

FY 2021

Ann Land/Bertha Henschel Endowment Fund Annual Investment Report

June 30, 2021

City of
SACRAMENTO
Office of the City Treasurer

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

John Colville, City Treasurer

FY 2021



TABLE OF CONTENTS

	PAGE
INTRODUCTION, STRATEGY & OBJECTIVES.....	3
PORTFOLIO SUMMARY.....	4
PORTFOLIO APPRAISAL.....	6
PERFORMANCE HISTORY.....	9
PERFORMANCE BY ASSET CLASS @ MARKET	11
PERFORMANCE BY ASSET CLASS @ COST.....	12
PURCHASES/SALES AND GAINS/LOSSES.....	13

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

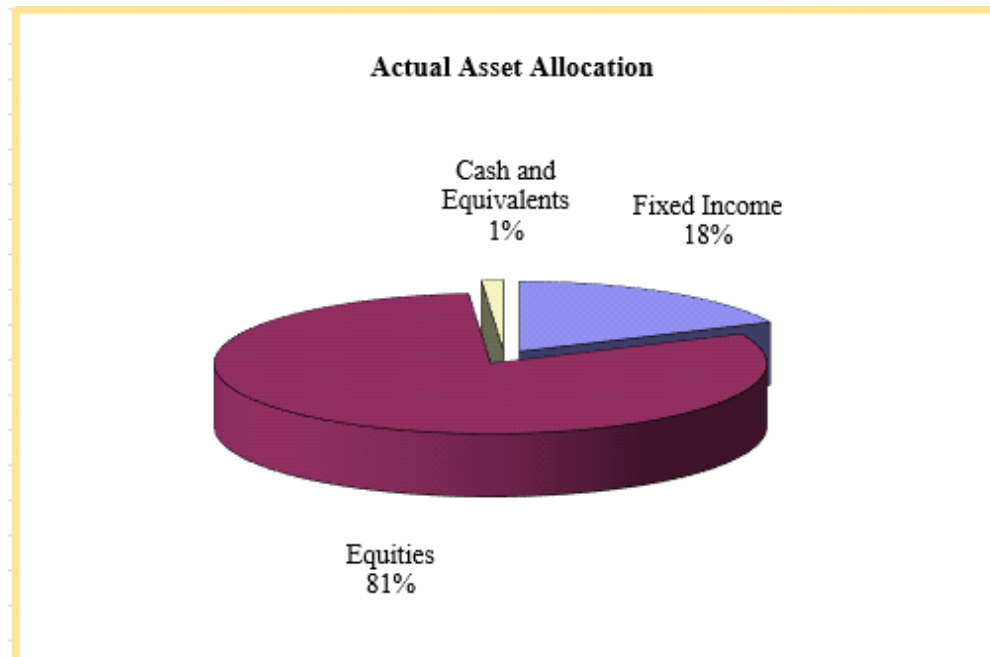
- Earn a cash rate of return from investments such that, when added to the indigent fund balance, at least \$110,000-150,000 can be expended, per Commission direction, to assist the poor, indigent and needy; and
- Provide for moderate growth of principal and income.

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
Fixed Income					
CORPORATE BONDS					
CONSUMER DISCRETIONARY	200,071	230,997	5.0	3.5	8,125
FINANCIAL	232,815	271,193	5.9	4.4	11,825
HEALTHCARE	99,438	114,915	2.5	3.4	3,850
TRANSPORTATION	200,385	218,512	4.7	3.1	6,841
CORPORATE BONDS	732,709	835,617	18.0	3.7	30,641
Accrued Interest		4,555	0.1		
	732,709	840,172	18.1	3.7	30,641
Equities					
COMMON STOCK					
INDUSTRIALS	131,061	281,106	6.1	2.5	6,928
COMMUNICATION SERVICES	213,257	224,976	4.9	5.5	12,411
CONSUMER DISCRETIONARY	30,938	138,594	3.0	2.2	3,096
CONSUMER STAPLES	323,170	549,046	11.8	4.1	22,767
ENERGY	125,249	206,708	4.5	7.3	15,073
FINANCIAL	83,873	184,008	4.0	1.4	2,624
HEALTHCARE	162,827	415,035	9.0	2.9	12,060
INFORMATION TECHNOLOGY	107,826	117,272	2.5	4.5	5,248
UTILITIES	202,605	284,148	6.1	3.4	9,530
PASSIVE INDEX	1,103,915	1,247,812	26.9	3.5	43,717
COMMON STOCK	2,484,721	3,648,706	78.7	3.7	133,454
AMERICAN DEPOSITORY RECEIPTS					
ENERGY	62,404	39,630	0.9	4.7	1,860

