

# Q1 FY2021

## George H. Clark Memorial Scholarship Fund Quarterly Investment Report September 30, 2020



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

John Colville, City Treasurer

Q1 FY2021

## **INTRODUCTION**

In 1951 the George H. Clark Memorial Scholarship was established. In accordance with a will established in 1921, the trustees are to consist of the City Manager, City of Sacramento, and the Superintendent of Sacramento City Unified School District with the highest student populous. On February 2, 2001, the City Treasurer received a contribution of \$627,618 in Memorial Cash Account portfolio.

The City of Sacramento George H. Clark Memorial Scholarship Fund will help deserving senior high school students in their pursuit of a college education that will make them valuable members of the community. Four (4) scholarships per year (\$5,000) each or \$20,000 will be awarded to senior high school students to help provide for a college education. The committee selects the annual recipients from a group of eligible students submitted by SCUSD based on pre-determined achievement criteria.

To honor Mr. Clark, the committee recommends that the awards be presented by the Mayor at a City Council meeting.

## **STRATEGY**

- Adhere to prudent investment practices to provide for the preservation and growth of principal.
- The City maintains two cash accounts. One cash account (Operating Cash Account) receives interest and dividend income to accrue for scholarship payments. Mutual fund and equity capital gains are placed in the second cash account (Memorial Investment Cash Account) to accumulate until scholarship funds are being paid from the Operating Cash Account. If a shortfall of cash exists in the Operating Cash Account, funds from the Memorial Investment Cash Account will be used to secure the payments. Excess cash in the Memorial Investment Cash Account will be re-allocated as per investment strategy. The City Treasurer will determine the asset allocation deemed prudent to achieve the funds objective.

## **OBJECTIVES**

- The objective of this fund is income. The committee directed the Treasurer's office to invest funds for moderate growth of principal and adequate cash flow to pay for scholarships.
- Goal is to earn a cash return per year of \$20,000 thousand dollars to pay for four (4) scholarships per year.

## Q1 MARKET OVERVIEW

### **Equities:**

US equity markets continued to make positive headway as we recover from the economic fallout from the COVID-19 pandemic. Equity markets have made up most of the lost ground from the Spring lows, with the Dow Jones and S&P 500 posting Q1 returns of 7.62% and 8.47% respectively. We saw markets hit record highs in late August, only to pull back as increased volatility set in. Market participants risk appetite decreased in September due to a few key reasons: a second wave of COVID-19 infections, uncertainty around additional stimulus packages, and turmoil surrounding the presidential election.

### **Fixed Income/Rates:**

Overall, fixed income markets fared well this quarter. The term structure saw yields shift down across all maturities in July, but towards the end of the quarter they reversed course. This led government treasuries to close the quarter relatively flat, with the 10yr finishing the quarter at .68%. The FOMC made no changes to the Federal Funds rates but reassured the markets with accommodative language. This included Fed Chair Jerome Powell introducing an average inflation targeting strategy, allowing the Fed to run inflation above 2% to make up for periods of low inflation.

### **Economy:**

As the end of the quarter approached a revised GDP number of -31.4% was reported, showing the impact the pandemic shutdown had on the economy. This is one of the largest contractions in history, but on a positive note, the economy is recovering quickly with unemployment, retail sales, home building/sales and PMI showing improvement this quarter. As the economy continues to re-open, we should see further improvement in these figures as more people get back to work.

### **International Markets:**

International markets underperformed US equities, while emerging markets outperformed this quarter according to the MSCI EAFE & MSCI EM indices, which closed the quarter at 4.19% and 8.73% respectively. COVID-19 remains a major driver of how these markets perform.

### **Performance vs. Benchmark:**

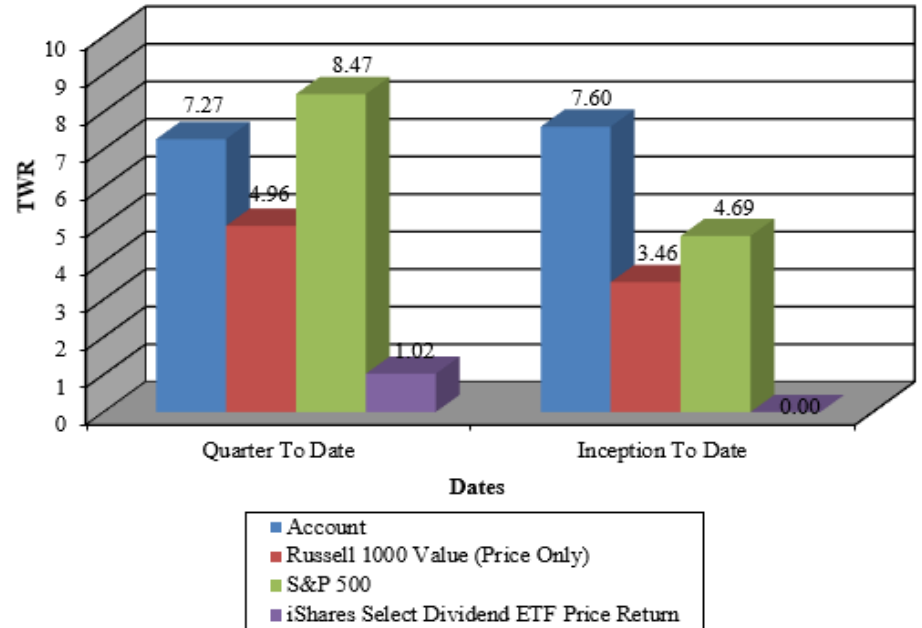
The George H. Clark Memorial Scholarship Fund had a Q1 return of 7.27%, outperforming its benchmark, the iShares Select Dividend ETF (PR) which had a return of 1.02%. Please note that these returns are based on price change only and do not consider the reinvestment of dividends, allowing for a higher quality comparison.

City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 September 30, 2020

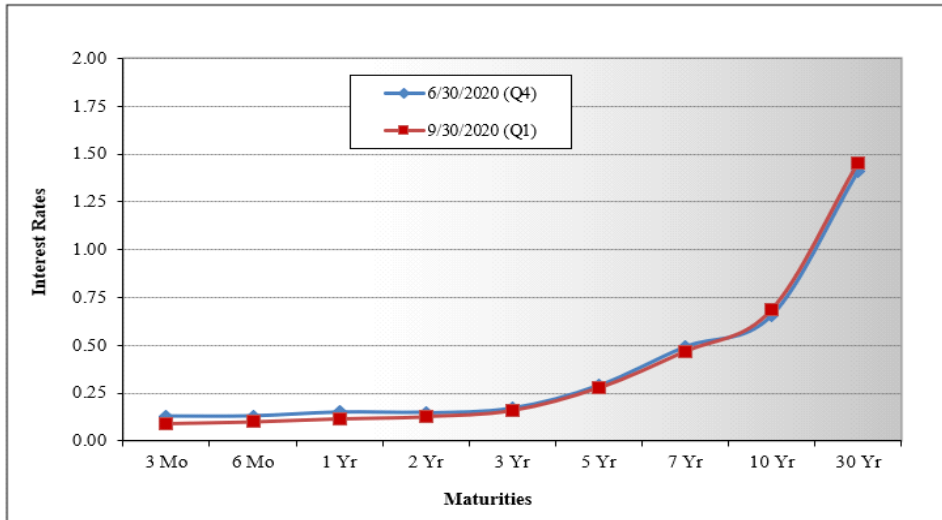
## Performance

	Quarter To Date	Inception To Date
Account	7.27	7.60
Russell 1000 Value (Price Only)	4.96	3.46
S&P 500	8.47	4.69
iShares Select Dividend ETF Price Return	1.02	?*

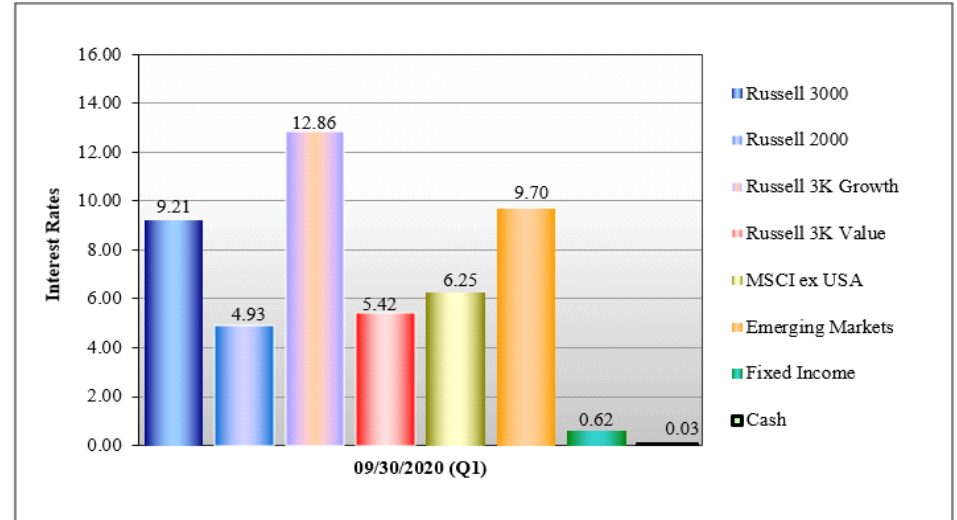
\*Index commencement date was 11/30/2003



