



SAN DIEGO  
HOUSING  
COMMISSION

## INFORMATIONAL REPORT

**DATE ISSUED:** April 4, 2019

**REPORT NO:** HCR19-037

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of April 11, 2019

**SUBJECT:** Investment Report – Second Quarter Fiscal Year 2019

**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 December 31, 2018. The report includes both summary and detailed information on all liquid cash and cash equivalents, and core investments owned by the Housing Commission. These funds, however, are not indicative of funds available for discretionary use as they have been earmarked for 1) loans and grants that the Housing Commission has committed to fund through Board of Commissioners' approval; 2) restricted to federal/state/local programmatic requirements; 3) designated for property maintenance; and 4) required 5 percent of budgeted new revenue as contingency reserves.

The market value of the portfolio at December 31, 2018, was \$165.10 million, compared to \$158.13 million in the previous quarter, resulting in an overall investment portfolio increase of \$6.97 million. At December 31, 2018, the overall investment portfolio had a yield to maturity of 1.97 percent, average days to maturity of 472, and an effective duration of 1.21 years, compared to the overall investment portfolio at September 30, 2018, which had a yield to maturity of 1.64 percent, average days to maturity of 411, and an effective duration of 1.08 years.

#### Cash and cash equivalents (liquid)

1. \$28.75 million is held in various accounts, including the Housing Commission's bank, US Bank (\$18.52 million), and other various authorized accounts required by lending agreements and program obligations (\$10.23 million).
2. \$36.47 million is held in pooled investment funds. Pooled funds include California's Local Agency Investment Fund (LAIF), The San Diego Foundation (TSDF) and the San Diego County Investment Pool (SDCIP).

The blended yield on these liquid accounts was 1.47 percent for the quarter, which is an increase of 0.32 percent from 1.15 percent in the previous quarter, primarily due to an increase in yield received from both LAIF and SDCIP.

#### Core investments

3. \$96.2 million is held in Agency Debentures and/or Agency Mortgage-Backed Securities (MBS).

4. \$3.67 million is held in various FDIC insured Certificates of Deposit (CD).

The blended yield on core investments for the quarter was 2.29 percent, which is an increase of 0.24 percent from 2.05 percent in the previous quarter. The reinvestment of interest payments along with maturing bond proceeds into higher yielding Agency bonds were the primary reasons for the increase in yield.

### **DISCUSSION**

The overall market value of the investment portfolio was higher at \$165.10 million compared to the prior quarter of \$158.13 million. The \$6.97 million increase was primarily a result of the receipt of Community Development Block Grant Fiscal Year 2019 Affordable Housing Revolving Loan funds of \$15.0 million during the quarter, offset by the funding of loans in the amount of \$8.7 million (Island Inn, Villa Encantada Apartments and Fairmount Family Housing.)

The overall investment portfolio yield was 1.97 percent, compared to 1.64 percent in the prior quarter. The increase was the result of reinvesting principal and interest payments into higher yielding Agency bonds, coupled with the maturity of lower yielding bonds. The effective duration had a modest increase (1.08 to 1.21), as the Housing Commission continued to keep the overall portfolio duration short due to uncertainty in federal funding timing given the partial federal government shutdown that occurred.

### **CONCLUSION**

The Federal Reserve raised the Fed Funds rate by a quarter point to its new target rate to 2.25 percent – 2.50 percent on December 19, 2018, after holding steady at the November 8, 2018, meeting. There continues to be strong sentiment in the bond markets that the Federal Reserve is less likely to raise rates in 2019 given a slowing global economy. The Housing Commission will continue to monitor federal policy, and the Housing Commission's investment strategy will continue to focus on ensuring the safety of the principal, maintaining sufficient liquidity to meet operational requirements, generating investment yield and where possible, investing locally. The Housing Commission will continue to manage its investment portfolio with these underlying objectives in mind.

Respectfully submitted,

*Marie Lalas*

Marie Lalas  
Controller – Financial Services Department  
San Diego Housing Commission

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief Of Staff  
San Diego Housing Commission

Attachments: 1) SDHC Quarterly Financial Investment Report Ending December 31, 2018

Hard copies are available for review during business hours at the security information desk 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 in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

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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

**December 31, 2018**

Investments	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
Cash -unrestricted	\$18.52	11.19%	\$18.52	100.00%	\$0.00	1	0.40%	1
Cash - restricted	\$10.23	6.18%	\$10.23	100.00%	\$0.00	1	0.33%	1
Local Agency Investment Fund (LAIF)	\$15.25	9.21%	\$15.25	100.00%	\$0.00	1	2.29%	1
San Diego Foundation (TSDF)	\$0.02	0.01%	\$0.02	100.00%	\$0.00	1	0.40%	1
San Diego County Investment Pool (SDCIP)	\$21.20	12.80%	\$21.20	100.00%	\$0.00	1	2.36%	1
Total liquid investments	\$65.22	39.39%	\$65.22	100.00%	\$0.00	1	1.47%	1
Agency Bonds	\$96.68	58.39%	\$96.20	99.54%	-\$0.48	1,219	2.29%	786
Certificate of Deposits (FDIC)	\$3.68	2.22%	\$3.67	99.91%	\$0.00	942	2.44%	603
Total core investments	\$100.35	60.61%	\$99.87	99.55%	-\$0.48	1,209	2.29%	779
<b>Total liquid and core investments</b>	<b>\$165.58</b>	<b>100%</b>	<b>\$165.10</b>	<b>99.73%</b>	<b>-\$0.48</b>	<b>732</b>	<b>1.97%</b>	<b>472</b>

