



INFORMATIONAL REPORT

DATE ISSUED: March 2, 2017 **REPORT NO:** HCR17-027
ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 10, 2017
SUBJECT: Investment Report – Second Quarter Fiscal Year 2017
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, 2016. 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 as of December 31, 2016, was \$150.07 million, compared to \$142.21 million in the previous quarter, resulting in an overall investment portfolio increase of \$7.86 million. As of December 31, 2016, the overall investment portfolio had a yield to maturity of 1.10 percent, average days to maturity of 485, and an effective duration of 1.24 years, compared to the overall investment portfolio as of September 30, 2016, which had a yield to maturity of 1.19 percent, average days to maturity of 486, and an effective duration of 1.28 years.

Cash and cash equivalents (liquid):

1. \$33.33 million is held in various accounts, including the Housing Commission's bank, US Bank (\$23.72 million), and other various authorized accounts required by lending agreements and program obligations (\$9.61 million).
2. \$28.25 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 0.44 percent for the quarter, which was marginally higher than the blended yield of 0.42 percent in the prior quarter.

Core investments:

3. \$85.79 million is held in Agency Debentures and/or Agency Mortgage-Backed Securities (MBS).
4. \$2.70 million is held in various FDIC insured Certificates of Deposit (CD).

The blended yield on core investments for the quarter was 1.57 percent, a slight decrease from the 1.63 percent blended yield in the previous reporting period.

DISCUSSION

The overall market value of the investment portfolio was higher at \$150.07 million compared to the prior quarter of \$142.21 million. The increase was primarily due to the timing of the receipt of the \$10.9 million January 2017 Moving to Work Section 8 Housing Authority Payment at the end of December, offset primarily by cash expended to fund \$3.75 million of the Housing Commission loan toward the development of Villa Encantada and the \$2.2 million deposit related to the purchase of the Town and Country Apartments.

The overall investment portfolio yield was 1.10 percent, compared to 1.19 percent in the prior quarter. The decline in the overall yield was primarily a result of the core investment yield declining to 1.57 percent, compared to 1.63 percent in the prior quarter. The decrease in core investment yield was primarily due to investing into shorter duration bonds in anticipation of the Federal Reserve raising the Fed Funds rate in December.

CONCLUSION

The Federal Reserve raised the Fed Funds rate by 0.25 percent to 0.50 percent on December 14. Despite their guidance of two to three rate increases in 2016, this was their first and only move in 2016, and only the second time they have raised rates in more than 10 years. The Federal Reserve's guidance for 2017 is two to three rate increases in the Fed Funds rate.

The Housing Commission's investment strategy continues to focus on ensuring the safety of the principle, maintaining sufficient liquidity to meet operational requirements, generating investment yield and where possible, investing locally. The Housing Commission will continue to build its investment portfolio with these underlying objectives in mind and take advantage of investment opportunities where the maturity date corresponds to a period where the Housing Commission may currently have low or no investment. As such, the Housing Commission will continue to purchase Government Agency MBS and debentures and will consider adding Agency Step Up bonds as a prudent, responsible investment in this potential rising rate environment.

Respectfully submitted,

Tracey McDermott

Tracey McDermott
Chief Financial Officer
Financial Services Department

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, 2016

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk 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 "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org