City of Sacramento
PORTFOLIO SUMMARY
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

Security Type	Total Cost	Market Value	Pct. Assets	Cur. Yield	Est. Annual Income
HEALTHCARE	39,174	47,784	1.0	5.4	2,572
AMERICAN DEPOSITORY RECEIPTS	101,578	87,414	1.9	5.1	4,432
	2,586,299	3,736,120	80.6	3.7	137,886
Cash and Equiv. CASH AND EQUIVALENTS	59,125	59,125	1.3	1.4	808
	59,125	59,125	1.3	1.4	808
TOTAL PORTFOLIO	3,378,133	4,635,417	100.0	3.7	169,335



City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

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
CASH AND EQUIVALENTS													
	divacc	Dividend Accrual		5,799		5,799		5,799	0.13	4.00			
	miscintrec	Misc Interest Receivable		0		0		0	0.00	0.01			
	PoolA	Pool A Cash		53,326		53,326		53,326	1.15	1.08			
				59,125		59,125		59,125	1.28	1.37			
CORPORATE BONDS													
CONSUMER DISCRETIONARY													
100,000	609207am7	Mondelez Intl Inc 4.125% Due 05-07-28	99.97	99,970	115.94	115,945	619	116,564	2.50	3.56	BBB		02-07-28
100,000	855244ar0	Starbucks Corp 4.000% Due 11-15-28	100.10	100,101	115.05	115,052	511	115,563	2.48	3.48	BBB+		08-15-28
				200,071		230,997	1,130	232,126	4.99	3.52			
FINANCIAL													
60,000	126117ae0	CNA Financial Corp 7.250% Due 11-15-23	98.20	58,921	114.91	68,948	556	69,504	1.49	6.31	A-		
100,000	49326eeg4	Keycorp Medium Term Nts Be 4.100% Due 04-30-28	99.31	99,312	115.41	115,412	695	116,107	2.49	3.55	BBB+		
75,000	269246bs2	E Trade Financial Corp 4.500% Due 06-20-28	99.44	74,582	115.78	86,833	103	86,936	1.88	3.89	BBB+		03-20-28
				232,815		271,193	1,354	272,547	5.86	4.36			
HEALTHCARE													
100,000	91324pdk5	Unitedhealth Group Inc 3.850% Due 06-15-28	99.44	99,438	114.91	114,915	171	115,086	2.48	3.35	A+		
TRANSPORTATION													
100,000	907818ey0	Union Pacific Corp 3.950% Due 09-10-28	100.38	100,385	114.67	114,667	1,218	115,885	2.48	3.44	A-		06-10-28
100,000	907818fp8	Union Pacific Corp 2.891% Due 04-06-36	100.00	100,000	103.84	103,845	683	104,527	2.24	2.78	A-		01-06-36
				200,385		218,512	1,901	220,412	4.72	3.13			
				732,709		835,617	4,555	840,172	18.04	3.67			
COMMON STOCK													
INDUSTRIALS													
350	cat	Caterpillar Inc Del Com	73.80	25,829	217.63	76,170		76,170	1.64	2.04	B+		
350	lmt	Lockheed Martin Corp	192.14	67,249	378.35	132,422		132,422	2.86	2.75	A		
850	rtx	Raytheon Technologies Com	44.69	37,982	85.31	72,513		72,513	1.57	2.39			
				131,061		281,106		281,106	6.07	2.46			
COMMUNICATION SERVICES													
2,950	t	At&t Inc	39.71	117,141	28.78	84,901		84,901	1.83	7.23	B		
2,500	vz	Verizon Communications Inc	38.45	96,116	56.03	140,075		140,075	3.02	4.48	B		
				213,257		224,976		224,976	4.86	5.52			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