**U.S. Treasury Yield Curve - QE 06/30/2020 (Q4) vs. QE 09/30/2020 (Q1)**



**Capital Market Returns - Quarter Ended 09/30/2020 (Q1)**



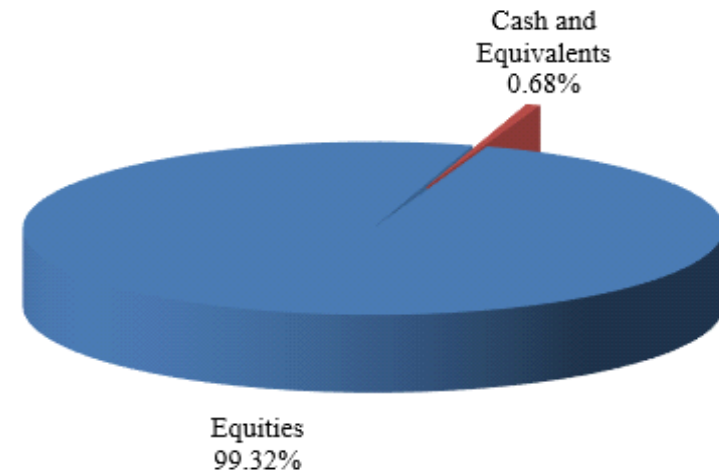
City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 September 30, 2020

**Activity**

From 06-30-20 to 09-30-20

<b>Portfolio Value on 06-30-20</b>	<b>1,218,293</b>
Contributions	0
Withdrawals	-9,973
Realized Gains	0
Unrealized Gains	78,574
Interest	31
Dividends	9,986
<b>Portfolio Value on 09-30-20</b>	<b>1,296,910</b>

**Actual Asset Allocation**



**Operating Cash Account Activity**

From Inception to 09-30-20

	Inception to FY20	FY21 QE 09-30-20	Inception to FY21
<b>Beginning Balance</b>		<b>125,661</b>	
Initial Contribution	83		83
Cash Transfers In *	527,953	9,973	537,927
Interest Income **	14,907		14,907
Scholarship Payments	-350,000	-10,000	-360,000
Investment Mgt Fees	-67,282		-67,282
<b>Ending Balance</b>	<b>125,661</b>	<b>125,635</b>	<b>125,635</b>

\* Cash Transfers In = monies transferred from Memorial Investment Cash Account to Operating Cash Account to pay for scholarships and other expenses.

\*\* July to September 2020 Pool A earnings are yet to be apportioned.

**Top 10 Holdings**

Securities	Market Value	Pct.
Ishares Tr Russell 1000 Val	179,558	13.85
Apple Inc.	145,921	11.25
Select Sector Spdr Tr Sbi Int-Utills	77,194	5.95
Ishares Select Dividend ETF	75,424	5.82
Select Sector Spdr Tr Sbi Cons Discr	74,960	5.78
Johnson & Johnson	74,440	5.74
Select Sector Spdr Tr Sbi Int-Finl	62,823	4.84
Home Depot Inc	59,708	4.60
Caterpillar Inc Del Com	59,660	4.60
Dominion Energy Inc	59,197	4.56

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
September 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		805		805		805	0.06	4.00			
	PoolA	Pool A Cash		7,934		7,934		7,934	0.61	1.57			
	intreceiv	Pool A Interest Receivable		31		31		31	0.00	1.57			
				<u>8,769</u>		<u>8,769</u>		<u>8,769</u>	0.68	1.79			
<b>COMMON STOCK</b>													
<b>INDUSTRIALS</b>													
400	cat	Caterpillar Inc Del Com	69.20	27,679	149.15	59,660		59,660	4.60	2.76	B+		
185	hon	Honeywell	127.59	23,605	164.61	30,453		30,453	2.35	2.26	A-		
225	unp	Union Pac Corp Com	110.02	24,754	196.87	44,296		44,296	3.42	1.97	A		
				<u>76,038</u>		<u>134,409</u>		<u>134,409</u>	10.36	2.39			
<b>COMMUNICATION SERVICES</b>													
700	t	At&t Inc	39.82	27,874	28.51	19,957		19,957	1.54	7.30	B		
700	vz	Verizon Communications Inc	38.05	26,634	59.49	41,643		41,643	3.21	4.22	B		
				<u>54,508</u>		<u>61,600</u>		<u>61,600</u>	4.75	5.22			
<b>CONSUMER DISCRETIONARY</b>													
215	hd	Home Depot Inc	235.01	50,527	277.71	59,708		59,708	4.60	2.16	A+		
510	xly	Select Sector Spdr Tr Sbi Cons Discr	33.50	17,085	146.98	74,960		74,960	5.78	0.98			
				<u>67,612</u>		<u>134,667</u>		<u>134,667</u>	10.38	1.50			
<b>CONSUMER STAPLES</b>													
650	mo	Altria Group Inc	26.65	17,324	38.64	25,116		25,116	1.94	8.90	A-		
600	ko	Coca Cola Co Com	32.30	19,383	49.37	29,622		29,622	2.28	3.32	B+		
280	pg	Procter & Gamble Co	88.22	24,702	138.99	38,917		38,917	3.00	2.28	A		
				<u>61,408</u>		<u>93,655</u>		<u>93,655</u>	7.22	4.38			
<b>ENERGY</b>													
340	cvx	Chevron Corporation	118.00	40,119	72.00	24,480		24,480	1.89	7.17	B		
800	oke	Oneok Inc New Com	76.09	60,872	25.98	20,784		20,784	1.60	14.15			
				<u>100,991</u>		<u>45,264</u>		<u>45,264</u>	3.49	10.37			
<b>FINANCIAL</b>													
400	jpm	Jpmorgan Chase & Co	124.36	49,744	96.27	38,508		38,508	2.97	3.74	A-		
2,610	xlf	Select Sector Spdr Tr Sbi Int-Finl	21.00	54,823	24.07	62,823		62,823	4.84	2.50			
				<u>104,566</u>		<u>101,331</u>		<u>101,331</u>	7.81	2.97			
<b>HEALTHCARE</b>													
500	jnj	Johnson & Johnson	61.71	30,855	148.88	74,440		74,440	5.74	2.71	A-		
<b>INFORMATION TECHNOLOGY</b>													
1,260	aapl	Apple Inc.	22.71	28,610	115.81	145,921		145,921	11.25	0.71	B+		
200	ibm	International Bus Mach	152.38	30,476	121.67	24,334		24,334	1.88	5.36	A-		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
 September 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
175	iyw	Ishares US Technology ETF	58.52	10,241	301.07	52,687		52,687	4.06	0.65			
				69,327		222,942		222,942	17.19	1.20			
<b>UTILITIES</b>													
750	d	Dominion Energy Inc	81.71	61,284	78.93	59,197		59,197	4.56	4.76	B		
1,300	xlu	Select Sector Spdr Tr Sbi Int-Utils	42.96	55,842	59.38	77,194		77,194	5.95	3.28			
				117,126		136,391		136,391	10.52	3.93			
<b>PASSIVE INDEX</b>													
925	dvy	Ishares Select Dividend ETF	104.99	97,116	81.54	75,424		75,424	5.82	4.40			
1,520	iwd	Ishares Tr Russell 1000 Val	126.59	192,415	118.13	179,558		179,558	13.85	2.64			
				289,531		254,982		254,982	19.66	3.16			
				971,962		1,259,681		1,259,681	97.13	3.05			
<b>AMERICAN DEPOSITORY RECEIPTS</b>													
<b>ENERGY</b>													
1,630	bp	BP Plc Sponsored Adr	38.94	63,473	17.46	28,460		28,460	2.19	12.43			
				63,473		28,460		28,460	2.19	12.43			
<b>TOTAL PORTFOLIO</b>				<b>1,044,204</b>		<b>1,296,910</b>	<b>0</b>	<b>1,296,910</b>	<b>100.00</b>	<b>3.24</b>			

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
***George H. Clark Memorial Scholarship Fund***  
*From 07-01-20 To 09-30-20*

<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>
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No transactions within the specified date range were found!