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

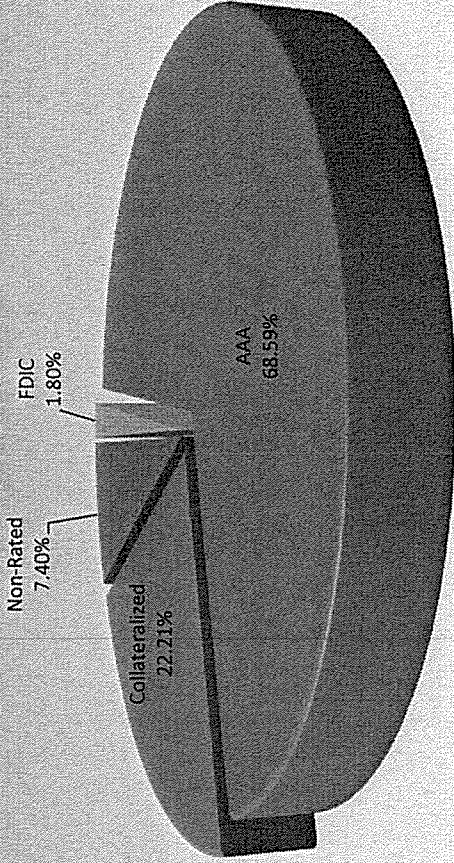
PORTFOLIO SUMMARY BY INVESTMENT TYPE

December 31, 2016										
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	\$23.72	15.73%	\$23.72	100.00%	\$0.00	1	0.40%	1		
Cash - restricted	\$9.61	6.38%	\$9.61	100.00%	\$0.00	1	0.31%	1		
Local Agency Investment Fund (LAIF)	\$11.07	7.37%	\$11.07	100.00%	\$0.00	1	0.40%	1		
San Diego Foundation (TSDF)	\$0.03	0.02%	\$0.03	100.00%	\$0.00	1	0.40%	1		
San Diego County Investment Pool (SDCIP)	\$17.15	11.43%	\$17.15	100.00%	\$0.00	1	0.59%	1		
Total liquid investments	\$61.59	40.93%	\$61.59	100.00%	\$0.00	1	0.44%	1		
Agency Bonds	\$86.52	57.16%	\$85.79	99.16%	-\$0.73	1,144	1.58%	833		
Certificate of Deposits (FDIC)	\$2.70	1.80%	\$2.70	100.01%	\$0.00	1,055	1.43%	482		
Total core investments	\$89.21	58.96%	\$88.48	99.19%	-\$0.73	1,142	1.57%	822		
Total liquid and core investments	\$150.80	100%	\$150.07	99.52%	-\$0.73	674	1.10%	485		
Current Portfolio Effective Duration	1.24 Years									

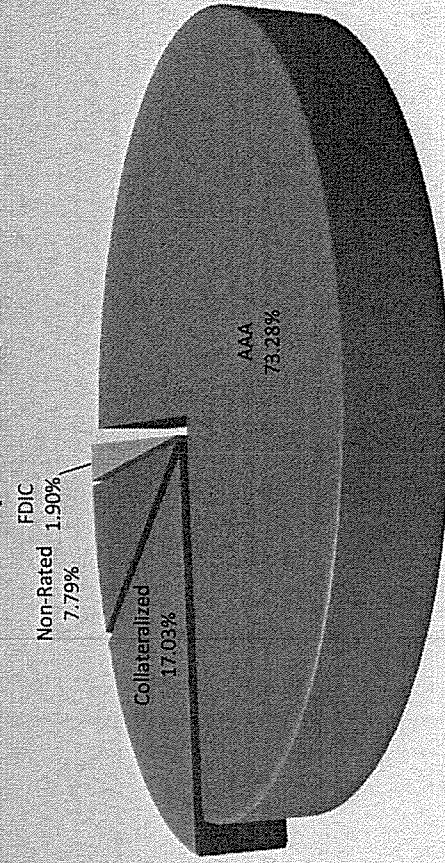
September 30, 2016										
Investments	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity		
Cash -unrestricted	\$12.96	9.10%	\$12.96	100.00%	\$0.00	1	0.40%	1		
Cash - restricted	\$11.26	7.91%	\$11.26	100.00%	\$0.00	1	0.23%	1		
Local Agency Investment Fund (LAIF)	\$11.05	7.77%	\$11.05	100.00%	\$0.00	1	0.40%	1		
San Diego Foundation (TSDF)	\$0.03	0.02%	\$0.03	100.00%	\$0.00	1	0.40%	1		
San Diego County Investment Pool (SDCIP)	\$17.11	12.03%	\$17.11	100.00%	\$0.00	1	0.59%	1		
Total liquid investments	\$52.42	36.85%	\$52.42	100.00%	\$0.00	1	0.42%	1		
Agency Bonds	\$87.23	61.24%	\$87.09	99.86%	-\$0.13	1,151	1.64%	776		
Certificate of Deposits (FDIC)	\$2.70	1.90%	\$2.70	100.02%	\$0.00	1,055	1.43%	574		
Total core investments	\$89.92	63.14%	\$89.79	99.86%	-\$0.13	1,148	1.63%	770		
Total liquid and core investments	\$142.34	100%	\$142.21	99.91%	-\$0.13	725	1.19%	486		
Current Portfolio Effective Duration	1.28 Years									

