



## INFORMATIONAL REPORT

**DATE ISSUED:** November 12, 2015

**REPORT NO:** HCR15-090

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of November 20, 2015

**SUBJECT:** Investment Report – First Quarter Fiscal Year 2016

**COUNCIL DISTRICT:** Citywide

### **NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION**

#### **SUMMARY**

The attached Quarterly Investment Report details the San Diego Housing Commission's (Housing Commission) investment portfolio as of September 30, 2015. The report includes both summary and detailed information on all liquid cash and cash equivalents and core investments owned by the Housing Commission. The market value of the portfolio on September 30, 2015, was \$113.07 million with a yield to maturity of 1.08 percent, average days to maturity of 353, and an effective duration of 0.95 years.

Cash and cash equivalents (liquid):

1. \$32.17 million is held in the Housing Commission's bank and other various authorized accounts required by lending agreements and program obligations.
2. \$9.1 million is held in pooled investment funds. Pooled funds include California's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP).

The blended yield on these liquid accounts was 0.38 percent for the quarter, which was the same as the prior quarter.

Core investments:

3. \$67.61 million is held in Agency Debentures and/or Agency Mortgage-Backed Securities (MBS).
4. \$4.19 million is held in various Federal Deposit Insurance Corporation (FDIC) insured Certificates of Deposit (CD).

The blended yield for the quarter was 1.49 percent, a slight decrease from the previous reporting period of 1.54 percent.

#### **DISCUSSION**

The overall market value of the investment portfolio increased from \$110.30 million to \$113.07 million during the period. The primary reason for the increase was cash received that was related to the settlement of an outstanding loan.

The overall portfolio yield decreased from 1.13 percent to 1.08 percent this quarter. The Housing Commission continues to maintain a short effective duration, falling this quarter to 0.95 years, as Housing Commission staff anticipates interest rate increases. The overall portfolio yield of 1.08 percent continues to outpace the 2-year Treasury note rate of 0.64 percent. Due to the conservative investment requirements of government funds, the 2-year U.S. Treasury note continues to be a reasonable benchmark for measuring performance.

The core investment holdings increased by \$600,000. During the quarter, several investments matured, which were not immediately reinvested as Housing Commission staff planned for cash flow for October. The Housing Commission's reinvestment strategy re-commenced in October. The Housing Commission continues to maintain a healthy 1.51 percent portfolio yield in government agency bonds, its largest holding.

### **CONCLUSION**

At the September Federal Open Market Committee (FOMC) meeting, interest rates were left unchanged, and FOMC again noted weakness in net exports and the fact that market-based inflation measures had declined. The FOMC reiterated that the economy is expanding at a moderate rate, housing has improved further, underutilization of labor resources has diminished, and it will be appropriate to raise rates when the FOMC sees further improvement in the labor market and is "reasonably confident" that inflation will move back to the 2 percent target over the medium term.

While a rate increase has not yet occurred, the market continues to anticipate a rate increase. As a result, the Housing Commission continues to stay with a short duration investment strategy, seeking opportunities that are favorable in terms of pricing and duration to comply with its investment model. This strategy will include the continued use of Government Mortgage Backed Securities to provide a steady monthly cash flow. Housing Commission staff also favors Agency Step Up coupon and Agency floating rate investments that help to manage the steepness of the yield curve. These securities coupons increase as interest rates increase, thus providing an investment opportunity for the Housing Commission in this interest rate environment.

Respectfully submitted,

*Daniel Brown*

Daniel Brown  
Director  
Financial Services Department

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief Operating Officer  
San Diego Housing Commission

Attachment: 1) San Diego Housing Commission Quarterly Financial Investment Report Ending September 30, 2015

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).



SAN DIEGO  
HOUSING  
COMMISSION

Attachment 1

# San Diego Housing Commission

Quarterly Financial Investment Report

For the Quarter Ending  
September 30, 2015



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## INVESTMENT POLICY SUMMARY

In 2005, SDHC approved an Investment Policy which allows the agency to invest surplus funds in accordance with the provisions of U.S. Department of Housing & Urban Development (HUD) Notice PIH 96-33 and California Government Code Sections 5922 and 53601.

The Investment Policy contains the required standards of care that include prudence, ethics, conflict of interest and delegation of authority. Additionally, the policy states the general objectives of safety, liquidity, yield and local considerations must be followed. Finally, the policy provides guidance concerning authorized financial institutions, depositories and broker/dealers; asset safekeeping and custody; authorized and suitable investment types; collateralization and diversification.