# Q2 FY2021

## George H. Clark Memorial Scholarship Fund Quarterly Investment Report December 31, 2020



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

John Colville, City Treasurer

Q2 FY2021

## **INTRODUCTION**

In 1951 the George H. Clark Memorial Scholarship was established. In accordance with a will established in 1921, the trustees are to consist of the City Manager, City of Sacramento, and the Superintendent of Sacramento City Unified School District with the highest student populous. On February 2, 2001, the City Treasurer received a contribution of \$627,618 in Memorial Cash Account portfolio.

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To honor Mr. Clark, the committee recommends that the awards be presented by the Mayor at a City Council meeting.

## **STRATEGY**

- Adhere to prudent investment practices to provide for the preservation and growth of principal.
- The City maintains two cash accounts. One cash account (Operating Cash Account) receives interest and dividend income to accrue for scholarship payments. Mutual fund and equity capital gains are placed in the second cash account (Memorial Investment Cash Account) to accumulate until scholarship funds are being paid from the Operating Cash Account. If a shortfall of cash exists in the Operating Cash Account, funds from the Memorial Investment Cash Account will be used to secure the payments. Excess cash in the Memorial Investment Cash Account will be re-allocated as per investment strategy. The City Treasurer will determine the asset allocation deemed prudent to achieve the funds objective.

## **OBJECTIVES**

- The objective of this fund is income. The committee directed the Treasurer's office to invest funds for moderate growth of principal and adequate cash flow to pay for scholarships.
- Goal is to earn a cash return per year of \$20,000 thousand dollars to pay for four (4) scholarships per year.

## Q2 MARKET OVERVIEW

### **Equities:**

Equity Markets saw strong performance in the final quarter of the year. The Dow Jones and S&P 500 posted Q2 returns of 10.17% and 11.69%, mainly stemming from positive developments on the vaccination front. Other key contributing factors included the December fiscal stimulus package, and dissipating uncertainty revolving around the US presidential election. Small cap and value stocks were the strongest drivers of performance, outperforming large cap and growth stocks.

### **Fixed Income/Rates:**

Q2 saw a steeping of the yield curve, as shorter tenors (3 years and under) remained relatively unchanged compared to that of the longer end. The 10-year treasury jumped from .68% at the beginning of the quarter to finish at .91%, an almost 25bps move as the demand for the ultrasafe asset dropped. As expected, the Fed Funds Rate remained unchanged. Fed Chair Powell continued to relay an accommodative tone towards monetary policy, which continued to anchor the front of the yield curve down.

### **Economy:**

As the end of the quarter approached, a revised GDP figure for the previous quarter was released, showing growth of 33.4%. This is the largest quarterly expansion in history. Other economic indicators showing strength were the ISM PMI (manufacturing), consumer spending and the housing sector. However, some wavered as the pandemic worsened when the holiday season loomed. This includes volatile jobless claim figures and personal savings.

### **International Markets:**

International and emerging markets outperformed domestic equities this quarter according to the MSCI EAFE & MSCI EM indices, which closed the quarter at 15.75% and 19.34% respectively. The COVID-19 pandemic remains a major driver of how these markets perform.

### **Performance vs. Benchmark:**

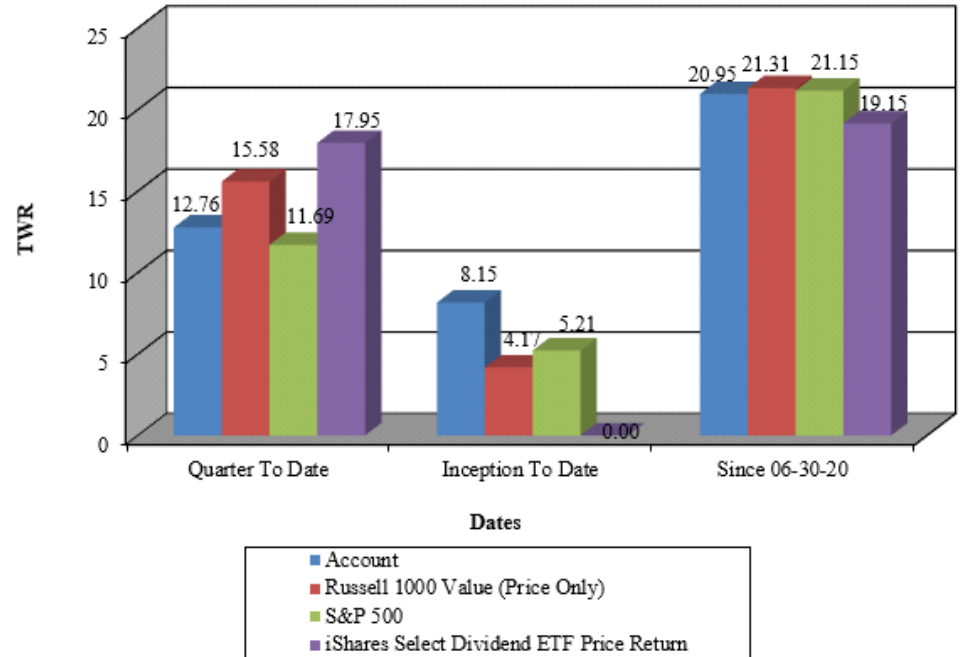
The George H. Clark Memorial Scholarship Fund had a Q2 return of 12.76%, underperforming its benchmark, the iShares Select Dividend ETF (PR) which had a return of 17.95%. Please note that these returns are based on price change only and do not consider the reinvestment of dividends, allowing for a higher quality comparison.

City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 December 31, 2020

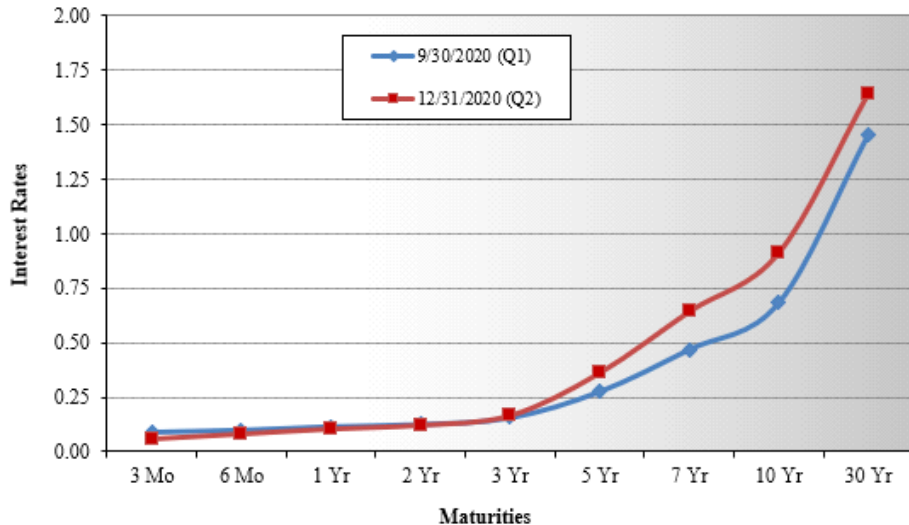
## Performance

	Quarter To Date	Inception To Date	Since 06-30-2020
Account	12.76	8.15	20.95
Russell 1000 Value (Price Only)	15.58	4.17	21.31
S&P 500	11.69	5.21	21.15
iShares Select Dividend ETF Price Return	17.95	? *	19.15

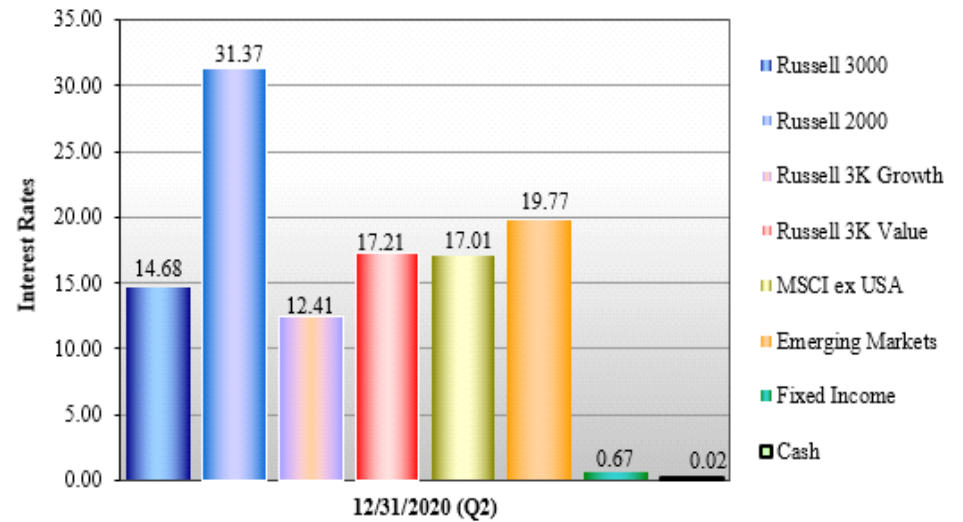
\*Index commencement date was 11/30/2003