**Current Portfolio Effective Duration**      **1.21 Years**

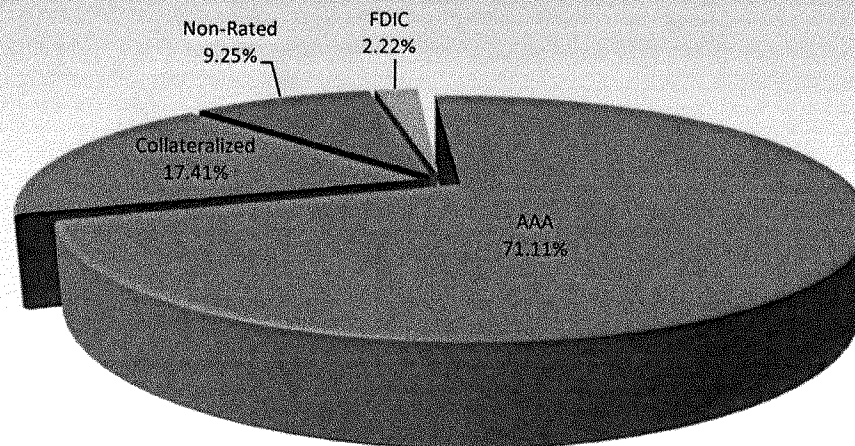
**September 30, 2018**

Investments	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
Cash -unrestricted	\$27.22	17.09%	\$27.22	100.00%	\$0.00	1	0.40%	1
Cash - restricted	\$11.41	7.17%	\$11.41	100.00%	\$0.00	1	0.33%	1
Local Agency Investment Fund (LAIF)	\$11.19	7.03%	\$11.19	100.00%	\$0.00	1	2.06%	1
San Diego Foundation (TSDF)	\$0.02	0.02%	\$0.02	100.00%	\$0.00	1	0.40%	1
San Diego County Investment Pool (SDCIP)	\$21.10	13.25%	\$21.10	100.00%	\$0.00	1	2.07%	1
Total liquid investments	\$70.94	44.54%	\$70.94	100.00%	\$0.00	1	1.15%	1
Agency Bonds	\$84.65	53.15%	\$83.51	98.69%	-\$1.13	1,233	2.04%	748
Certificate of Deposits (FDIC)	\$3.68	2.31%	\$3.67	99.90%	\$0.00	966	2.35%	642
Total core investments	\$88.32	55.46%	\$87.19	98.74%	-\$1.14	1,221	2.05%	744
<b>Total liquid and core investments</b>	<b>\$159.27</b>	<b>100%</b>	<b>\$158.13</b>	<b>99.31%</b>	<b>-\$1.14</b>	<b>674</b>	<b>1.64%</b>	<b>411</b>

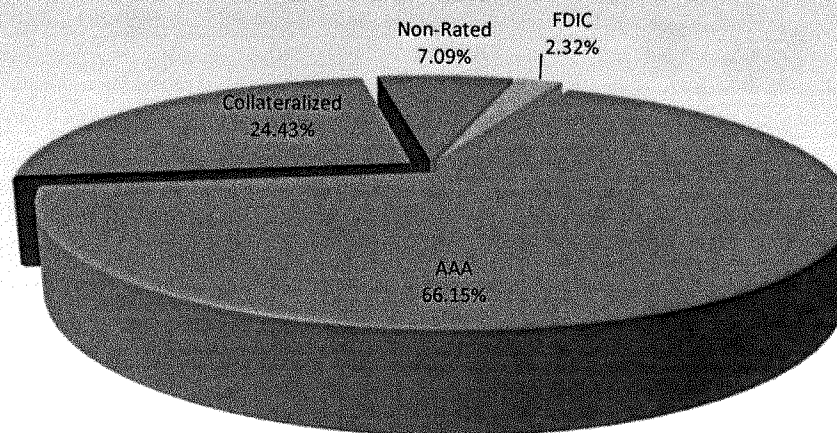
**Current Portfolio Effective Duration**      **1.08 Years**