# SAN DIEGO HOUSING COMMISSION

## PORTFOLIO SUMMARY BY INVESTMENT TYPE

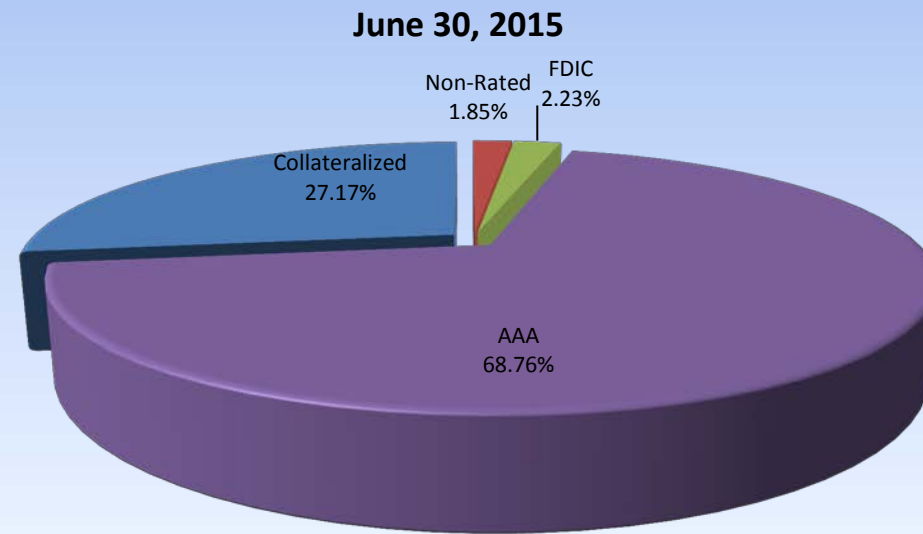
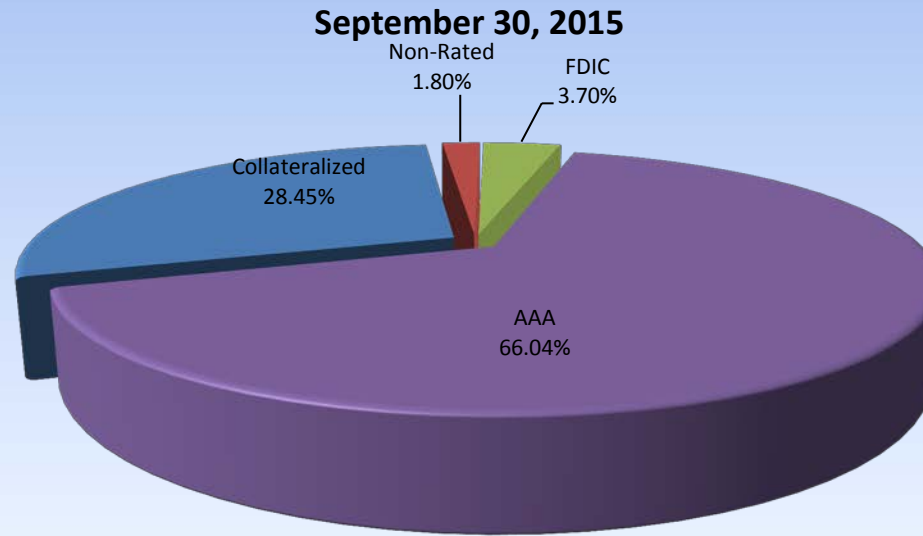
**September 30, 2015**

Investments	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
Cash	\$32.17	28.45%	\$32.17	100.00%	\$0.00	1	0.36%	1
Local Agency Investment Fund (LAIF)	\$2.04	1.80%	\$2.04	100.00%	\$0.00	1	0.28%	1
San Diego County Investment Pool (SDCIP)	\$7.06	6.24%	\$7.06	100.00%	\$0.00	1	0.50%	1
Total liquid investments	<u>\$41.27</u>	<u>36.50%</u>	<u>\$41.27</u>	<u>100.00%</u>	<u>\$0.00</u>	<u>1</u>	<u>0.38%</u>	<u>1</u>
Agency Bonds	\$67.51	59.80%	\$67.61	100.16%	\$0.10	1,296	1.51%	553
Certificate of Deposits (FDIC)	\$4.19	3.70%	\$4.19	100.00%	\$0.00	1,080	1.20%	611
Total core investments	<u>\$71.70</u>	<u>63.50%</u>	<u>\$71.80</u>	<u>100.15%</u>	<u>\$0.10</u>	<u>1,284</u>	<u>1.49%</u>	<u>556</u>
<b>Total liquid and core investments</b>	<b>\$112.97</b>	<b>100%</b>	<b>\$113.07</b>	<b>100.09%</b>	<b>\$0.10</b>	<b>816</b>	<b>1.08%</b>	<b>353</b>
<b>Current Portfolio Effective Duration</b>		<b>0.95 Years</b>						