### U.S. Treasury Yield Curve - QE 09/30/2020 (Q1) vs. QE 12/31/2020 (Q2)



### Capital Market Returns - Quarter Ended 12/31/2020 (Q2)



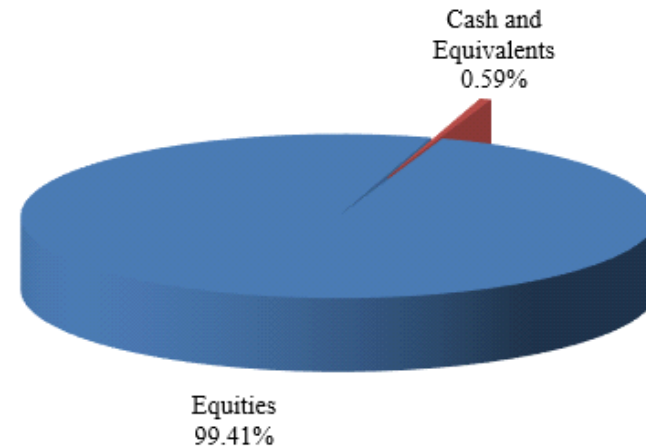
City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 December 31, 2020

**Activity**

From 09-30-20 to 12-31-20

<b>Portfolio Value on 09-30-20</b>	<b>1,296,910</b>
Contributions	0
Withdrawals	-9,768
Realized Gains	0
Unrealized Gains	155,695
Interest	24
Dividends	9,522
<b>Portfolio Value on 12-31-20</b>	<b>1,452,383</b>

**Actual Asset Allocation**



**Operating Cash Account Activity**

From Inception to 12-31-20

	Inception to FY20	FY21 QE		Inception to FY21
		09-30-20	12-31-20	
<b>Beginning Balance</b>		<b>125,661</b>	<b>125,635</b>	
Initial Contribution	83			83
Cash Transfers In *	527,953	9,973	9,768	547,694
Interest Income **	14,907			14,907
Scholarship Payments	-350,000	-10,000		-360,000
Investment Mgt Fees	-67,282			-67,282
<b>Ending Balance</b>	<b>125,661</b>	<b>125,635</b>	<b>135,402</b>	<b>135,402</b>

\* Cash Transfers In = monies transferred from Memorial Investment Cash Account to Operating Cash Account to pay for scholarships and other expenses.

\*\* July to December 2020 Pool A earnings are yet to be apportioned.

**Top 10 Holdings**

Securities	Market Value	Pct.
Ishares Tr Russell 1000 Val	207,830	14.31
Apple Inc.	167,189	11.51
Ishares Select Dividend ETF	88,966	6.13
Select Sector Spdr Tr Sbi Cons Discr	81,998	5.65
Select Sector Spdr Tr Sbi Int-Utils	81,510	5.61
Johnson & Johnson	78,690	5.42
Select Sector Spdr Tr Sbi Int-Finl	76,943	5.30
Caterpillar Inc Del Com	72,808	5.01
Ishares US Technology ETF	59,556	4.10
Home Depot Inc	57,108	3.93

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
 December 31, 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		559		559		559	0.04	4.00			
	PoolA	Pool A Cash		7,934		7,934		7,934	0.55	1.08			
	intreceiv	Pool A Interest Receivable		55		55		55	0.00	1.08			
				<u>8,547</u>		<u>8,547</u>		<u>8,547</u>	0.59	1.27			
<b>COMMON STOCK</b>													
<b>INDUSTRIALS</b>													
400	cat	Caterpillar Inc Del Com	69.20	27,679	182.02	72,808		72,808	5.01	2.26	B+		
185	hon	Honeywell	127.59	23,605	212.70	39,349		39,349	2.71	1.75	A-		
225	unp	Union Pac Corp Com	110.02	24,754	208.22	46,849		46,849	3.23	1.86	A		
				<u>76,038</u>		<u>159,007</u>		<u>159,007</u>	10.95	2.02			
<b>COMMUNICATION SERVICES</b>													
700	t	At&t Inc	39.82	27,874	28.76	20,132		20,132	1.39	7.23	B		
700	vz	Verizon Communications Inc	38.05	26,634	58.75	41,125		41,125	2.83	4.27	B		
				<u>54,508</u>		<u>61,257</u>		<u>61,257</u>	4.22	5.25			
<b>CONSUMER DISCRETIONARY</b>													
215	hd	Home Depot Inc	235.01	50,527	265.62	57,108		57,108	3.93	2.26	A+		
510	xly	Select Sector Spdr Tr Sbi Cons Discr	33.50	17,085	160.78	81,998		81,998	5.65	0.82			
				<u>67,612</u>		<u>139,106</u>		<u>139,106</u>	9.58	1.41			
<b>CONSUMER STAPLES</b>													
650	mo	Altria Group Inc	26.65	17,324	41.00	26,650		26,650	1.83	8.39	A-		
600	ko	Coca Cola Co Com	32.30	19,383	54.84	32,904		32,904	2.27	2.99	B+		
280	pg	Procter & Gamble Co	88.22	24,702	139.14	38,959		38,959	2.68	2.27	A		
				<u>61,408</u>		<u>98,513</u>		<u>98,513</u>	6.78	4.17			
<b>ENERGY</b>													
340	cvx	Chevron Corporation	118.00	40,119	84.45	28,713		28,713	1.98	6.11	B		
800	oke	Oneok Inc New Com	76.09	60,872	38.38	30,704		30,704	2.11	9.58			
				<u>100,991</u>		<u>59,417</u>		<u>59,417</u>	4.09	7.90			
<b>FINANCIAL</b>													
400	jpm	Jpmorgan Chase & Co	124.36	49,744	127.07	50,828		50,828	3.50	2.83	A-		
2,610	xlf	Select Sector Spdr Tr Sbi Int-Finl	21.00	54,823	29.48	76,943		76,943	5.30	2.03			
				<u>104,566</u>		<u>127,771</u>		<u>127,771</u>	8.80	2.35			
<b>HEALTHCARE</b>													
500	jni	Johnson & Johnson	61.71	30,855	157.38	78,690		78,690	5.42	2.57	A-		
<b>INFORMATION TECHNOLOGY</b>													
1,260	aapl	Apple Inc.	22.71	28,610	132.69	167,189		167,189	11.51	0.62	B+		
200	ibm	International Bus Mach	152.38	30,476	125.88	25,176		25,176	1.73	5.18	A-		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
 December 31, 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
700	iyw	Ishares US Technology ETF	14.63	10,241	85.08	59,556		59,556	4.10	0.56			
				69,327		251,921		251,921	17.35	1.06			
<b>UTILITIES</b>													
750	d	Dominion Energy Inc	81.71	61,284	75.20	56,400		56,400	3.88	3.35	B		
1,300	xlu	Select Sector Spdr Tr Sbi Int-Utils	42.96	55,842	62.70	81,510		81,510	5.61	3.14			
				117,126		137,910		137,910	9.50	3.23			
<b>PASSIVE INDEX</b>													
925	dvy	Ishares Select Dividend ETF	104.99	97,116	96.18	88,966		88,966	6.13	3.66			
1,520	iwd	Ishares Tr Russell 1000 Val	126.59	192,415	136.73	207,830		207,830	14.31	2.05			
				289,531		296,796		296,796	20.44	2.53			
				971,962		1,410,389		1,410,389	97.11	2.61			
<b>AMERICAN DEPOSITORY RECEIPTS</b>													
<b>ENERGY</b>													
1,630	bp	BP Plc Sponsored Adr	38.94	63,473	20.52	33,448		33,448	2.30	9.11			
				63,473		33,448		33,448	2.30	9.11			
<b>TOTAL PORTFOLIO</b>				<b>1,043,982</b>		<b>1,452,383</b>	<b>0</b>	<b>1,452,383</b>	<b>100.00</b>	<b>2.75</b>			

City of Sacramento  
PURCHASE/SALE AND GAIN/LOSS  
*George H. Clark Memorial Scholarship Fund*  
*From 10-01-20 To 12-31-20*

<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>
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No transactions within the specified date range were found!



# Q3 FY2021

## George H. Clark Memorial Scholarship Fund Quarterly Investment Report March 31, 2021



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

John Colville, City Treasurer

Q3 FY2021

## **INTRODUCTION**

In 1951 the George H. Clark Memorial Scholarship was established. In accordance with a will established in 1921, the trustees are to consist of the City Manager, City of Sacramento, and the Superintendent of Sacramento City Unified School District with the highest student populous. On February 2, 2001, the City Treasurer received a contribution of \$627,618 in Memorial Cash Account portfolio.