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
CONSUMER DISCRETIONARY													
600	mcd	Mcdonald's Corp	51.56	30,938	230.99	138,594		138,594	2.99	2.23	A		
CONSUMER STAPLES													
3,800	mo	Altria Group Inc	31.91	121,248	47.68	181,184		181,184	3.91	7.21	A-		
2,200	ko	Coca Cola Co Com	36.70	80,735	54.11	119,042		119,042	2.57	3.10	B+		
1,400	cl	Colgate Palmolive Co Com	30.86	43,201	81.35	113,890		113,890	2.46	2.21	A-		
1,000	pg	Procter & Gamble Co	77.99	77,985	134.93	134,930		134,930	2.91	2.58	A		
				323,170		549,046		549,046	11.86	4.15			
ENERGY													
500	cvx	Chevron Corporation	58.54	29,271	104.74	52,370		52,370	1.13	5.12	B		
984	enb	Enbridge Inc Com	20.87	20,537	40.04	39,399		39,399	0.85	6.94	B+		
2,350	mmp	Magellan Midstream Prt Com Unit Rp Lp	32.10	75,441	48.91	114,938		114,938	2.48	8.40			
				125,249		206,708		206,708	4.46	7.29			
FINANCIAL													
950	bx	Blackstone Inc	35.62	33,836	97.14	92,283		92,283	1.99	1.28			
2,500	xlf	Select Sector Spdr Tr Sbi Int-Finl	20.01	50,037	36.69	91,725		91,725	1.98	1.57			
				83,873		184,008		184,008	3.97	1.43			
HEALTHCARE													
2,000	bmy	Bristol Myers Squibb Com	20.38	40,765	66.82	133,640		133,640	2.89	2.93	B-		
1,000	jnj	Johnson & Johnson	62.22	62,224	164.74	164,740		164,740	3.56	2.57	A-		
1,500	mrk	Merck & Co Inc (new)	39.89	59,838	77.77	116,655		116,655	2.52	3.34	B-		
				162,827		415,035		415,035	8.96	2.91			
INFORMATION TECHNOLOGY													
800	ibm	International Bus Mach	134.78	107,826	146.59	117,272		117,272	2.53	4.48	A-		
UTILITIES													
1,700	ae	Ameren Corp Com	61.28	104,184	80.04	136,068		136,068	2.94	2.75	B		
1,500	duk	Duke Energy Corp New Com New	65.61	98,421	98.72	148,080		148,080	3.20	3.91	B+		
				202,605		284,148		284,148	6.14	3.35			
PASSIVE INDEX													
13,850	pgf	Invesco Financial Preferred ETF	19.22	266,138	19.29	267,166		267,166	5.77	4.73			
15,700	pgx	Invesco Preferred ETF	15.07	236,599	15.32	240,524		240,524	5.19	4.86			
4,075	dvy	Ishares Select Dividend ETF	97.61	397,777	116.62	475,226		475,226	10.26	3.20			
1,670	iwd	Ishares Tr Russell 1000 Val	121.80	203,401	158.62	264,895		264,895	5.72	1.59			
				1,103,915		1,247,812		1,247,812	26.95	3.50			
				2,484,721		3,648,706		3,648,706	78.79	3.66			

City of Sacramento
PORTFOLIO APPRAISAL
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

<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>Bond Status</u>	<u>Call Put Date</u>
AMERICAN DEPOSITORY RECEIPTS													
ENERGY													
1,500	bp	BP Plc Sponsored Adr	41.60	62,404	26.42	39,630		39,630	0.86	4.69			
HEALTHCARE													
1,200	gsk	Glaxosmithkline	32.64	39,174	39.82	47,784		47,784	1.03	5.38			
				101,578		87,414		87,414	1.89	5.07			
TOTAL PORTFOLIO				3,378,133		4,630,862	4,555	4,635,417	100.00	3.66			