**June 30, 2015**

Investments	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
Cash	\$29.97	27.17%	\$29.97	100.00%	\$0.00	1	0.35%	1
Local Agency Investment Fund (LAIF)	\$2.04	1.85%	\$2.04	100.00%	\$0.00	1	0.28%	1
San Diego County Investment Pool (SDCIP)	\$7.05	6.39%	\$7.05	100.00%	\$0.00	1	0.50%	1
Total liquid investments	<u>\$39.06</u>	<u>35.41%</u>	<u>\$39.06</u>	<u>100.00%</u>	<u>\$0.00</u>	<u>1</u>	<u>0.38%</u>	<u>1</u>
Agency Bonds	\$68.54	62.36%	\$68.78	101.62%	\$0.24	1,372	1.56%	595
Certificate of Deposits (FDIC)	\$2.45	2.23%	\$2.45	100.19%	\$0.00	1,060	1.04%	330
Total core investments	<u>\$70.99</u>	<u>64.59%</u>	<u>\$71.23</u>	<u>101.57%</u>	<u>\$0.24</u>	<u>1,362</u>	<u>1.54%</u>	<u>586</u>
<b>Total liquid and core investments</b>	<b>\$110.05</b>	<b>100.00%</b>	<b>\$110.29</b>	<b>101.02%</b>	<b>\$0.24</b>	<b>880</b>	<b>1.13%</b>	<b>379</b>
<b>Current Portfolio Effective Duration</b>		<b>1.01 Years</b>						

# PORTFOLIO CREDIT QUALITY\* BY QUARTER

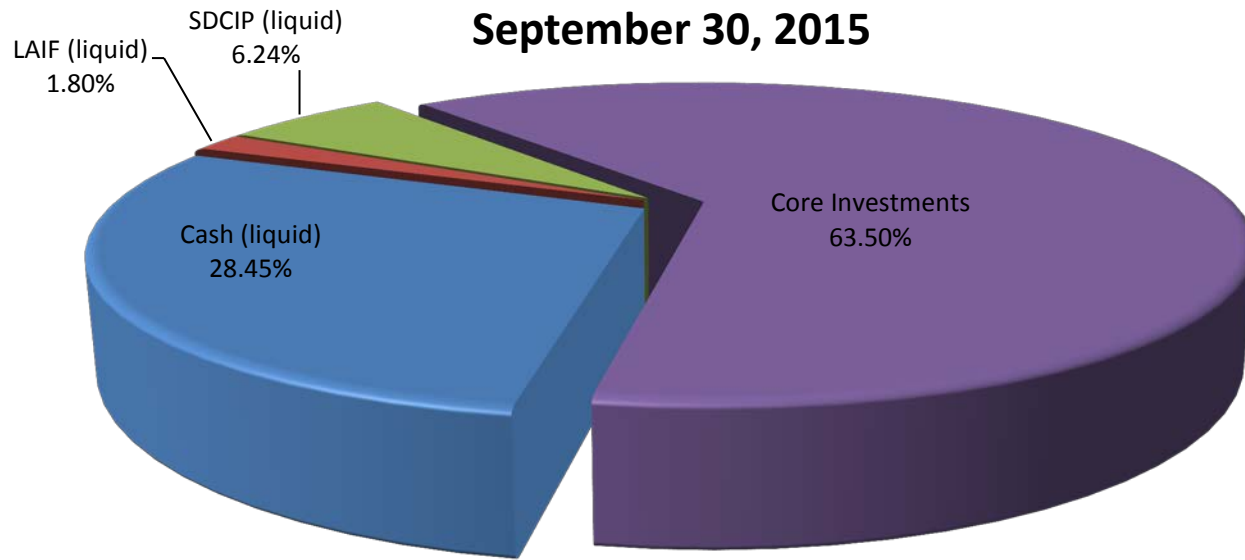


Note: Mortgage-backed securities (MBS) are included with other AAA rated securities. While the rating agencies do not specifically rate MBS, they carry an implied AAA rating based on the collateral and the rating of the Agency (Fannie/Freddie) that issues/guarantees them.