# PORTFOLIO CREDIT QUALITY\* BY QUARTER

December 31, 2018



September 30, 2018

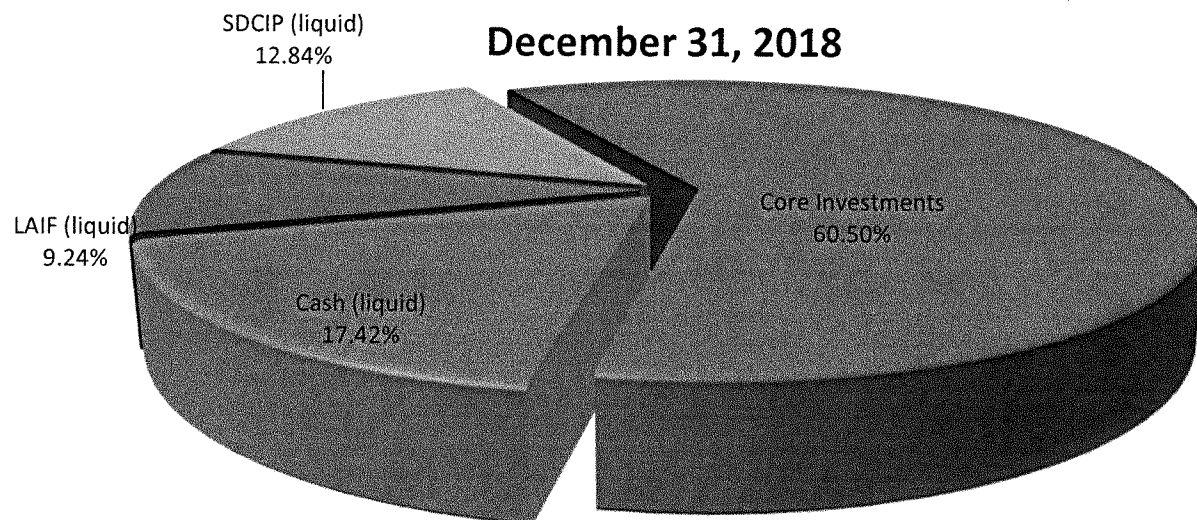


Note: Mortgage-backed securities (MBS) are included with other AAA rated securities. While the rating agencies do not specifically rate MBS, they carry an implied AAA rating based on the collateral and the rating of the Agency (Fannie/Freddie) that issues/guarantees them.

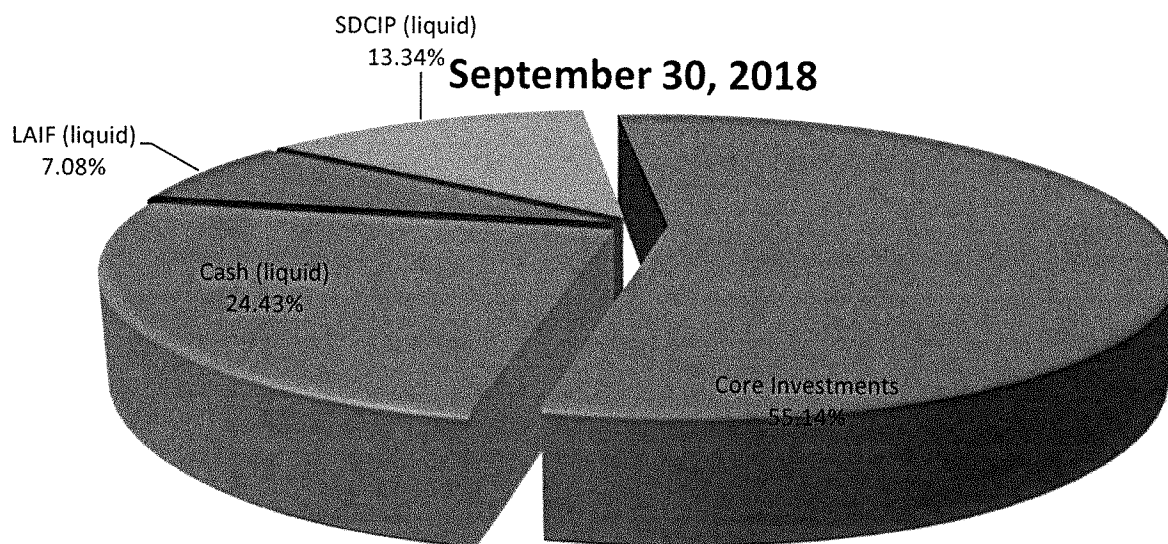
Non-Rated securities in SDHC's portfolio represents investments in the State of California's Local Agency Investment Fund (LAIF). The lack of a rating does not imply a negative credit quality.