The City of Sacramento George H. Clark Memorial Scholarship Fund will help deserving senior high school students in their pursuit of a college education that will make them valuable members of the community. Four (4) scholarships per year (\$5,000) each or \$20,000 will be awarded to senior high school students to help provide for a college education. The committee selects the annual recipients from a group of eligible students submitted by SCUSD based on pre-determined achievement criteria.

To honor Mr. Clark, the committee recommends that the awards be presented by the Mayor at a City Council meeting.

## **STRATEGY**

- Adhere to prudent investment practices to provide for the preservation and growth of principal.
- The City maintains two cash accounts. One cash account (Operating Cash Account) receives interest and dividend income to accrue for scholarship payments. Mutual fund and equity capital gains are placed in the second cash account (Memorial Investment Cash Account) to accumulate until scholarship funds are being paid from the Operating Cash Account. If a shortfall of cash exists in the Operating Cash Account, funds from the Memorial Investment Cash Account will be used to secure the payments. Excess cash in the Memorial Investment Cash Account will be re-allocated as per investment strategy. The City Treasurer will determine the asset allocation deemed prudent to achieve the funds objective.

## **OBJECTIVES**

- The objective of this fund is income. The committee directed the Treasurer's office to invest funds for moderate growth of principal and adequate cash flow to pay for scholarships.
- Goal is to earn a cash return per year of \$20,000 thousand dollars to pay for four (4) scholarships per year.

## Q3 MARKET OVERVIEW

### **Equities:**

Domestic equity markets reached record highs in Q3 as they continued recovering from pandemic lows. The Dow Jones and S&P 500 posted returns of 7.76% and 5.77% respectively. The main drivers of performance this quarter centered around additional fiscal stimulus and increased rollout of vaccinations across wider age groups. Cyclical stocks were one of the best performing equity market sectors this quarter, along with the continued trend of small cap and value stocks outperforming large cap and growth stocks.

### **Fixed Income/Rates:**

Q3 saw a continued steepening of the yield curve, as shorter tenors (3 years and under) remained relatively unchanged compared to that of the longer end. The 10-year treasury yield saw a large upward movement from .92% at the beginning of the quarter to finish at 1.75%, an almost 83bps move as expectations for growth and inflation rose. As expected, the Fed Funds Rate remained unchanged. Fed Chair Powell continued to relay an accommodative wait and see tone towards monetary policy, which continued to anchor the front of the yield curve down.

### **Economy:**

The economy has continued to show signs of recovery, with some restricted sectors from the pandemic still showing signs of struggles. Q4 GDP came in at 4.0%, just missing the 4.02% the consensus expected. Sectors showing economic strength remained unchanged from the previous quarter, with ISM PMI (manufacturing), consumer spending and the housing sector relaying positive signals. As expected, the restrictions on parts of the economy have continued to create volatility in jobless claims and personal savings.

### **International Markets:**

International and emerging markets outperformed domestic equities this quarter according to the MSCI EAFE & MSCI EM indices, which closed the quarter at 2.83% and 1.95% respectively. The COVID-19 pandemic remains a major driver of how these markets perform.

### **Performance vs. Benchmark:**

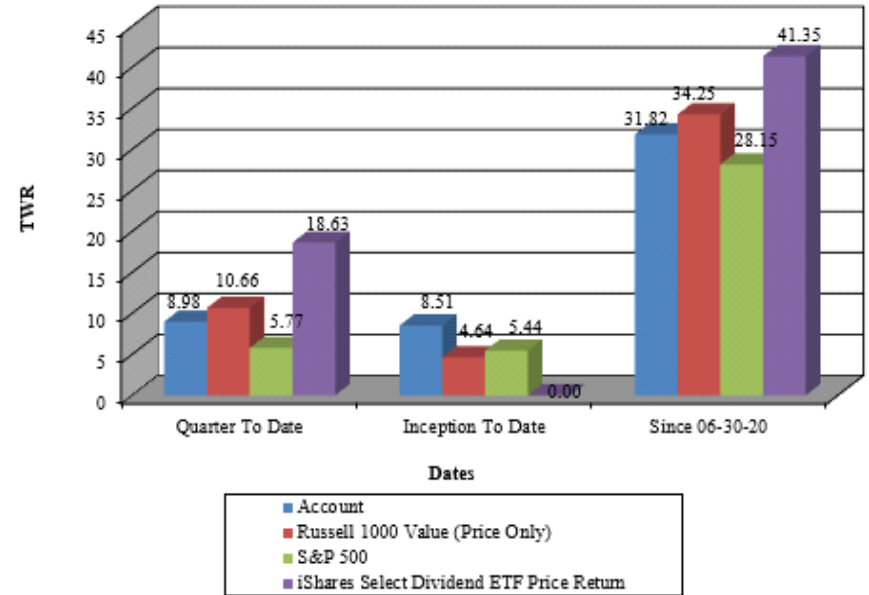
The George H. Clark Memorial Scholarship Fund had a Q3 return of 8.98%, underperforming its benchmark, the iShares Select Dividend ETF (PR) which had a return of 18.63%. Please note that these returns are based on price change only and do not consider the reinvestment of dividends, allowing for a higher quality comparison.

City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 March 31, 2021

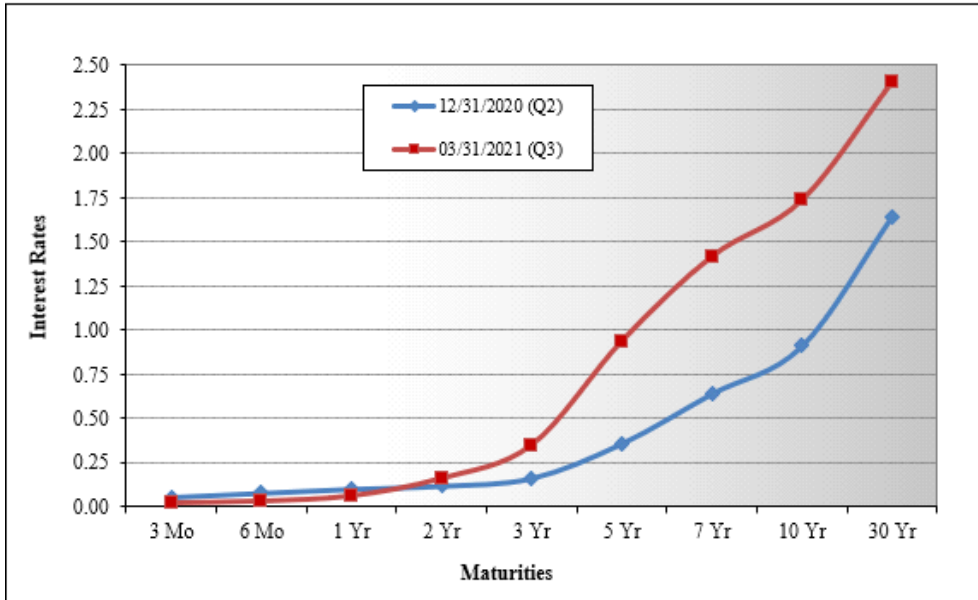
## Performance

	Quarter To Date	Inception To Date	Since 06-30-2020
Account	8.98	8.51	31.82
Russell 1000 Value (Price Only)	10.66	4.64	34.25
S&P 500	5.77	5.44	28.15
iShares Select Dividend ETF Price Return	18.63	? *	41.35

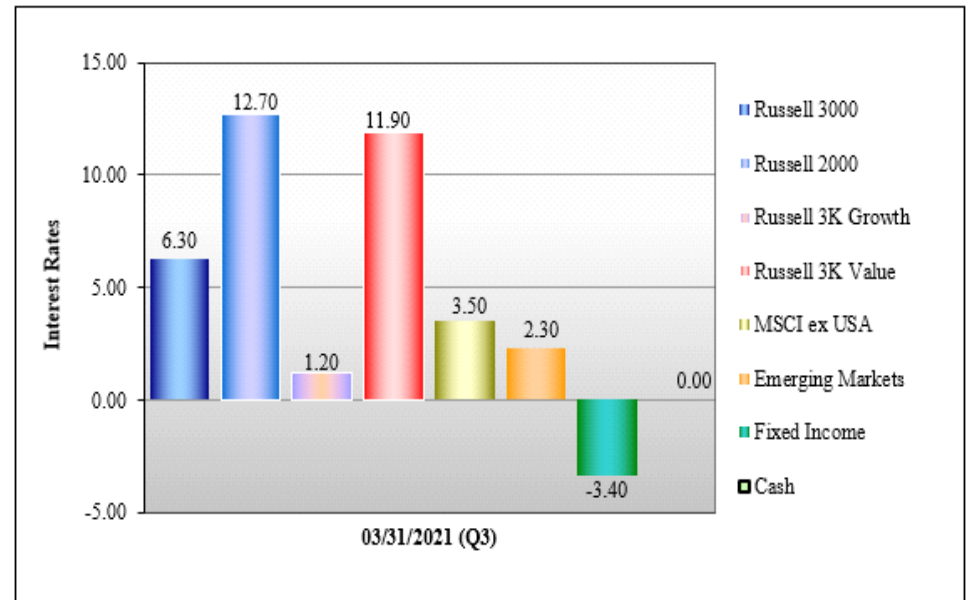
\*Index commencement date was 11/30/2003