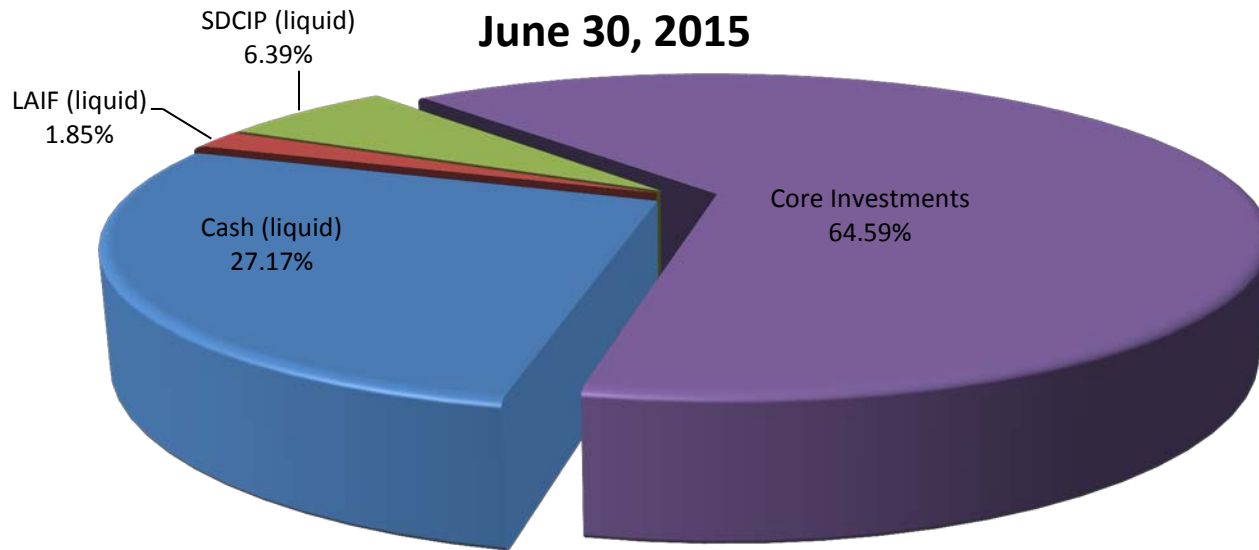
Non-Rated securities in SDHC's portfolio represents investments in the State of California's Local Agency Investment Fund (LAIF). The lack of a rating does not imply a negative credit quality.

# ASSET ALLOCATION BY QUARTER

**September 30, 2015**



**June 30, 2015**



Market Value in Millions			
	06/30/15	09/30/15	Variance
Cash (liquid)	\$ 29.97	\$ 32.17	\$ 2.21
LAIF (liquid)	\$ 2.04	\$ 2.04	\$ 0.00
SDCIP (liquid)	\$ 7.05	\$ 7.06	\$ 0.01
Core Investments	\$ 71.23	\$ 71.80	\$ 0.56
<b>Total</b>	<b>\$ 110.29</b>	<b>\$ 113.07</b>	<b>\$ 2.78</b>