# ASSET ALLOCATION BY QUARTER

December 31, 2018



September 30, 2018



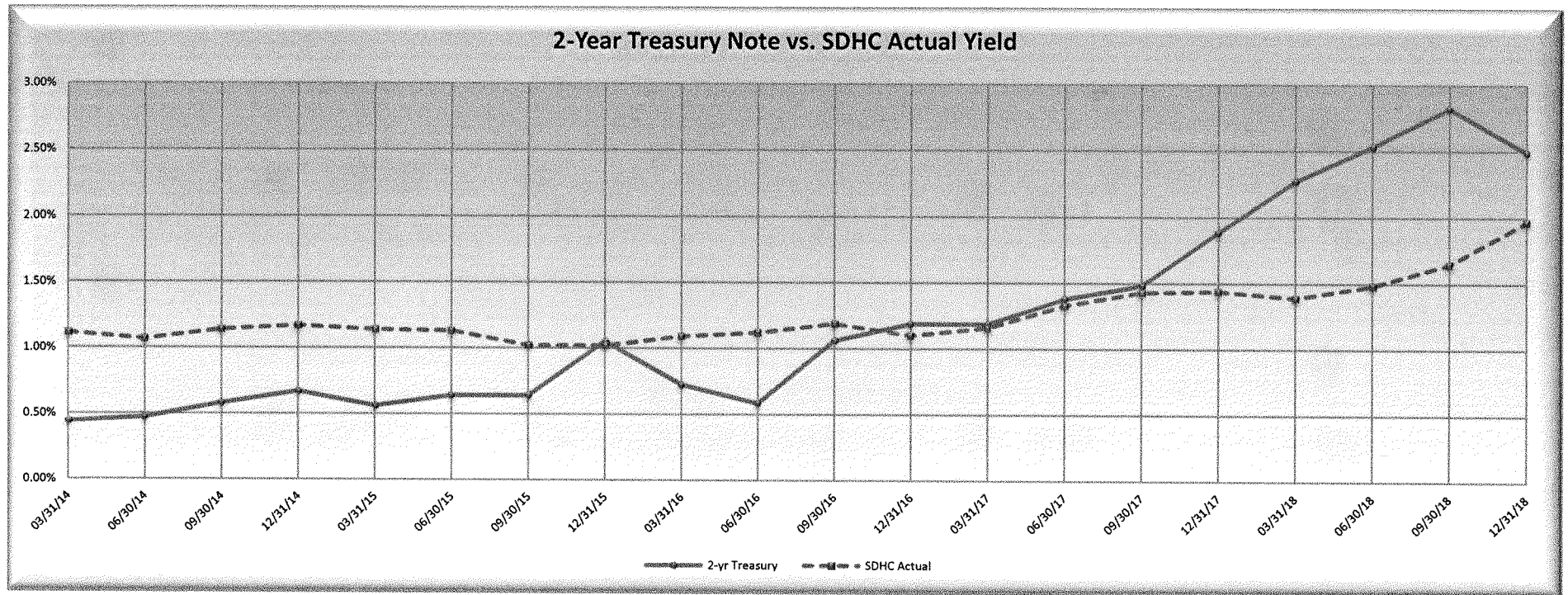
Market Value in Millions			
	09/30/18	12/31/18	Variance
Cash (liquid)	\$ 38.63	\$ 28.75	\$ (9.88)
LAIF (liquid)	\$ 11.19	\$ 15.25	\$ 4.06
SDCIP (liquid)	\$ 21.10	\$ 21.20	\$ 0.10
Core Investments	\$ 87.19	\$ 99.87	\$ 12.69
TSDP (liquid)	\$ 0.02	\$ 0.02	\$ 0.00
<b>Total</b>	<b>\$ 158.13</b>	<b>\$ 165.10</b>	<b>\$ 6.97</b>

\* Based on Market Value of Assets

## Portfolio Maturity Schedule

Investments	1 day to 90 days	91 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Total by Asset
Cash	28.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28.75
LAIF	15.25	-	-	-	-	-	\$ 15.25
TSDF	0.02	-	-	-	-	-	\$ 0.02
SDCIP	21.20	-	-	-	-	-	\$ 21.20
Agency Bonds	0.50	11.65	35.30	27.88	20.87	-	\$ 96.20
CD (FDIC)	0.24	0.49	1.72	1.23	-	-	\$ 3.67
<b>Total</b>	<b>\$ 65.97</b>	<b>\$ 12.14</b>	<b>\$ 37.02</b>	<b>\$ 29.10</b>	<b>\$ 20.87</b>	<b>\$ -</b>	<b>\$ 165.10</b>
<b>Percent</b>	<b>39.96%</b>	<b>7.35%</b>	<b>22.42%</b>	<b>17.63%</b>	<b>12.64%</b>	<b>0.00%</b>	<b>100.00%</b>