PORTFOLIO CREDIT QUALITY* BY QUARTER

December 31, 2016



September 30, 2016

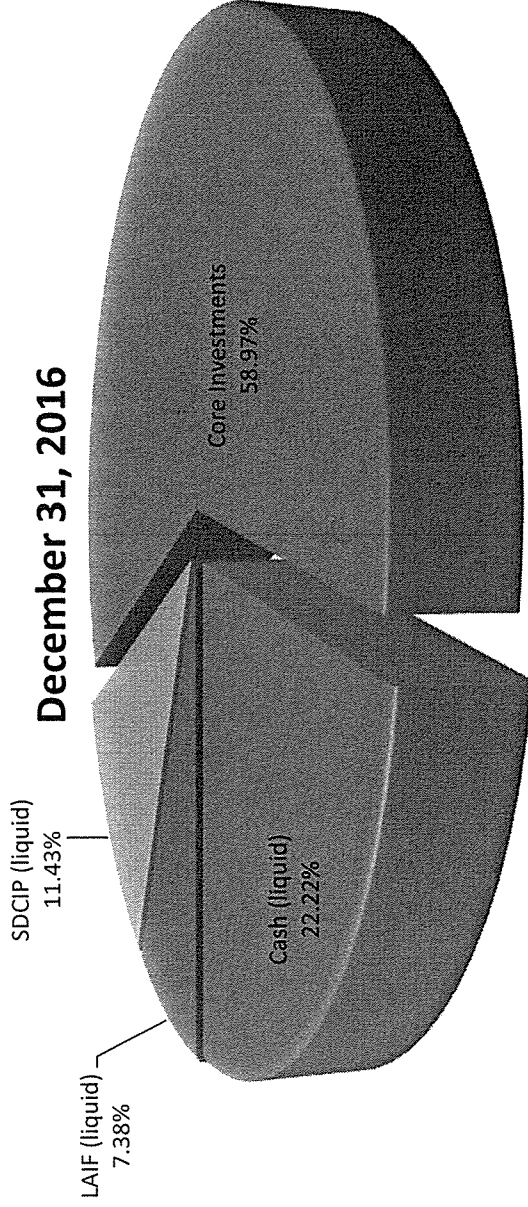


Note: Mortgage-backed securities (MBS) are included with other AAA rated securities. While the rating agencies do not specifically rate MBS, they carry an implied AAA rating based on the collateral and the rating of the Agency (Fannie/Freddie) that issues/guarantees them.

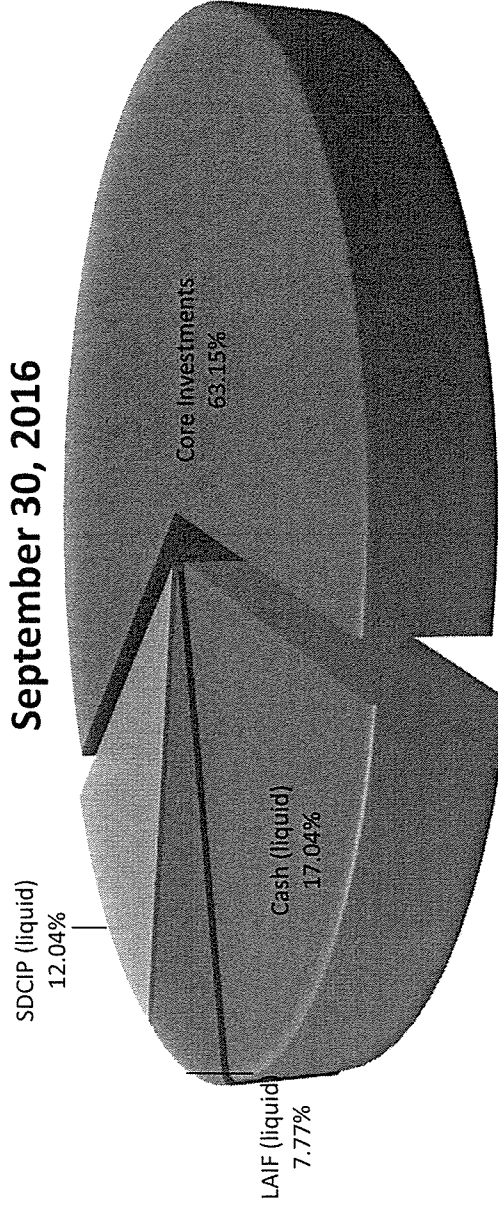
Non-Rated securities in SDHC's portfolio represents investments in the State of California's Local Agency Investment Fund (LAIF). The lack of a rating does not imply a negative credit quality.