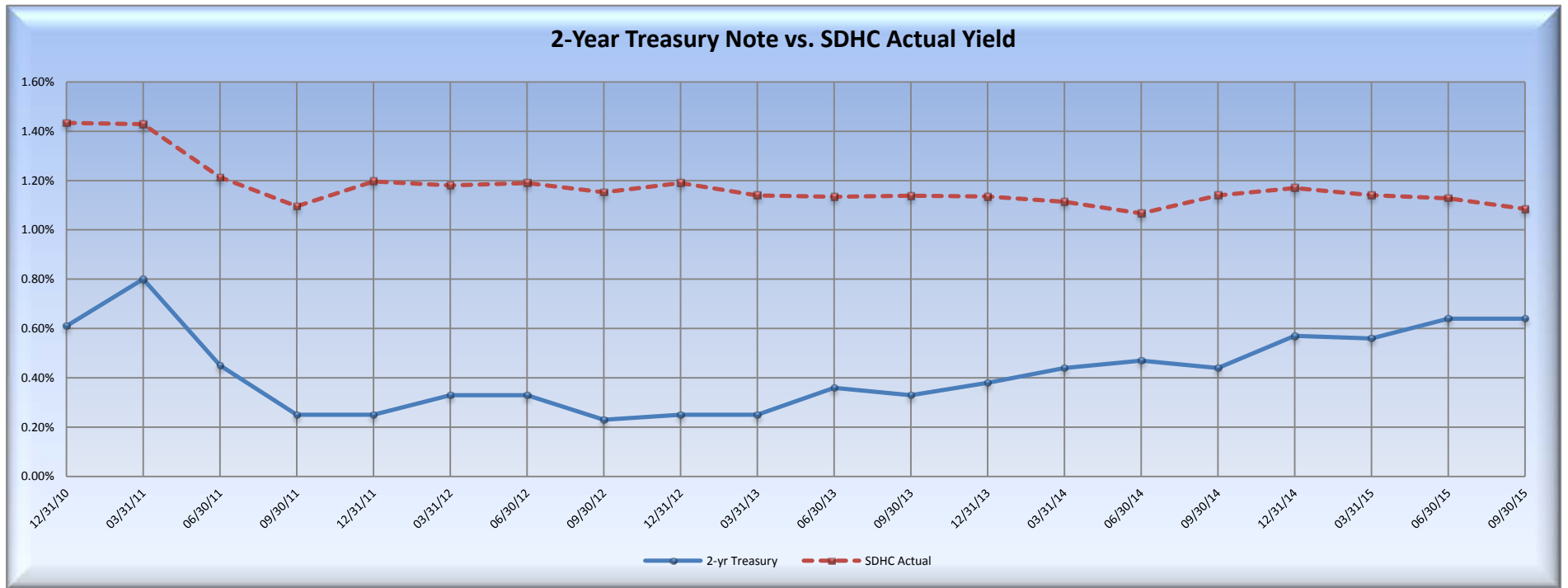
\* Based on Market Value of Assets



## Portfolio Maturity Schedule

Investments	1 day to 30 days	31 days to 90 days	91 days to 180 days	181 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 5 years	Total by Asset
Cash	\$ 32.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.17
LAIF	2.04	-	-	-	-	-	-	\$ 2.04
SDCIP	7.06	-	-	-	-	-	-	\$ 7.06
Agency Bonds	-	0.09	7.05	2.33	5.34	31.49	21.31	\$ 67.61
CD (FDIC)	0.74	0.49	-	-	0.25	0.74	1.98	\$ 4.19
<b>Total</b>	<b>\$ 42.01</b>	<b>\$ 0.58</b>	<b>\$ 7.05</b>	<b>\$ 2.33</b>	<b>\$ 5.59</b>	<b>\$ 32.23</b>	<b>\$ 23.29</b>	<b>\$ 113.07</b>
<b>Percent</b>	<b>37.15%</b>	<b>0.51%</b>	<b>6.24%</b>	<b>2.06%</b>	<b>4.94%</b>	<b>28.50%</b>	<b>20.60%</b>	<b>100.00%</b>

# PORTFOLIO YIELD COMPARISON



**San Diego Housing Commission  
Portfolio Holdings Detail**

As of  
**September 30, 2015**

Investments - Liquid Cash Accounts	Issuer	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
SDHC Operating Account	U.S. Bank	\$19.89	17.59%	\$19.89	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Operating	U.S. Bank	\$1.01	0.90%	\$1.01	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Security Deposit	U.S. Bank	\$0.10	0.08%	\$0.10	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Res. (10002)	Greystone	\$0.33	0.29%	\$0.33	100.00%	\$0.00	1	0.05%	1
Central FNMA LLC Operating	U.S. Bank	\$0.79	0.70%	\$0.79	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Security Deposit	U.S. Bank	\$0.11	0.10%	\$0.11	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Res. (10003)	Greystone	\$0.33	0.29%	\$0.33	100.00%	\$0.00	1	0.05%	1
North FNMA LLC Operating	U.S. Bank	\$0.54	0.47%	\$0.54	100.00%	\$0.00	1	0.40%	1
North FNMA LLC Security Deposit	U.S. Bank	\$0.07	0.07%	\$0.07	100.00%	\$0.00	1	0.40%	1
North FNMA LLC Res. (10004)	Greystone	\$0.21	0.18%	\$0.21	100.00%	\$0.00	1	0.05%	1
Central FHA LLC Operating	U.S. Bank	\$1.35	1.20%	\$1.35	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Security Deposit	U.S. Bank	\$0.13	0.12%	\$0.13	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Res. (0538)	PNC Bank	\$1.21	1.07%	\$1.21	100.00%	\$0.00	1	0.05%	1
Northern FHA LLC Operating	U.S. Bank	\$1.58	1.40%	\$1.58	100.00%	\$0.00	1	0.40%	1
Northern FHA LLC Security Deposit	U.S. Bank	\$0.09	0.08%	\$0.09	100.00%	\$0.00	1	0.40%	1
Northern FHA LLC Res. (0539)	PNC Bank	\$0.82	0.73%	\$0.82	100.00%	\$0.00	1	0.05%	1
Southern FHA LLC Operating	U.S. Bank	\$2.20	1.95%	\$2.20	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Security Deposit	U.S. Bank	\$0.18	0.16%	\$0.18	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Res. (0540)	PNC Bank	\$0.75	0.67%	\$0.75	100.00%	\$0.00	1	0.05%	1
Hotel Sandford Operating (6341)	Wells Fargo	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.00%	1
Hotel Sandford Security Dep. (6366)	Wells Fargo	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.00%	1
Hotel Sandford Rep. Res. (7828)	U.S. Bank	\$0.35	0.31%	\$0.35	100.00%	\$0.00	1	0.00%	1
Hotel Sandford Operating Savings (7836)	U.S. Bank	\$0.12	0.10%	\$0.12	100.00%	\$0.00	1	0.40%	1
<b>Total Cash Accounts</b>		<b>\$32.17</b>	<b>28.45%</b>	<b>\$32.17</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>1</b>	<b>0.36%</b>	<b>1</b>