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
 June 30, 2021

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 Barclays US Aggregate Bond	S&P 500 Portfolio	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 Barclays US Aggregate Bond	
06-30-2020							100.00	100.00	100.00	100.00	100.00	100.00	100.00
06-30-2020 to 07-31-2020	2.99	3.77	2.92	2.83	1.56	1.43	102.99	103.77	102.92	102.83	101.56	101.43	105.51
07-31-2020 to 08-31-2020	1.77	3.89	1.94	2.01	-0.89	-0.77	104.81	107.80	104.92	104.90	100.66	100.65	112.90
08-31-2020 to 09-30-2020	-1.16	-2.64	-3.72	-2.46	-0.02	-0.05	103.59	104.96	101.02	102.32	100.64	100.59	108.47
09-30-2020 to 10-31-2020	-1.87	-1.48	1.79	1.65	-0.45	-0.43	101.65	103.41	102.82	104.01	100.18	100.16	105.47
10-31-2020 to 11-30-2020	6.86	13.19	13.10	13.12	1.05	0.94	108.63	117.05	116.29	117.66	101.24	101.11	116.82
11-30-2020 to 12-31-2020	1.89	3.64	2.46	3.56	0.17	0.13	110.68	121.31	119.15	121.85	101.41	101.24	121.15
12-31-2020 to 01-31-2021	-1.87	-1.07	0.56	0.67	-0.76	-0.69	108.61	120.01	119.82	122.67	100.63	100.54	119.80
01-31-2021 to 02-28-2021	1.36	5.84	8.64	8.67	-1.62	-1.39	110.09	127.03	130.18	133.30	99.01	99.15	122.93
02-28-2021 to 03-31-2021	5.84	5.69	8.58	9.42	-1.15	-1.20	116.53	134.25	141.35	145.86	97.87	97.96	128.15
03-31-2021 to 04-30-2021	2.49	3.87	3.66	3.92	0.87	0.76	119.43	139.44	146.53	151.58	98.72	98.70	134.86
04-30-2021 to 05-31-2021	1.92	2.14	2.33	2.20	0.25	0.31	121.72	142.42	149.95	154.92	98.97	99.01	135.60
05-31-2021 to 06-30-2021	-0.34	-1.30	-3.65	-2.72	0.83	0.67	121.30	140.58	144.47	150.71	99.79	99.68	138.62
Date to Date													
06-30-2020 to 06-30-2021	21.30	40.58	44.47	50.71	-0.21	-0.32	38.62						

City of Sacramento
Ann Land/Bertha Henschel Endowment Fund
June 30, 2021

Performance History

	Latest 1 Year	Latest 3 Years	Latest 5 Years	Inception To Date
Account	21.30	9.79	7.74	7.77
Russell 1000 Value (Price Only)	40.58	9.61	9.10	6.93
iShares Select Dividend ETF Price Return	44.47	6.06	6.46	? *
DJ Select Dividend Total Return	50.71	10.60	10.74	? *
FTSE US Broad Investment-Grade Bond	-0.21	5.47	3.10	6.08
Bloomberg Barclays US Aggregate Bond	-0.32	5.10	2.89	5.30
S&P 500	38.62	16.49	15.41	8.17

**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 06-30-20 To 06-30-21

	<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 06-30-20	864,255	0	0	3,009,336	92,022	3,965,614
Accrued Interest	5,090	0	0	0	0	5,090
Purchases/Contributions	100,000	0	0	621,305	851,539	0
Sales/Withdrawals	-145,745	0	0	-708,585	-885,121	-166,607
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Realized Gains	-4,970	0	0	116,713	0	111,743
Unrealized Gains	-9,909	0	0	562,097	0	552,188
Interest Income	31,985	0	0	0	684	32,670
Dividend Income	0	0	0	135,253	0	135,253
Change in Accrued Interest	-535	0	0	0	0	-535
Market Value on 06-30-21	835,617	0	0	3,736,120	59,125	4,630,862
Accrued Interest	4,555	0	0	0	0	4,555
Total Gain before Fees	16,571	0	0	814,064	684	831,319
IRR for 1.00 Years	1.94%	0.00%	0.00%	27.26%	1.07%	21.29%
Annualized IRR	1.94%	0.00%	0.00%	27.26%	1.07%	21.29%

City of Sacramento
PERFORMANCE BY ASSET CLASS
GROSS OF FEES AT COST
Ann Land/Bertha Henschel Endowment Fund
From 06-30-20 To 06-30-21