ASSET ALLOCATION BY QUARTER

December 31, 2016



September 30, 2016



Market Value in Millions			
	09/30/16	12/31/16	Variance
Cash (liquid)	\$ 24.22	\$ 33.34	\$ 9.12
LAIF (liquid)	\$ 11.05	\$ 11.07	\$ 0.02
SDCIP (liquid)	\$ 17.11	\$ 17.15	\$ 0.04
Core Investments	\$ 89.79	\$ 88.48	\$ (1.31)
TSDF (liquid)	\$ 0.03	\$ 0.03	\$ (0.00)
Total	\$ 142.21	\$ 150.07	\$ 7.86

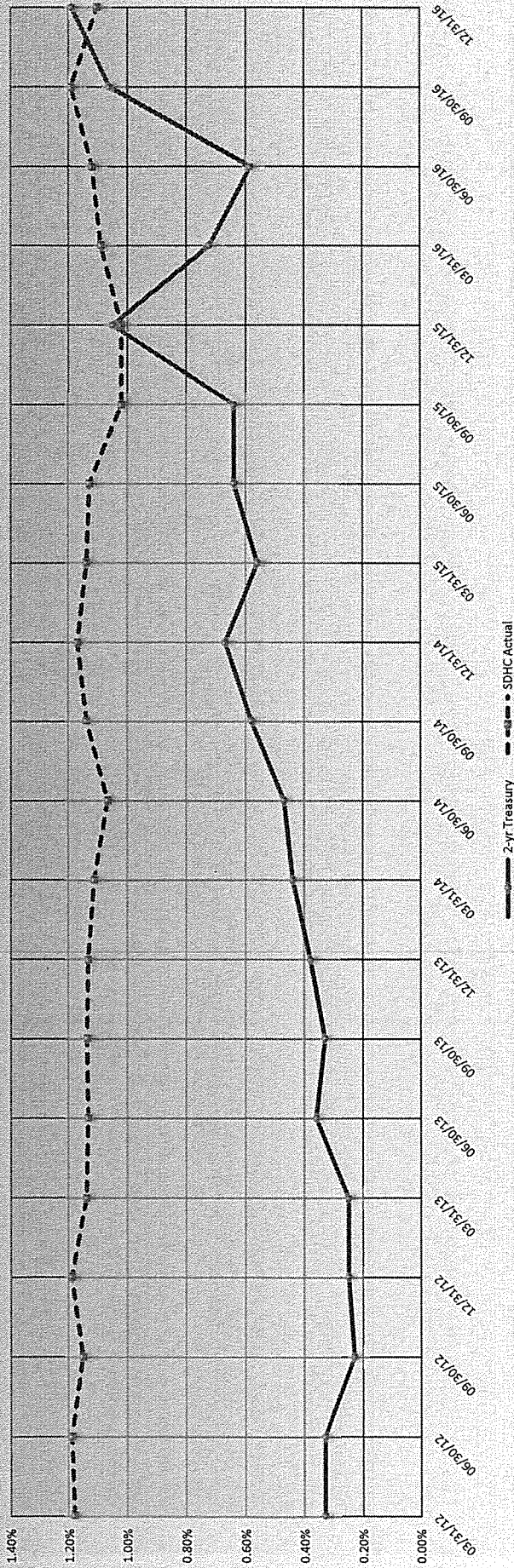
* Based on Market Value of Assets

Portfolio Maturity Schedule

Investments	1 day	91 days	1 year	2 years	3 years	4 years	5 years	Total by Asset
	to 90 days	to 1 year	to 2 years	to 3 years	to 4 years	to 5 years	Asset	
Cash	\$ 33.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33.34
LAIF	11.07	-	-	-	-	-	-	\$ 11.07
TSDF	0.03	-	-	-	-	-	-	\$ 0.03
SDCIP	17.15	-	-	-	-	-	-	\$ 17.15
Agency Bonds	-	3.42	29.12	28.86	24.39	-	-	\$ 85.79
CD (FDIC)	-	0.98	1.47	0.25	-	-	-	\$ 2.70
Total	\$ 61.59	\$ 4.40	\$ 30.59	\$ 29.10	\$ 24.39	\$ -	\$ -	\$ 150.07
Percent	41.04%	2.93%	20.38%	19.39%	16.25%	0.00%	0.00%	100.00%

PORTFOLIO YIELD COMPARISON

2-Year Treasury Note vs. SDHC Actual Yield



**San Diego Housing Commission
Portfolio Holdings Detail**

As of
December 31, 2016

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	\$23.72	15.81%	\$23.72	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Operating	U.S. Bank	\$0.67	0.45%	\$0.67	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Security Deposit	U.S. Bank	\$0.10	0.07%	\$0.10	100.00%	\$0.00	1	0.40%	1
Belden FNMA LLC Res. (10002)	Greystone	\$0.33	0.22%	\$0.33	100.00%	\$0.00	1	0.05%	1