Investments - Liquid Pooled Investments	Issuer	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
Local Agency Investment Fund	State of CA	\$2.04	1.80%	\$2.04	100.00%	\$0.00	1	0.28%	1
SD County Investment Pool	County of SD	\$7.06	6.24%	\$7.06	100.00%	\$0.00	1	0.50%	1
<b>Total Pooled Investments</b>		<b>\$9.10</b>	<b>8.05%</b>	<b>\$9.10</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>1</b>	<b>0.45%</b>	<b>1</b>

**San Diego Housing Commission**  
**Portfolio Holdings Detail**  
As of  
**September 30, 2015**

Investments Bond Investments (CUSIP)	Issuer	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
<b>Agency MBS</b>									
31381JJ60	FNMA P	\$0.09	0.08%	\$0.09	100.00%	\$0.00	1,305	1.62%	32
31381LET0	FNMA P	\$3.50	3.10%	\$3.49	99.71%	-\$0.01	1,572	1.91%	398
31381LET0	FNMA P	\$0.50	0.44%	\$0.50	100.00%	\$0.00	1,538	1.99%	398
31381LLR6	FNMA P	\$7.11	6.29%	\$7.00	98.45%	-\$0.11	1,649	1.60%	367
31381MV77	FNMA P	\$0.95	0.84%	\$0.95	100.00%	\$0.00	972	1.22%	610
31381M2F1	FNMA P	\$2.96	2.62%	\$2.96	100.00%	\$0.00	1,164	1.27%	610
31381M2F1	FNMA P	\$2.97	2.63%	\$2.96	99.66%	-\$0.01	1,179	1.10%	610
31381P3Z9	FNMA P	\$2.02	1.79%	\$2.08	102.97%	\$0.06	1,231	2.22%	824
31381QAA4	FNMA P	\$0.49	0.43%	\$0.50	102.04%	\$0.01	1,197	1.49%	824
31381QAA4	FNMA P	\$0.98	0.87%	\$0.99	101.02%	\$0.01	1,196	1.55%	824
31381QAA4	FNMA P	\$1.00	0.89%	\$0.99	99.00%	-\$0.01	1,105	1.37%	824
31381QDY9	FNMA P	\$3.14	2.78%	\$3.15	100.32%	\$0.01	1,688	1.41%	855
31381QFF8	FNMA P	\$0.23	0.20%	\$0.23	100.00%	\$0.00	1,708	2.00%	883
31381QPG5	FNMA P	\$0.28	0.25%	\$0.28	100.00%	\$0.00	651	1.09%	184
31381QPX8	FNMA P	\$0.98	0.87%	\$0.98	100.00%	\$0.00	1,189	1.40%	883
31381QPX8	FNMA P	\$1.05	0.93%	\$1.05	100.00%	\$0.00	1,165	1.41%	883
31381QV60	FNMA P	\$0.26	0.23%	\$0.26	100.00%	\$0.00	712	0.98%	245
31381RAY0	FNMA P	\$1.05	0.93%	\$1.07	101.90%	\$0.02	1,306	1.63%	944
31381RAY0	FNMA P	\$1.06	0.94%	\$1.07	100.94%	\$0.01	1,280	1.51%	944
31381RAY0	FNMA P	\$0.22	0.19%	\$0.22	100.00%	\$0.00	1,218	1.70%	944
31381RAY0	FNMA P	\$1.77	1.57%	\$1.77	100.00%	\$0.00	998	1.30%	944
313815J86	FNMA P	\$2.94	2.60%	\$2.94	100.00%	\$0.00	1,102	1.37%	1,097
31381S5X6	FNMA P	\$0.48	0.42%	\$0.48	100.00%	\$0.00	1,531	1.79%	1,158