## PORTFOLIO YIELD COMPARISON



**San Diego Housing Commission**  
**Portfolio Holdings Detail**  
As of  
**December 31, 2018**

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	\$18.52	11.22%	\$18.52	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Operating	U.S. Bank	\$0.70	0.42%	\$0.70	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Security Deposit	U.S. Bank	\$0.10	0.06%	\$0.10	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Res. (10002)	Greystone	\$0.45	0.27%	\$0.45	100.00%	\$0.00	1	0.05%	1
Central FNMA LLC Operating	U.S. Bank	\$0.90	0.55%	\$0.90	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Security Deposit	U.S. Bank	\$0.12	0.07%	\$0.12	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Res. (10003)	Greystone	\$0.27	0.16%	\$0.27	100.00%	\$0.00	1	0.05%	1
North FNMA LLC Operating	U.S. Bank	\$0.72	0.44%	\$0.72	100.00%	\$0.00	1	0.40%	1
North FNMA LLC Security Deposit	U.S. Bank	\$0.08	0.05%	\$0.08	100.00%	\$0.00	1	0.40%	1
North FNMA LLC Res. (10004)	Greystone	\$0.24	0.15%	\$0.24	100.00%	\$0.00	1	0.05%	1
Central FHA LLC Operating	U.S. Bank	\$1.04	0.63%	\$1.04	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Security Deposit	U.S. Bank	\$0.15	0.09%	\$0.15	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Res. (0538)	PNC Bank	\$0.64	0.38%	\$0.64	100.00%	\$0.00	1	0.05%	1
Northern FHA LLC Operating	U.S. Bank	\$1.35	0.82%	\$1.35	100.00%	\$0.00	1	0.40%	1
Northern FHA LLC Security Deposit	U.S. Bank	\$0.10	0.06%	\$0.10	100.00%	\$0.00	1	0.40%	1
Northern FHA LLC Res. (0539)	PNC Bank	\$0.33	0.20%	\$0.33	100.00%	\$0.00	1	0.05%	1
Southern FHA LLC Operating	U.S. Bank	\$1.40	0.85%	\$1.40	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Security Deposit	U.S. Bank	\$0.18	0.11%	\$0.18	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Res. (0540)	PNC Bank	\$0.68	0.41%	\$0.68	100.00%	\$0.00	1	0.05%	1
Hotel Sandford Rep. Res. (7828)	U.S. Bank	\$0.35	0.21%	\$0.35	100.00%	\$0.00	1	0.40%	1
Hotel Sandford Operating Savings (7836)	U.S. Bank	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
Town & Country Operating	Wells Fargo	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
Town & Country Security Deposits	Wells Fargo	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
Town & Country Savings	Wells Fargo	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
FSS Escrow	U.S. Bank	\$0.33	0.20%	\$0.33	100.00%	\$0.00	1	0.40%	1
SDHC Building Opportunities	Bank of California	\$0.10	0.06%	\$0.10	100.00%	\$0.00	1	0.40%	1
Red Loan Courtyard	Red Mortgage	\$0.01	0.00%	\$0.01	100.00%	\$0.00	1	0.40%	1
Village North Senior Res	Red Mortgage	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
Village North Senior Operating Savings (9747)	U.S. Bank	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
Village North Senior Security Dep. (9788)	U.S. Bank	\$0.00	0.00%	\$0.00	100.00%	\$0.00	1	0.40%	1
<b>Total Cash Accounts</b>		<b>\$28.75</b>	<b>17.41%</b>	<b>\$28.75</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>1</b>	<b>0.37%</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	\$15.25	9.24%	\$15.25	100.00%	\$0.00	1	2.29%	1
San Diego Foundation	TSDF	\$0.02	0.02%	\$0.02	100.00%	\$0.00	1	0.40%	1
SD County Investment Pool	County of SD	\$21.20	12.84%	\$21.20	100.00%	\$0.00	1	2.36%	1
<b>Total Pooled Investments</b>		<b>\$36.47</b>	<b>22.09%</b>	<b>\$36.47</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>1</b>	<b>2.33%</b>	<b>1</b>

**San Diego Housing Commission**  
**Portfolio Holdings Detail**  
As of  
**December 31, 2018**

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
<b>Agency MBS</b>									
31381LDW4	FNMA P	\$0.54	0.33%	\$0.54	100.00%	\$0.00	1417	1.96%	305
31418MWW8	FNMA P	\$1.21	0.73%	\$1.22	100.83%	\$0.01	1416	1.71%	335
3138L0XJ5	FNMA P	\$0.88	0.53%	\$0.87	98.90%	-\$0.01	1287	1.32%	244
31418M4K5	FNMA P	\$0.37	0.23%	\$0.37	99.43%	\$0.00	1440	1.80%	397
31381LRN9	FNMA P	\$1.48	0.89%	\$1.47	99.53%	-\$0.01	1408	1.60%	366
31381NWR0	FNMA P	\$0.87	0.52%	\$0.86	98.61%	-\$0.01	1646	1.71%	610
3138NJAL2	FNMA P	\$0.61	0.37%	\$0.61	99.01%	-\$0.01	1649	1.73%	610
31418M5M8	FNMA P	\$1.08	0.66%	\$0.99	91.33%	-\$0.09	1405	1.75%	397
3138L9J37	FNMA P	\$0.93	0.56%	\$0.93	99.83%	\$0.00	1418	1.83%	426
31381NLA9	FNMA P	\$0.52	0.31%	\$0.51	98.82%	-\$0.01	1617	1.80%	640
31418M7H9	FNMA P	\$0.14	0.09%	\$0.14	99.87%	\$0.00	1153	1.52%	182
3138NJAA6	FNMA P	\$1.18	0.71%	\$1.17	98.97%	-\$0.01	1576	1.56%	610
31381NC43	FNMA P	\$0.37	0.22%	\$0.36	98.70%	\$0.00	1518	1.60%	548
31418M7H9	FNMA P	\$0.42	0.26%	\$0.43	100.45%	\$0.00	1110	1.52%	182
3138L1DK25	FNMA P	\$2.00	1.21%	\$1.99	99.40%	-\$0.01	1197	1.43%	274
31381LDW4	FNMA P	\$0.73	0.44%	\$0.72	99.72%	\$0.00	1204	1.46%	305
31418MXY3	FNMA P	\$0.63	0.38%	\$0.64	100.53%	\$0.00	1165	1.31%	305
31418MWW8	FNMA P	\$1.04	0.63%	\$1.05	100.83%	\$0.01	1207	1.55%	335
31381K5J4	FNMA P	\$0.83	0.50%	\$0.83	99.75%	\$0.00	1128	1.28%	274
31418M5M0	FNMA P	\$0.45	0.27%	\$0.46	102.68%	\$0.01	1236	1.57%	397
31418M7H9	FNMA P	\$0.40	0.24%	\$0.41	100.55%	\$0.00	1018	1.49%	182
31381UCF2	FNMA P	\$0.43	0.26%	\$0.43	99.80%	\$0.00	916	1.84%	91
31381NB93	FNMA P	\$0.45	0.27%	\$0.45	98.89%	-\$0.01	1356	1.71%	548
31381NLA9	FNMA P	\$0.26	0.16%	\$0.26	98.58%	\$0.00	1455	1.71%	640
31381NQY2	FNMA P	\$0.71	0.43%	\$0.70	98.63%	-\$0.01	1328	1.65%	579
31381RZF4	FNMA P	\$0.91	0.55%	\$0.90	98.73%	-\$0.01	1275	1.51%	457
31381UQ75	FNMA P	\$1.40	0.85%	\$1.40	99.80%	\$0.00	919	1.40%	121
31381PAU2	FNMA P	\$0.59	0.36%	\$0.58	98.43%	-\$0.01	1420	1.81%	671
31418M4KS	FNMA P	\$0.41	0.25%	\$0.41	99.37%	\$0.00	1145	1.85%	397