Central FNMA LLC Operating	U.S. Bank	\$0.56	0.38%	\$0.56	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Security Deposit	U.S. Bank	\$0.11	0.08%	\$0.11	100.00%	\$0.00	1	0.40%	1
Central FNMA LLC Res. (10003)	Greystone	\$0.15	0.10%	\$0.15	100.00%	\$0.00	1	0.05%	1
North FNMA LLC Operating	U.S. Bank	\$0.46	0.31%	\$0.46	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	\$0.17	0.11%	\$0.17	100.00%	\$0.00	1	0.05%	1
Central FHA LLC Operating	U.S. Bank	\$0.96	0.64%	\$0.96	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Security Deposit	U.S. Bank	\$0.14	0.09%	\$0.14	100.00%	\$0.00	1	0.40%	1
Central FHA LLC Res. (0538)	PNC Bank	\$1.11	0.74%	\$1.11	100.00%	\$0.00	1	0.05%	1
Northern FHA LLC Operating	U.S. Bank	\$1.00	0.67%	\$1.00	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	\$0.86	0.57%	\$0.86	100.00%	\$0.00	1	0.05%	1
Southern FHA LLC Operating	U.S. Bank	\$1.26	0.84%	\$1.26	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Security Deposit	U.S. Bank	\$0.18	0.12%	\$0.18	100.00%	\$0.00	1	0.40%	1
Southern FHA LLC Res. (0540)	PNC Bank	\$0.81	0.54%	\$0.81	100.00%	\$0.00	1	0.05%	1
Hotel Sandford Rep. Res. (7828)	U.S. Bank	\$0.43	0.29%	\$0.43	100.00%	\$0.00	1	0.40%	1
Hotel Sandford Operating Savings (7836)	U.S. Bank	\$0.12	0.08%	\$0.12	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
Total Cash Accounts		\$33.34	22.21%	\$33.34	100.00%	\$0.00	1	0.36%	1
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	\$11.07	7.37%	\$11.07	100.00%	\$0.00	1	0.40%	1
San Diego Foundation	TSDF	\$0.03	0.02%	\$0.03	100.00%	\$0.00	1	0.40%	1
SD County Investment Pool	County of SD	\$17.15	11.43%	\$17.15	100.00%	\$0.00	1	0.59%	1
Total Pooled Investments		\$28.25	18.83%	\$28.25	100.00%	\$0.00	1	0.52%	1