**San Diego Housing Commission**  
**Portfolio Holdings Detail**  
As of  
**September 30, 2015**

Investments - Core Bond Investments (CUSIP)	Issuer	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
31381ULQ8	FNMA P	\$0.62	0.55%	\$0.62	100.00%	\$0.00	1,055	1.21%	610
31381VEF8	FNMA P	\$0.40	0.35%	\$0.40	100.00%	\$0.00	1,839	2.13%	640
31402RL23	FNMA P	\$0.01	0.01%	\$0.01	100.00%	\$0.00	972	1.22%	459
31403DA82	FNMA P	\$0.50	0.44%	\$0.50	100.00%	\$0.00	1,164	1.27%	93
31403DA82	FNMA P	\$0.00	0.00%	\$0.00	0.00%	\$0.00	1,179	1.10%	93
31403DGM5	FNMA P	\$0.09	0.08%	\$0.09	100.00%	\$0.00	1,802	1.36%	124
31403DTJ8	FNMA P	\$2.79	2.47%	\$2.78	99.64%	-\$0.01	1,100	1.13%	275
31403DTJ8	FNMA P	\$0.97	0.86%	\$0.97	100.00%	\$0.00	1,110	1.60%	275
31403DV48	FNMA P	\$0.44	0.39%	\$0.44	100.00%	\$0.00	867	1.26%	306
31409KTE7	FNMA P	\$1.77	1.57%	\$1.79	101.13%	\$0.02	1,096	1.49%	214
31409K5M5	FNMA P	\$1.16	1.03%	\$1.15	99.14%	-\$0.01	1,231	2.22%	337
31409LJ55	FNMA P	\$2.07	1.83%	\$2.10	101.45%	\$0.03	1,197	1.49%	459
31409LRF4	FNMA P	\$0.58	0.51%	\$0.58	100.00%	\$0.00	1,196	1.55%	428
31410FY58	FNMA P	\$6.58	5.82%	\$6.64	100.91%	\$0.06	1,105	1.37%	459
31410GKC6	FNMA P	\$1.74	1.54%	\$1.76	101.15%	\$0.02	1,231	1.32%	671
31410GWR0	FNMA P	\$1.08	0.96%	\$1.08	100.00%	\$0.00	1,688	1.41%	732
31413W3G8	FNMA P	\$2.84	2.51%	\$2.84	100.00%	\$0.00	1,708	2.00%	93
31413W3G8	FNMA P	\$1.18	1.04%	\$1.18	100.00%	\$0.00	1,189	1.40%	93
31413W3G8	FNMA P	\$1.34	1.19%	\$1.34	100.00%	\$0.00	1,165	1.41%	93
31413W3X1	FNMA P	\$1.10	0.97%	\$1.10	100.00%	\$0.00	1,306	1.63%	93
31418MEX6	FNMA P	\$2.05	1.81%	\$2.06	100.49%	\$0.01	1,280	1.51%	975
31381RAY0	FNMA P	\$0.65	0.58%	\$0.65	100.00%	\$0.00	1,218	1.70%	1,005
3137ANLP8	FHLMC	\$1.52	1.35%	\$1.52	100.00%	\$0.00	1,281	1.51%	422
<b>Total Agency Bond Investments</b>		<b>\$67.51</b>	<b>59.80%</b>	<b>\$67.61</b>	<b>100.16%</b>	<b>\$0.10</b>	<b>1,296</b>	<b>1.51%</b>	<b>553</b>