	Fixed Income	Call Options	Put Options	Equities	Pool A Cash	Other Cash & Equivalents	Total Cash and Equiv.	Total Portfolio
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
Purchases	100,000	0	0	618,021	0	683,808	683,808	1,401,829
Contributions	0	0	0	3,284	174,664	-6,933	167,732	0
Sales	-113,760	0	0	-570,048	0	-718,021	-718,021	-1,401,829
Withdrawals	-31,985	0	0	-138,537	-209,415	42,315	-167,100	-166,607
Transfers In	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0
Realized Gains	13,375	0	0	69,781	0	0	0	83,156
Amortization	0	0	0	0	0	0	0	0
Interest Income	31,985	0	0	0	538	146	684	32,670
Dividend Income	0	0	0	135,253	0	0	0	135,253
Change in Accrued Interest	-535	0	0	0	0	0	0	-535
Cost Value on 06-30-21	732,709	0	0	2,586,299	53,326	5,799	59,125	3,378,133
Accrued Interest	4,555	0	0	0	0	0	0	4,555
Average Cost Base	716,800	0	0	2,443,505	49,790	14,213	64,003	3,224,308
Total Gain before Fees	44,825	0	0	205,034	538	146	684	250,544
IRR for 1.00 Years	6.25%	0.00%	0.00%	8.39%	1.08%	1.03%	1.07%	7.77%
Annualized IRR	6.25%	0.00%	0.00%	8.39%	1.08%	1.03%	1.07%	7.77%

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-20 To 06-30-21

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>06-30-2021 Price</u>	<u>Difference</u>
<u>Purchases</u>							
CORPORATE BONDS							
04-06-2021	04-06-2021	100,000	Union Pacific Corp 2.891% Due 04-06-36	100.00	100,000	103.84	4
					100,000		
COMMON STOCK							
01-21-2021	01-25-2021	1,300	Altria Group Inc	42.01	54,619	47.68	6
09-08-2020	09-10-2020	700	Ameren Corp Com	77.34	54,141	80.04	3
05-25-2021	05-27-2021	6,900	Invesco Financial Preferred ETF	18.93	130,584	19.29	0
11-18-2020	11-20-2020	750	Ishares Select Dividend ETF	94.56	70,921	116.62	22
01-21-2021	01-25-2021	225	Ishares Select Dividend ETF	100.65	22,645	116.62	16
05-25-2021	05-27-2021	1,100	Ishares Select Dividend ETF	121.78	133,956	116.62	-5
09-08-2020	09-10-2020	900	Ishares Tr Russell 1000 Val	119.35	107,416	158.62	39
06-04-2021	06-08-2021	30	Ishares Tr Russell 1000 Val	161.79	4,854	158.62	-3
09-08-2020	09-10-2020	1,050	Magellan Midstream Prt Com Unit Rp Lp	37.03	38,885	48.91	12
					618,021		
Total Purchases					718,021		

City of Sacramento
PURCHASE/SALE AND GAIN/LOSS
Ann Land/Bertha Henschel Endowment Fund
From 07-01-20 To 06-30-21

<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							
CORPORATE BONDS							
04-06-2021	04-06-2021	100,000	Union Pacific Corp 3.950% Due 09-10-28	113.76	113,760	100.38	13,375
					113,760		13,375
COMMON STOCK							
05-25-2021	05-27-2021	950	Blackstone Inc	92.00	87,397	35.62	53,560
05-25-2021	05-27-2021	350	Caterpillar Inc Del Com	239.43	83,801	73.80	57,972
09-08-2020	09-10-2020	3,000	Kinder Morgan Inc Del Com	13.29	39,859	41.48	-84,567
06-04-2021	06-08-2021	150	Organon & Co Common Stock	34.42	5,164	18.61	2,373
09-08-2020	09-10-2020	1,500	Pinnacle West Cap Corp	72.85	109,277	41.20	47,475
11-18-2020	11-20-2020	450	Select Sector Spdr Tr Sbi Cons Discr	155.67	70,053	124.47	14,042
05-25-2021	05-27-2021	2,500	Select Sector Spdr Tr Sbi Int-Finl	37.83	94,577	20.01	44,540
					490,127		135,394
AMERICAN DEPOSITORY RECEIPTS							
01-21-2021	01-25-2021	2,104	British Amern Tob Plc Sponsored Adr	37.99	79,921	69.17	-65,613
					79,921		-65,613
Total Sales					683,808		83,156