**San Diego Housing Commission
Portfolio Holdings Detail**

As of
December 31, 2016

Agency MBS	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
31381TULQ8		FNMA P	\$0.60	0.40%	\$0.60	99.93%	\$0.00	1802	1.36%	152
31381VEF8		FNMA P	\$0.40	0.27%	\$0.40	99.91%	\$0.00	1100	1.13%	182
31410GKC6		FNMA P	\$1.22	0.81%	\$1.24	101.44%	\$0.02	1110	1.61%	213
31410GWR0		FNMA P	\$0.67	0.45%	\$0.68	101.27%	\$0.01	867	1.26%	274
31381PMD7		FNMA P	\$0.50	0.33%	\$0.50	99.71%	\$0.00	716	1.30%	335
31381P3Z9		FNMA P	\$2.00	1.33%	\$2.00	100.06%	\$0.00	1231	2.22%	366
31381PZL5		FNMA P	\$0.47	0.31%	\$0.47	99.61%	\$0.00	545	1.37%	366
31381QA22		FNMA P	\$1.90	1.26%	\$1.89	99.34%	-\$0.01	461	1.51%	366
31381QAA4		FNMA P	\$0.47	0.31%	\$0.47	100.10%	\$0.00	1197	1.49%	366
31381QAA4		FNMA P	\$0.93	0.62%	\$0.93	100.15%	\$0.00	1196	1.55%	366
31381QAA4		FNMA P	\$0.94	0.62%	\$0.93	99.10%	-\$0.01	1105	1.37%	366
31381RG81		FNMA P	\$1.78	1.18%	\$1.77	99.45%	-\$0.01	459	1.46%	366
31381JAP3		FNMA P	\$0.72	0.48%	\$0.71	99.44%	\$0.00	377	1.86%	366
31381QCZ7		FNMA P	\$0.99	0.65%	\$0.98	99.47%	-\$0.01	469	1.31%	425
31381QJB3		FNMA P	\$0.94	0.63%	\$0.94	99.44%	-\$0.01	835	1.36%	425
31381QJB3		FNMA P	\$0.95	0.63%	\$0.94	99.02%	-\$0.01	776	1.41%	425
31381QJR8		FNMA P	\$0.22	0.14%	\$0.22	99.54%	\$0.00	846	1.48%	425
31381QPX8		FNMA P	\$0.93	0.61%	\$0.92	99.68%	\$0.00	1189	1.40%	425
31381QPX8		FNMA P	\$1.00	0.66%	\$0.99	99.69%	\$0.00	1165	1.41%	425
31381QMV5		FNMA P	\$0.93	0.62%	\$0.93	99.45%	-\$0.01	712	1.45%	456
31381QSX5		FNMA P	\$1.10	0.73%	\$1.09	99.32%	-\$0.01	700	1.51%	486
31381RAY0		FNMA P	\$1.02	0.68%	\$1.02	100.07%	\$0.00	1306	1.63%	486
31381RAY0		FNMA P	\$1.02	0.68%	\$1.02	99.98%	\$0.00	1280	1.51%	486
31381RAY0		FNMA P	\$0.22	0.14%	\$0.21	99.78%	\$0.00	1218	1.70%	486
31381RAY0		FNMA P	\$1.71	1.13%	\$1.70	99.58%	-\$0.01	998	1.30%	486
31381RAY0		FNMA P	\$0.22	0.14%	\$0.21	99.68%	\$0.00	868	1.59%	486
31413V6D4		FNMA P	\$1.55	1.03%	\$1.54	99.24%	-\$0.01	929	1.69%	486
3138EGTT1		FNMA P	\$0.55	0.36%	\$0.54	99.30%	\$0.00	640	1.56%	517
31418MEX6		FNMA P	\$1.54	1.02%	\$1.56	101.19%	\$0.02	1281	1.51%	517
3138L7TJ5		FNMA P	\$0.62	0.41%	\$0.62	99.86%	\$0.00	1320	1.54%	547
31381R7G3		FNMA P	\$0.92	0.61%	\$0.92	100.07%	\$0.00	807	3.18%	609
313815J86		FNMA P	\$2.80	1.86%	\$2.77	98.83%	-\$0.03	1102	1.37%	639
31381SSZ6		FNMA P	\$0.34	0.23%	\$0.34	99.79%	\$0.00	1003	1.50%	670
31381S5X6		FNMA P	\$0.45	0.30%	\$0.45	99.95%	\$0.00	1531	1.79%	700
31381TNP1		FNMA P	\$2.05	1.36%	\$2.03	98.61%	-\$0.03	861	1.13%	731
31381UCF2		FNMA P	\$0.46	0.30%	\$0.45	99.35%	\$0.00	916	1.84%	821
31381UJL2		FNMA P	\$0.98	0.65%	\$0.97	98.73%	-\$0.01	913	1.20%	821
31377TY59		FNMA P	\$0.41	0.27%	\$0.40	98.71%	-\$0.01	1233	1.92%	851
31381UM95		FNMA P	\$1.83	1.21%	\$1.83	99.87%	\$0.00	1272	1.73%	851