### U.S. Treasury Yield Curve - QE 12/31/2020 (Q2) vs. QE 03/31/2021 (Q3)



### Capital Market Returns - Quarter Ended 3/31/2021 (Q3)



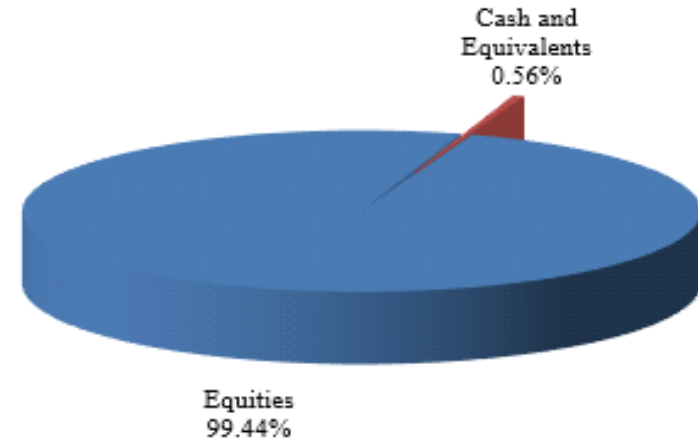
City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 March 31, 2021

**Activity**

From 12-31-20 to 03-31-21

<b>Portfolio Value on 12-31-20</b>	<b>1,452,383</b>
Contributions	0
Withdrawals	-9,370
Realized Gains	0
Unrealized Gains	120,557
Interest	23
Dividends	9,622
<b>Portfolio Value on 03-31-21</b>	<b>1,573,215</b>

**Actual Asset Allocation**



**Operating Cash Account Activity**

From Inception to 03-31-2021

	Inception to FY20	FY21 QE			Inception to FY21
		09-30-20	12-31-20	03-31-21	
<b>Beginning Balance</b>		<b>125,661</b>	<b>125,635</b>	<b>135,402</b>	
Initial Contribution	83				83
Cash Transfers In *	527,953	9,973	9,768	9,370	557,064
Interest Income **	14,907				14,907
Scholarship Payments	-350,000	-10,000		-5,000	-365,000
Investment Mgt Fees	-67,282				-67,282
<b>Ending Balance</b>	<b>125,661</b>	<b>125,635</b>	<b>135,402</b>	<b>139,772</b>	<b>139,772</b>

\* Cash Transfers In = monies transferred from Memorial Investment Cash Account to Operating Cash Account to pay for scholarships and other expenses.

\*\* July 2020 to March 2021 Pool A earnings are yet to be apportioned.

**Top 10 Holdings**

Securities	Market Value	Pct.
Ishares Tr Russell 1000 Val	230,356	14.64
Apple Inc.	153,909	9.78
Ishares Select Dividend ETF	105,542	6.71
Caterpillar Inc Del Com	92,748	5.90
Select Sector Spdr Tr Sbi Int-Finl	88,870	5.65
Select Sector Spdr Tr Sbi Cons Discr	85,716	5.45
Select Sector Spdr Tr Sbi Int-Utills	83,252	5.29
Johnson & Johnson	82,175	5.22
Home Depot Inc	65,629	4.17
Ishares US Technology ETF	61,390	3.90

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
 March 31, 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
<b>CASH AND EQUIVALENTS</b>													
	divacc	Dividend Accrual		811		811		811	0.05	4.00			
	PoolA	Pool A Cash		7,934		7,934		7,934	0.50	1.29			
	intreceiv	Pool A Interest Receivable		78		78		78	0.00	1.29			
				<u>8,822</u>		<u>8,822</u>		<u>8,822</u>	0.56	1.54			
<b>COMMON STOCK</b>													
<b>INDUSTRIALS</b>													
400	cat	Caterpillar Inc Del Com	69.20	27,679	231.87	92,748		92,748	5.90	1.78	B+		
185	hon	Honeywell	127.59	23,605	217.07	40,158		40,158	2.55	1.71	A-		
225	unp	Union Pac Corp Com	110.02	24,754	220.41	49,592		49,592	3.15	1.76	A		
				<u>76,038</u>		<u>182,498</u>		<u>182,498</u>	11.60	1.76			
<b>COMMUNICATION SERVICES</b>													
700	t	At&t Inc	39.82	27,874	30.27	21,189		21,189	1.35	6.87	B		
700	vz	Verizon Communications Inc	38.05	26,634	58.15	40,705		40,705	2.59	4.32	B		
				<u>54,508</u>		<u>61,894</u>		<u>61,894</u>	3.93	5.19			
<b>CONSUMER DISCRETIONARY</b>													
215	hd	Home Depot Inc	235.01	50,527	305.25	65,629		65,629	4.17	2.16	A+		
510	xly	Select Sector Spdr Tr Sbi Cons Discr	33.50	17,085	168.07	85,716		85,716	5.45	0.79			
				<u>67,612</u>		<u>151,344</u>		<u>151,344</u>	9.62	1.38			
<b>CONSUMER STAPLES</b>													
650	mo	Altria Group Inc	26.65	17,324	51.16	33,254		33,254	2.11	6.72	A-		
600	ko	Coca Cola Co Com	32.30	19,383	52.71	31,626		31,626	2.01	3.19	B+		
280	pg	Procter & Gamble Co	88.22	24,702	135.43	37,920		37,920	2.41	2.34	A		
				<u>61,408</u>		<u>102,800</u>		<u>102,800</u>	6.53	4.02			
<b>ENERGY</b>													
340	cvx	Chevron Corporation	118.00	40,119	104.79	35,629		35,629	2.26	4.92	B		
800	oke	Oneok Inc New Com	76.09	60,872	50.66	40,528		40,528	2.58	7.25			
				<u>100,991</u>		<u>76,157</u>		<u>76,157</u>	4.84	6.16			
<b>FINANCIAL</b>													
400	jpm	Jpmorgan Chase & Co	124.36	49,744	152.23	60,892		60,892	3.87	2.36	A-		
2,610	xlf	Select Sector Spdr Tr Sbi Int-Finl	21.00	54,823	34.05	88,870		88,870	5.65	1.76			
				<u>104,566</u>		<u>149,762</u>		<u>149,762</u>	9.52	2.00			
<b>HEALTHCARE</b>													
500	jni	Johnson & Johnson	61.71	30,855	164.35	82,175		82,175	5.22	2.46	A-		
<b>INFORMATION TECHNOLOGY</b>													
1,260	aapl	Apple Inc.	22.71	28,610	122.15	153,909		153,909	9.78	0.67	B+		
200	ibm	International Bus Mach	152.38	30,476	133.26	26,652		26,652	1.69	4.89	A-		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship Fund*  
 March 31, 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
700	iyw	Ishares US Technology ETF	14.63	10,241	87.70	61,390		61,390	3.90	0.54			
				69,327		241,951		241,951	15.38	1.10			
<b>UTILITIES</b>													
750	d	Dominion Energy Inc	81.71	61,284	75.96	56,970		56,970	3.62	3.32	B		
1,300	xlu	Select Sector Spdr Tr Sbi Int-Utils	42.96	55,842	64.04	83,252		83,252	5.29	3.08			
				117,126		140,222		140,222	8.91	3.17			
<b>PASSIVE INDEX</b>													
925	dvy	Ishares Select Dividend ETF	104.99	97,116	114.10	105,542		105,542	6.71	3.09			
1,520	iwd	Ishares Tr Russell 1000 Val	126.59	192,415	151.55	230,356		230,356	14.64	1.85			
				289,531		335,898		335,898	21.35	2.24			
				971,962		1,524,703		1,524,703	96.92	2.43			
<b>AMERICAN DEPOSITORY RECEIPTS</b>													
<b>ENERGY</b>													
1,630	bp	BP Plc Sponsored Adr	38.94	63,473	24.35	39,690		39,690	2.52	6.39			
				63,473		39,690		39,690	2.52	6.39			
<b>TOTAL PORTFOLIO</b>				<b>1,044,257</b>		<b>1,573,215</b>	<b>0</b>	<b>1,573,215</b>	<b>100.00</b>	<b>2.52</b>			

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
***George H. Clark Memorial Scholarship Fund***  
*From 01-01-21 To 03-31-21*

<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>
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No transactions within the specified date range were found!