**San Diego Housing Commission  
Portfolio Holdings Detail**

As of  
**December 31, 2018**

3137A2B26	FNMA P	\$2.06	1.24%	\$2.02	98.22%	-\$0.04	1351	1.70%	603
31381ME27	FNMA P	\$0.47	0.28%	\$0.47	99.63%	\$0.00	1157	2.03%	426
31381ME277	FNMA P	\$0.89	0.54%	\$0.89	99.68%	\$0.00	1144	1.92%	426
3138NJA8	FNMA P	\$1.49	0.90%	\$1.47	98.91%	-\$0.02	1411	1.97%	701
3137AQVW5	FNMA P	\$0.50	0.30%	\$0.50	99.75%	\$0.00	794	1.45%	84
31419AEJ2	FNMA P	\$1.58	0.96%	\$1.58	99.81%	\$0.00	1164	2.03%	457
31418M5M0	FNMA P	\$0.49	0.29%	\$0.56	114.01%	\$0.07	1080	1.82%	397
31398VJ98	FHMS	\$1.62	0.98%	\$1.61	99.42%	-\$0.01	1065	1.68%	390
3136AK2A0	FNA	\$0.82	0.50%	\$0.82	99.23%	-\$0.01	917	1.58%	268
3137A8PP7	FHMS	\$0.72	0.44%	\$0.71	98.71%	-\$0.01	1374	1.94%	725
31419AEG8	FNMA P	\$0.12	0.07%	\$0.12	101.26%	\$0.00	1039	1.77%	397
3137A6B27	FHMS	\$0.52	0.31%	\$0.51	98.63%	-\$0.01	1280	1.70%	664
31419AEG8	FNMA P	\$0.14	0.08%	\$0.11	82.27%	-\$0.02	1013	1.64%	397
31419BAU9	FNMA P	\$0.88	0.53%	\$0.88	99.19%	-\$0.01	1252	1.85%	640
31418M5M0	FNMA P	\$1.40	0.84%	\$1.39	99.60%	-\$0.01	981	1.93%	397
31419BAU9	FNMA P	\$0.50	0.30%	\$0.50	98.96%	-\$0.01	1232	1.78%	640
3138NJA8	FNMA P	\$0.60	0.36%	\$0.59	98.57%	-\$0.01	1293	1.83%	701
3138L9N65	FNMA P	\$1.01	0.61%	\$0.99	97.92%	-\$0.02	1264	1.79%	701
3138L5CF5	FNMA P	\$2.20	1.33%	\$2.16	98.18%	-\$0.04	1166	1.73%	610
3138EPJT2	FNMA P	\$0.74	0.45%	\$0.73	98.44%	-\$0.01	1068	1.65%	518
3138L3QTS	FNMA P	\$0.47	0.28%	\$0.46	98.16%	-\$0.01	1196	1.85%	640
3138L6ZUS	FNMA P	\$1.31	0.79%	\$1.28	98.14%	-\$0.02	1441	1.95%	913
3138L6PN2	FNMA P	\$0.95	0.57%	\$0.93	97.49%	-\$0.02	1380	1.85%	852
3137A8PP7	FHMS	\$1.04	0.63%	\$1.02	98.51%	-\$0.02	1243	1.82%	725
3138L6YJ1	FNMA P	\$0.50	0.30%	\$0.49	98.50%	-\$0.01	1401	2.06%	883
31397U3N7	FNA	\$1.14	0.69%	\$1.10	96.61%	-\$0.04	1342	1.82%	846
3138L54T4	FNMA P	\$1.55	0.94%	\$1.51	97.65%	-\$0.04	1352	1.85%	883
31381PEB0	FNMA P	\$0.48	0.29%	\$0.48	98.74%	-\$0.01	1133	2.00%	671
3137AA4W0	FHMS	\$1.55	0.94%	\$1.52	98.16%	-\$0.03	1218	1.89%	756
3138L5CF5	FNMA P	\$1.87	1.13%	\$1.84	98.34%	-\$0.03	1068	1.85%	610
3138L6KR8	FNMA P	\$0.47	0.28%	\$0.46	99.07%	\$0.00	1280	2.20%	822
31381LPG6	FNMA P	\$0.16	0.10%	\$0.16	99.74%	\$0.00	584	2.85%	335
31381RLL6	FNMA P	\$0.22	0.13%	\$0.22	100.33%	\$0.00	1162	2.90%	913
31419BAU9	FNMA P	\$0.29	0.17%	\$0.29	99.97%	\$0.00	889	2.70%	640
3138EGYB4	FNMA P	\$0.16	0.10%	\$0.16	99.51%	\$0.00	938	2.68%	701
3138L5C40	FNMA P	\$0.48	0.29%	\$0.48	99.46%	\$0.00	829	2.72%	640
3138NJA8	FNMA P	\$0.24	0.15%	\$0.24	99.78%	\$0.00	829	2.72%	640
31381Q5C6	FNMA P	\$0.91	0.55%	\$0.91	100.27%	\$0.00	1038	2.88%	852
3138L56T2	FNMA P	\$0.38	0.23%	\$0.38	100.33%	\$0.00	1373	3.00%	1187
3138NJA8	FNMA P	\$0.41	0.25%	\$0.41	99.80%	\$0.00	886	2.71%	701
31381TS43	FNMA P	\$0.42	0.26%	\$0.42	100.09%	\$0.00	1402	2.85%	1217
31381NWH2	FNMA P	\$1.11	0.67%	\$1.11	100.00%	\$0.00	771	2.80%	610
3136AEGQ4	FNA	\$0.94	0.57%	\$0.94	100.59%	\$0.01	1623	2.88%	1457
3136AEGQ4	FNA	\$0.94	0.57%	\$0.94	100.59%	\$0.01	1624	2.87%	1457
3138L0L18	FNMA P	\$0.87	0.53%	\$0.87	100.38%	\$0.00	1481	2.91%	1309