**San Diego Housing Commission  
Portfolio Holdings Detail**

As of  
**September 30, 2015**

Investments - Core Certificate of Deposit (CD)	Identifier	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
<b>Issuer</b>									
ALLY BANK, UT	02005QS87	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,098	1.10%	1
SALLIE MAE, UT	795450PL3	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,097	1.10%	5
STATE BANK INDIA, NY	856284G73	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,096	1.15%	13
BMW BANK, UT	05568PZ91	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,095	0.95%	33
SAFRA NATL BANK, NY	7865806H8	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,097	0.80%	47
COMPASS BANK, AL	20451PJY3	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,098	1.05%	608
BARCLAYS BANK, DE	06740KHQ3	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,096	1.25%	684
MERRICK BANK, UT	59013JAY5	\$0.25	0.22%	\$0.25	100.00%	\$0.00	732	0.80%	320
MEDALLION BANK, UT	58403BR24	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,096	1.15%	671
FEDERAL HOME LOAN BANK	3130A36J8	\$0.50	0.44%	\$0.50	100.00%	\$0.00	1,096	1.49%	747
FEDERAL HOME LOAN BANK	3130A65K9	\$0.50	0.44%	\$0.50	100.00%	\$0.00	1,096	0.75%	1,059
AMERICAN EXPRESS CENT	02587DB49	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,097	1.65%	1,090
CAPITAL ONE BANK	14042RAA9	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,189	1.65%	1,090
CAPITAL ONE BANK	140420VV9	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,097	1.65%	1,090
GOLDMAN SACHS BANK	38148JP96	\$0.25	0.22%	\$0.25	100.00%	\$0.00	1,094	1.65%	1,094
<b>Total Certificate of Deposits</b>		<b>\$4.19</b>	<b>3.70%</b>	<b>\$4.19</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>1,080</b>	<b>1.20%</b>	<b>611</b>
<b>Total Cash &amp; Investments</b>		<b>\$112.97</b>	<b>100.00%</b>	<b>\$113.07</b>	<b>100.09%</b>	<b>\$0.10</b>	<b>816</b>	<b>1.08%</b>	<b>353</b>

**Statement of Compliance:**

I certify to the best of my knowledge and belief that all investment transactions executed have been in full compliance with the investment policy of the San Diego Housing Commission.

*Daniel Brown*

Daniel Brown  
Director - Financial Services

September 30, 2015

Date

## GLOSSARY OF INVESTMENT TERMS

**Agency** - Privately owned, publicly chartered entities, such as Fannie Mae or Freddie Mac, created by Congress to reduce the cost of capital for certain borrowing sectors of the economy.

**Blended Rate of Return** - See Weighted Average Return.

**Book Value** - The value at which a security is carried on the financial records of an investor. The book value may differ significantly from the security's current value in the market or market value.

**Basis Point (BP)** - is one hundredth of a percentage point (0.01%). Basis points are often used to measure changes in yields between securities that often move in very small

**Certificate of Deposit (CD)** - A time deposit with a specific maturity evidenced by a certificate. CDs are 100% collateralized and/or FDIC insured.

**Collateralization** - Process by which financial institutions pledge securities, property, or other deposits for the purpose of securing cash and investments.

**CUSIP** - Committee on Uniform Security Identification Procedures. A unique 9-character alphanumeric identifier assigned to a bond at the time it is issued.

**Debenture** - A bond secured only by the general credit of the issuer.

**Effective Duration** - A measure of price sensitivity of a fixed income portfolio given a parallel shift in interest rates. Lower duration (in years) = lower price sensitivity.

**FDIC** - Federal Deposit Insurance Corporation a federally sponsored corporation that insures accounts in national banks and other qualified institutions.

**FFCB** - Federal Farm Credit Bank, a GSE.

**FHLB** - Federal Home Loan Banks, a GSE.

**FHLMC** - Federal Home Loan Mortgage Corporation or Freddie Mac, a GSE.

**FNMA** - Federal National Mortgage Association or Fannie Mae, a GSE.

**GSE (Agency)** - Government Sponsored Enterprise. Privately owned, publicly chartered entities, such as Fannie Mae or Freddie Mac, created by Congress to reduce the cost of capital for certain borrowing sectors of the economy.

**Liquidity** - The ability to convert an asset to cash quickly.

**Market Value** - An estimation of the price that could be obtained for a particular investment or asset if it were sold in an arm's length transaction on the current market.

**MBS** - Mortgage-Backed Security is a type of asset-backed security that is secured by a mortgage or collection of mortgages where monthly interest and principle payments are often redirected to bondholders.

**SDCIP** - San Diego County Investment Pool.

**SLY** - Safety, Liquidity & Yield. An investment strategy where the primary objective is the Safety of principle first, the Liquidity of investments to meet operating requirements second and where Yield only considered after the requirements of Safety and Liquidity have been met.

**S&P** - Standard and Poors, a credit ratings agency

**Unrealized Gain (Loss)** - The difference between the book value of an investment and the current market value/price.

**Weighted Average Return** - The average yield on a group of investment that takes into account the proportional relevance of each component.

**Yield-To-Maturity (YTM)** - The rate of return yielded on a bond or other investment if it is held until the maturity date.