# Q4 FY2021

## George H. Clark Memorial Scholarship Fund Quarterly Investment Report June 30, 2021



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

John Colville, City Treasurer

Q4 FY2021

## **INTRODUCTION**

In 1951 the George H. Clark Memorial Scholarship was established. In accordance with a will established in 1921, the trustees are to consist of the City Manager, City of Sacramento, and the Superintendent of Sacramento City Unified School District with the highest student populous. On February 2, 2001, the City Treasurer received a contribution of \$627,618 in Memorial Cash Account portfolio.

The City of Sacramento George H. Clark Memorial Scholarship Fund will help deserving senior high school students in their pursuit of a college education that will make them valuable members of the community. Four (4) scholarships per year (\$5,000) each or \$20,000 will be awarded to senior high school students to help provide for a college education. The committee selects the annual recipients from a group of eligible students submitted by SCUSD based on pre-determined achievement criteria.

To honor Mr. Clark, the committee recommends that the awards be presented by the Mayor at a City Council meeting.

## **STRATEGY**

- Adhere to prudent investment practices to provide for the preservation and growth of principal.
- The City maintains two cash accounts. One cash account (Operating Cash Account) receives interest and dividend income to accrue for scholarship payments. Mutual fund and equity capital gains are placed in the second cash account (Memorial Investment Cash Account) to accumulate until scholarship funds are being paid from the Operating Cash Account. If a shortfall of cash exists in the Operating Cash Account, funds from the Memorial Investment Cash Account will be used to secure the payments. Excess cash in the Memorial Investment Cash Account will be re-allocated as per investment strategy. The City Treasurer will determine the asset allocation deemed prudent to achieve the funds objective.

## **OBJECTIVES**

- The objective of this fund is income. The committee directed the Treasurer's office to invest funds for moderate growth of principal and adequate cash flow to pay for scholarships.
- Goal is to earn a cash return per year of \$20,000 thousand dollars to pay for four (4) scholarships per year.

## Q4 MARKET OVERVIEW

### **Equities:**

Domestic equity markets reached record highs in Q4 as they continued recovering from pandemic lows. The Dow Jones and S&P 500 posted returns of 4.61% and 8.17% respectively. Most sectors performed well this quarter as the US economy continued its trend towards normalcy after the Covid shutdown.

### **Fixed Income/Rates:**

Q4 saw a flattening of the yield curve, as shorter tenors (3 years and under) saw yields rise and pressure downward longer end. The 10-year treasury yield moved lower from 1.75% at the beginning of the quarter to finish at 1.47%, an almost 28bps move as uncertainties for growth and inflation rose. As expected, the Fed Funds Rate remained unchanged. Fed Chair Powell continued to relay an accommodative wait and see tone towards monetary policy, which continued to anchor the front of the yield curve down.

### **Economy:**

The economy has continued to show signs of recovery, with some restricted sectors from the pandemic still showing signs of struggles. Last quarters GDP came in at 6.40%, just missing the 6.7% the consensus expected. Sectors showing economic strength remained unchanged from the previous quarter, with ISM PMI (manufacturing), consumer spending and the housing sector relaying positive signals.

### **International Markets:**

International and emerging markets underperformed domestic equities this quarter according to the MSCI EAFE & MSCI EM indices, which closed the quarter at 4.37% and 4.42% respectively. The COVID-19 pandemic remains a major driver of how these markets perform.

### **Performance vs. Benchmark:**

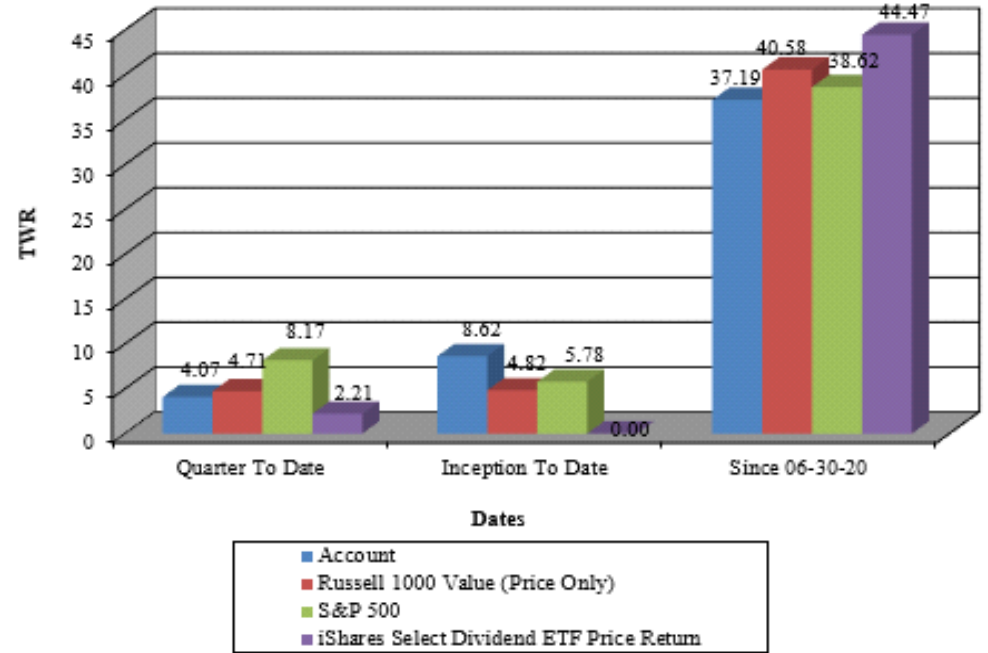
The George H. Clark Memorial Scholarship Fund had a Q4 return of 4.07%, outperforming its benchmark, the iShares Select Dividend ETF (PR) which had a return of 2.21%. Please note that these returns are based on price change only and do not consider the reinvestment of dividends, allowing for a higher quality comparison.

City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 June 30, 2021

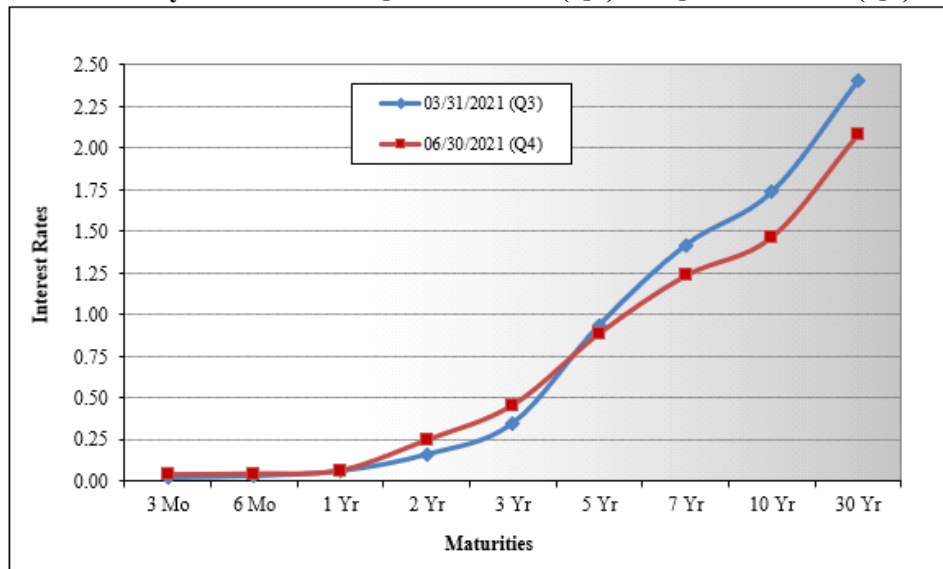
## Performance

	Quarter To Date	Inception To Date	Since 06-30-2020
Account	4.07	8.62	37.19
Russell 1000 Value (Price Only)	4.71	4.82	40.58
S&P 500	8.17	5.78	38.62
iShares Select Dividend ETF Price Return	2.21	? *	44.47

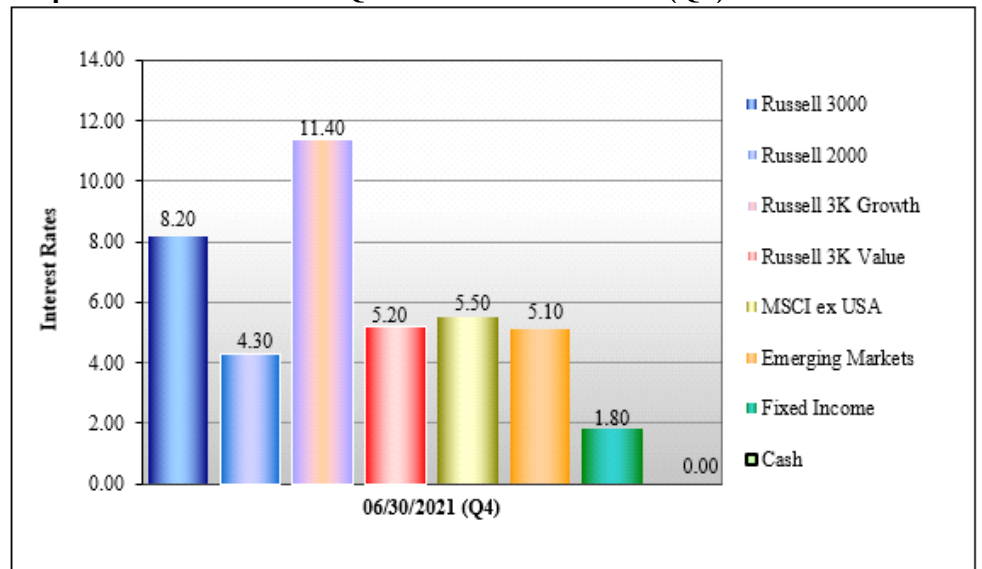
\*Index commencement date was 11/30/2003