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3138L1P37	FNMA P	\$0.52	0.32%	\$0.53	100.44%	\$0.00	1579	2.91%	1401
31381R5T7	FNMA P	\$1.02	0.62%	\$1.02	99.86%	\$0.00	1128	2.90%	975
31381N7G2	FNMA P	\$0.50	0.30%	\$0.50	99.28%	\$0.00	830	2.68%	701
3138L8HR8	FNMA P	\$0.31	0.19%	\$0.31	99.97%	\$0.00	1377	2.89%	1248
3136A1AB1	FNMA P	\$0.86	0.52%	\$0.86	100.23%	\$0.00	1047	2.82%	907
3137AME60	FNMA P	\$0.80	0.48%	\$0.80	99.87%	\$0.00	1226	2.80%	1090
3137AJMF8	FHMS	\$0.99	0.60%	\$0.99	99.93%	\$0.00	1169	2.84%	1029
3137AJMF8	FHMS	\$1.09	0.66%	\$1.09	99.80%	\$0.00	1165	2.78%	1029
3137B3N95	FHMS	\$0.43	0.26%	\$0.43	99.96%	\$0.00	1488	2.71%	1364
3136ALHX2	FNA	\$0.84	0.51%	\$0.84	99.85%	\$0.00	1153	2.75%	1029
31381VFW00	FNMA P	\$0.72	0.44%	\$0.72	99.90%	\$0.00	1400	2.89%	1278
3136A4M55	FNMA P	\$1.28	0.78%	\$1.29	100.32%	\$0.00	1229	2.88%	1121
3138NJAD0	FNMA P	\$1.12	0.68%	\$1.13	100.20%	\$0.00	835	2.92%	732
3137AH6C7	FHMS	\$1.01	0.61%	\$1.01	99.99%	\$0.00	1040	2.87%	937
3138LCVX0	FNMA P	\$1.00	0.60%	\$1.00	100.26%	\$0.00	1534	3.01%	1431
3136A8G61	FNA	\$0.64	0.38%	\$0.64	100.12%	\$0.00	1344	2.95%	1241
3137AME60	FNMA P	\$0.99	0.60%	\$1.00	100.22%	\$0.00	1185	2.94%	1090
3137AYCE9	FHMS	\$1.03	0.62%	\$1.04	100.50%	\$0.01	1488	3.04%	1394
3138L5HK9	FNMA P	\$0.65	0.39%	\$0.66	101.02%	\$0.01	1174	3.10%	1097
3137818S0	FHMS	\$0.98	0.59%	\$0.98	100.36%	\$0.00	1486	3.03%	1425
3138LKFV4	FNMA P	\$0.69	0.42%	\$0.70	100.77%	\$0.01	1497	3.17%	1431
3136A77K2	FNA	\$0.55	0.33%	\$0.56	101.32%	\$0.01	1430	3.10%	1364
3138EMJG7	FNMA P	\$0.59	0.36%	\$0.59	100.20%	\$0.00	805	2.98%	732
3138L44C4	FNMA P	\$0.79	0.48%	\$0.80	101.02%	\$0.01	1382	3.19%	1309
31379LUR7	FHMS	\$0.99	0.60%	\$0.99	100.23%	\$0.00	1333	2.98%	1272
3137AXHP1	FHMS	\$0.98	0.59%	\$0.99	100.80%	\$0.01	1410	3.12%	1364
31381R5T7	FNMA P	\$1.02	0.62%	\$1.02	100.11%	\$0.00	1020	3.03%	975
31381TKC3	FNMA P	\$1.73	1.05%	\$1.74	100.68%	\$0.01	1142	3.06%	1097
3137B1BS0	FHMS	\$1.47	0.89%	\$1.48	100.38%	\$0.01	1460	3.03%	1425
31381R3D4	FNMA P	\$0.67	0.40%	\$0.67	100.23%	\$0.00	979	3.01%	944
31381QZH2	FNMA P	\$1.03	0.62%	\$1.03	100.17%	\$0.00	853	3.02%	822
31381RZ23	FNMA P	\$0.90	0.55%	\$0.90	100.03%	\$0.00	975	3.00%	944
31381RB45	FNMA P	\$0.99	0.60%	\$1.00	100.19%	\$0.00	931	3.01%	913
31381RQD9	FNMA P	\$1.79	1.08%	\$1.79	100.13%	\$0.00	931	2.97%	913
31381SAZ5	FNMA P	\$2.35	1.42%	\$2.34	99.48%	-\$0.01	1024	2.86%	1005
31381R2C7	FNMA P	\$1.37	0.83%	\$1.37	99.86%	\$0.00	954	2.85%	944
3136AMM48	FNA	\$0.56	0.34%	\$0.57	100.25%	\$0.00	1312	2.84%	1302
31381T3P3	FNMA P	\$0.92	0.56%	\$0.92	99.94%	\$0.00	1166	2.80%	1156
3137AVXN2	FHMS	\$0.98	0.59%	\$0.98	99.71%	\$0.00	1309	2.78%	1302
<b>Total Agency Bond Investments</b>		<b>\$96.68</b>	<b>58.27%</b>	<b>\$96.20</b>	<b>99.54%</b>	<b>-\$0.48</b>	<b>1,219</b>	<b>2.29%</b>	<b>786</b>