San Diego Housing Commission
Portfolio Holdings Detail

As of
December 31, 2016

31381UM95	FNMA P	\$0.92	0.61%	\$0.91	99.27%	-\$0.01	1071	1.82%	851
31381UQ75	FNMA P	\$1.49	0.99%	\$1.48	99.36%	-\$0.01	919	1.40%	851
31381KBE8	FNMA P	\$1.41	0.94%	\$1.40	99.13%	-\$0.01	1142	1.57%	882
31381UA64	FNMA P	\$0.66	0.43%	\$0.65	99.05%	-\$0.01	991	1.23%	882
31418M7H9	FNMA P	\$0.47	0.31%	\$0.47	99.26%	\$0.00	1153	1.52%	912
31418M7H9	FNMA P	\$1.42	0.94%	\$1.40	98.73%	-\$0.02	1110	1.52%	912
31418M7H9	FNMA P	\$1.35	0.90%	\$1.33	98.56%	-\$0.02	1018	1.49%	912
3138L3CT0	FNMA P	\$1.42	0.94%	\$1.39	98.05%	-\$0.03	1009	1.20%	943
3138LOXJ5	FNMA P	\$0.93	0.62%	\$0.92	99.12%	-\$0.01	1287	1.32%	974
31381K4D8	FNMA P	\$1.94	1.29%	\$1.91	98.68%	-\$0.03	1173	1.51%	1004
31381K4D8	FNMA P	\$0.24	0.16%	\$0.23	98.69%	\$0.00	1169	1.50%	1004
31381K5J4	FNMA P	\$0.93	0.62%	\$0.91	98.06%	-\$0.02	1128	1.28%	1004
3138L1DK25	FNMA P	\$2.02	1.34%	\$2.00	99.00%	-\$0.02	1197	1.43%	1004
3138L7WL6	FNMA P	\$1.13	0.75%	\$1.11	98.31%	-\$0.02	1414	1.92%	1004
3138L1DW4	FNMA P	\$0.60	0.39%	\$0.59	99.81%	\$0.00	1417	1.96%	1035
3138L1DW4	FNMA P	\$0.81	0.53%	\$0.79	98.36%	-\$0.01	1204	1.46%	1035
3138L1LXX4	FNMA P	\$0.96	0.64%	\$0.94	98.55%	-\$0.01	1235	1.50%	1035
31418MWWY3	FNMA P	\$1.29	0.86%	\$1.27	98.31%	-\$0.02	1165	1.31%	1035
31418MWW8	FNMA P	\$1.87	1.24%	\$1.85	99.33%	-\$0.01	1416	1.71%	1065
31418MWW8	FNMA P	\$1.61	1.07%	\$1.59	99.05%	-\$0.02	1207	1.55%	1065
3138L1LR9	FNMA P	\$1.63	1.08%	\$1.61	98.72%	-\$0.02	1408	1.60%	1096
3138L1LX93	FNMA P	\$1.25	0.83%	\$1.23	98.59%	-\$0.02	1218	1.56%	1096
3138L1LX93	FNMA P	\$0.97	0.65%	\$0.96	98.57%	-\$0.01	1218	1.55%	1096
31381MCH6	FNMA P	\$1.09	0.72%	\$1.07	98.09%	-\$0.02	1296	1.48%	1127
31418M4K5	FNMA P	\$0.96	0.63%	\$0.95	99.44%	-\$0.01	1440	1.80%	1127
31418M4K5	FNMA P	\$1.04	0.69%	\$1.04	99.37%	-\$0.01	1145	1.85%	1127