### U.S. Treasury Yield Curve - QE 03/31/2021 (Q3) vs. QE 06/30/2021 (Q4)



### Capital Market Returns - Quarter Ended 6/30/2021 (Q4)



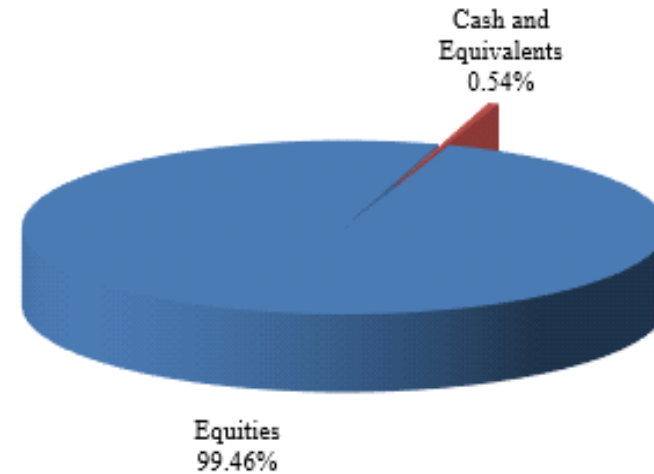
City of Sacramento  
**George H. Clark Memorial Scholarship Fund**  
 June 30, 2021

**Activity**

From 03-31-21 to 06-30-21

<b>Portfolio Value on 03-31-21</b>	<b>1,573,215</b>
Contributions	0
Withdrawals	-9,810
Realized Gains	0
Unrealized Gains	54,305
Interest	21
Dividends	9,712
<b>Portfolio Value on 06-30-21</b>	<b>1,627,443</b>

**Actual Asset Allocation**



**Operating Cash Account Activity**

From Inception to 06-30-2021

	Inception to FY20	FY21 QE				Inception to FY21
		09-30-20	12-31-20	03-31-21	06-30-21	
<b>Beginning Balance</b>		<b>125,661</b>	<b>126,049</b>	<b>136,140</b>	<b>140,832</b>	
Initial Contribution	83					83
Cash Transfers In *	527,953	9,973	9,768	9,370	9,811	566,875
Interest Income **	14,907	414	323	322	284	16,250
Scholarship Payments	-350,000	-10,000		-5,000		-365,000
Investment Mgt Fees	-67,282				-4,087	-71,369
<b>Ending Balance</b>	<b>125,661</b>	<b>126,049</b>	<b>136,140</b>	<b>140,832</b>	<b>146,839</b>	<b>146,839</b>

\* Cash Transfers In = monies transferred from Memorial Investment Cash Account to Operating Cash Account to pay for scholarships and other expenses.

**Top 10 Holdings**

Securities	Market Value	Pct.
Ishares Tr Russell 1000 Val	241,102	14.81
Apple Inc.	172,570	10.60
Ishares Select Dividend ETF	107,873	6.63
Select Sector Spdr Tr Sbi Int-Finl	95,761	5.88
Select Sector Spdr Tr Sbi Cons Discr	91,060	5.60
Caterpillar Inc Del Com	87,052	5.35
Johnson & Johnson	82,370	5.06
Select Sector Spdr Tr Sbi Int-Utils	82,199	5.05
Ishares US Technology ETF	69,580	4.28
Home Depot Inc	68,561	4.21

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship 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
<b>CASH AND EQUIVALENTS</b>													
	divacc PoolA	Dividend Accrual Pool A Cash		811 7,934		811 7,934		811 7,934	0.05 0.49	4.00 1.08			
				8,745		8,745		8,745	0.54	1.35			
<b>COMMON STOCK</b>													
<b>INDUSTRIALS</b>													
400	cat	Caterpillar Inc Del Com	69.20	27,679	217.63	87,052		87,052	5.35	2.04	B+		
185	hon	Honeywell	127.59	23,605	219.35	40,580		40,580	2.49	1.70	A-		
225	unp	Union Pac Corp Com	110.02	24,754	219.93	49,484		49,484	3.04	1.95	A		
				76,038		177,116		177,116	10.88	1.94			
<b>COMMUNICATION SERVICES</b>													
700	t	At&t Inc	39.82	27,874	28.78	20,146		20,146	1.24	7.23	B		
700	vz	Verizon Communications Inc	38.05	26,634	56.03	39,221		39,221	2.41	4.48	B		
				54,508		59,367		59,367	3.65	5.41			
<b>CONSUMER DISCRETIONARY</b>													
215	hd	Home Depot Inc	235.01	50,527	318.89	68,561		68,561	4.21	2.07	A+		
510	xly	Select Sector Spdr Tr Sbi Cons Discr	33.50	17,085	178.55	91,060		91,060	5.60	0.63			
				67,612		159,622		159,622	9.81	1.25			
<b>CONSUMER STAPLES</b>													
650	mo	Altria Group Inc	26.65	17,324	47.68	30,992		30,992	1.90	7.21	A-		
600	ko	Coca Cola Co Com	32.30	19,383	54.11	32,466		32,466	1.99	3.10	B+		
280	pg	Procter & Gamble Co	88.22	24,702	134.93	37,780		37,780	2.32	2.58	A		
				61,408		101,238		101,238	6.22	4.17			
<b>ENERGY</b>													
340	cvx	Chevron Corporation	118.00	40,119	104.74	35,612		35,612	2.19	5.12	B		
800	oke	Oneok Inc New Com	76.09	60,872	55.64	44,512		44,512	2.74	6.72			
				100,991		80,124		80,124	4.92	6.01			
<b>FINANCIAL</b>													
400	jpm	Jpmorgan Chase & Co	124.36	49,744	155.54	62,216		62,216	3.82	2.31	A-		
2,610	xlf	Select Sector Spdr Tr Sbi Int-Finl	21.00	54,823	36.69	95,761		95,761	5.88	1.57			
				104,566		157,977		157,977	9.71	1.87			
<b>HEALTHCARE</b>													
500	jnj	Johnson & Johnson	61.71	30,855	164.74	82,370		82,370	5.06	2.57	A-		
<b>INFORMATION TECHNOLOGY</b>													
1,260	aapl	Apple Inc.	22.71	28,610	136.96	172,570		172,570	10.60	0.64	B+		
200	ibm	International Bus Mach	152.38	30,476	146.59	29,318		29,318	1.80	4.48	A-		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*George H. Clark Memorial Scholarship 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
700	iyw	Ishares US Technology ETF	14.63	10,241	99.40	69,580		69,580	4.28	0.36			
				69,327		271,468		271,468	16.68	0.98			
<b>UTILITIES</b>													
750	d	Dominion Energy Inc	81.71	61,284	73.57	55,177		55,177	3.39	3.43	B		
1,300	xlu	Select Sector Spdr Tr Sbi Int-Utils	42.96	55,842	63.23	82,199		82,199	5.05	3.12			
				117,126		137,376		137,376	8.44	3.25			
<b>PASSIVE INDEX</b>													
925	dvy	Ishares Select Dividend ETF	104.99	97,116	116.62	107,873		107,873	6.63	3.20			
1,520	iwd	Ishares Tr Russell 1000 Val	126.59	192,415	158.62	241,102		241,102	14.81	1.59			
				289,531		348,976		348,976	21.44	2.08			
				971,962		1,575,634		1,575,634	96.82	2.36			
<b>AMERICAN DEPOSITORY RECEIPTS</b>													
<b>ENERGY</b>													
1,630	bp	BP Plc Sponsored Adr	38.94	63,473	26.42	43,065		43,065	2.65	4.69			
				63,473		43,065		43,065	2.65	4.69			
<b>TOTAL PORTFOLIO</b>				<b>1,044,180</b>		<b>1,627,443</b>	<b>0</b>	<b>1,627,443</b>	<b>100.00</b>	<b>2.41</b>			

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
***George H. Clark Memorial Scholarship Fund***  
*From 04-01-21 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>
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No transactions within the specified date range were found!