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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>									
BMW	05580ADR2	\$0.25	0.15%	\$0.24	99.93%	\$0.00	1096	1.60%	22
WFB	949763JM9	\$0.25	0.15%	\$0.24	99.43%	\$0.00	730	1.70%	200
AMEX	02587CGG9	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1098	1.95%	623
Comenity	20033AWN2	\$0.25	0.15%	\$0.24	99.33%	\$0.00	732	1.75%	252
TIAA FSB	87270LAQ6	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1092	1.90%	623
Connectone	20786ABS3	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1097	1.80%	623
Synchrony	87164WWL8	\$0.25	0.15%	\$0.25	100.00%	\$0.00	731	2.75%	504
GMATBK	02007GCS0	\$0.25	0.15%	\$0.25	100.00%	\$0.00	732	2.70%	504
Stearns	857894WY1	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1089	2.90%	897
Sallie Mae	795450548	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1097	3.00%	903
First Source	33646CKB9	\$0.25	0.15%	\$0.25	100.00%	\$0.00	980	2.85%	788
Marlin	57116ARL4	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1096	2.95%	910
Citibank	17312QN54	\$0.25	0.15%	\$0.25	100.00%	\$0.00	1096	3.00%	910
Barclay	06740KN89	\$0.25	0.15%	\$0.25	100.00%	\$0.00	733	3.05%	721
Morgan Stanley	61760AMW6	\$0.25	0.15%	\$0.25	100.00%	\$0.00	732	2.75%	567
<b>Total Certificate of Deposits</b>		<b>\$3.68</b>	<b>2.22%</b>	<b>\$3.67</b>	<b>99.91%</b>	<b>\$0.00</b>	<b>942</b>	<b>2.44%</b>	<b>603</b>
<b>Total Cash &amp; Investments</b>		<b>\$165.58</b>	<b>100.00%</b>	<b>\$165.10</b>	<b>99.73%</b>	<b>-\$0.48</b>	<b>732</b>	<b>1.97%</b>	<b>472</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.

*Mario Lalas*

December 31, 2018

Date

Controller

## 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.