163,184	0
Sales	0	0	0	-442,227	0	-390,714	-390,714	-832,940
Withdrawals	-31,700	0	0	-171,993	-167,658	1,504	-166,154	-165,466
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	104,772	0	0	0	104,772
Amortization	0	0	0	0	0	0	0	0
Interest Income	31,700	0	0	0	911	63	974	32,674
Dividend Income	0	0	0	130,797	0	0	0	130,797
Change in Accrued Interest	0	0	0	0	0	0	0	0
Cost Value on 06-30-20	733,094	0	0	2,468,545	87,539	4,483	92,022	3,293,661
Accrued Interest	5,090	0	0	0	0	0	0	5,090
Average Cost Base	720,101	0	0	2,338,218	46,542	15,412	61,954	3,120,274
Total Gain before Fees	31,700	0	0	235,569	911	63	974	268,243
IRR for 1.00 Years	4.40%	0.00%	0.00%	10.07%	1.96%	0.41%	1.57%	8.60%
Annualized IRR	4.40%	0.00%	0.00%	10.07%	1.96%	0.41%	1.57%	8.60%

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*Ann Land/Bertha Henschel Endowment Fund*  
 From 07-01-19 To 06-30-20

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2020 Price</u>	<u>Difference</u>
<b><u>Purchases</u></b>							
<b>COMMON STOCK</b>							
12-12-2019	12-16-2019	600	Coca Cola Co Com	54.02	32,415	44.68	-9
12-12-2019	12-16-2019	500	Duke Energy Corp New Com New	89.72	44,861	79.89	-10
12-12-2019	12-16-2019	800	International Bus Mach	134.78	107,826	120.77	-14
01-03-2020	01-07-2020	150	Ishares Select Dividend ETF	104.87	15,730	80.72	-24
12-12-2019	12-16-2019	50	Lockheed Martin Corp	384.65	19,232	364.92	-20
12-12-2019	12-16-2019	300	Procter & Gamble Co	124.20	37,259	119.57	-5
04-14-2020	04-16-2020	300	Raytheon Technologies Com	63.62	19,086	61.62	-2
12-23-2019	12-26-2019	450	Select Sector Spdr Tr Sbi Cons Discr	124.47	56,011	127.71	3
12-23-2019	12-26-2019	1,900	Select Sector Spdr Tr Sbi Int-Finl	30.68	58,292	23.14	-8
					390,714		
Total Purchases					390,714		

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
***Ann Land/Bertha Henschel Endowment Fund***  
*From 07-01-19 To 06-30-20*

<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>							
<b>COMMON STOCK</b>							
12-12-2019	12-16-2019	2,500	Alps Etf Tr Alerian Mlp	8.27	20,687	16.03	-19,388
12-12-2019	12-16-2019	1,850	Blackstone Group Inc	54.21	100,281	35.62	34,389
03-25-2020	03-27-2020	350	Boeing Co Com	169.10	59,186	139.52	10,354
04-14-2020	04-16-2020	550	Carrier Global Corpora Com	14.00	7,703	9.49	2,484
12-12-2019	12-16-2019	500	Kimberly Clark Corp	135.74	67,871	110.30	12,721
04-14-2020	04-16-2020	275	Otis Worldwide Corp Com	44.47	12,230	28.47	4,401
12-23-2019	12-26-2019	3,000	Pfizer Inc	39.14	117,433	22.22	50,781
12-12-2019	12-16-2019	1,200	Ppl Corp Com	33.54	40,246	28.35	6,227
01-03-2020	01-07-2020	431	Select Sector Spdr Tr Rl Est Sel Sec	38.49	16,591	31.99	2,803
					442,227		104,772
Total Sales					442,227		104,772