31418M5M0	FNMA P	\$0.81	0.54%	\$0.80	98.59%	-\$0.01	1236	1.57%	1127
31418M5M8	FNMA P	\$1.73	1.15%	\$1.72	99.24%	-\$0.01	1405	1.75%	1127
31381ME27	FNMA P	\$0.51	0.34%	\$0.51	99.62%	\$0.00	1157	2.03%	1156
3138L9J37	FNMA P	\$0.97	0.65%	\$0.97	99.95%	\$0.00	1418	1.83%	1156
31381RZF4	FNMA P	\$1.00	0.66%	\$0.97	97.89%	-\$0.02	1275	1.51%	1187
31381MW92	FNMA P	\$0.53	0.35%	\$0.52	98.38%	-\$0.01	1292	1.70%	1248
31381MZ17	FNMA P	\$1.61	1.07%	\$1.60	99.39%	-\$0.01	1260	2.00%	1248
31381NB93	FNMA P	\$0.50	0.33%	\$0.49	98.32%	-\$0.01	1356	1.71%	1278
31381NC43	FNMA P	\$0.40	0.27%	\$0.40	98.25%	-\$0.01	1518	1.60%	1278
31381NQY2	FNMA P	\$0.78	0.52%	\$0.77	98.21%	-\$0.01	1328	1.65%	1309
3137A2B26	FHMS	\$2.14	1.42%	\$2.12	98.79%	-\$0.03	1351	1.70%	1333
31381NWR0	FNMA P	\$0.94	0.62%	\$0.93	98.66%	-\$0.01	1646	1.71%	1340
3138NUAA6	FNMA P	\$1.97	1.31%	\$1.94	98.23%	-\$0.03	1576	1.56%	1340
3138NJAL2	FNMA P	\$1.12	0.74%	\$1.11	98.59%	-\$0.02	1649	1.73%	1340
31381NLA9	FNMA P	\$0.54	0.36%	\$0.53	98.66%	-\$0.01	1617	1.81%	1370
31381NLA9	FNMA P	\$0.27	0.18%	\$0.27	98.09%	-\$0.01	1455	1.71%	1370
31381PAU2	FNMA P	\$0.64	0.42%	\$0.63	98.87%	-\$0.01	1420	1.81%	1401

**San Diego Housing Commission
Portfolio Holdings Detail**

As of
December 31, 2016

31381PUY2	FNMA P	\$0.63	0.42%	\$0.62	97.87%	-\$0.01	1671	1.61%	1431
31381PUY2	FNMA P	\$0.66	0.44%	\$0.65	97.79%	-\$0.01	1540	1.59%	1431
Total Agency Bond Investments		\$86.52	57.16%	\$85.79	99.16%	-\$0.73	1,144	1.58%	833

**San Diego Housing Commission
Portfolio Holdings Detail**

As of
December 31, 2016

Investments - Core Certificate of Deposit (CD)	Issuer	Identifier	Book Value (millions)	Percent of Portfolio	Market Value (millions)	Market Price	Unrealized Gain/(Loss)	Original Term	Yield to Maturity	Days to Maturity
	COMPASS BANK, AL	20451PJY3	\$0.25	0.16%	\$0.25	100.04%	\$0.00	1098	1.05%	150
	MEDALLION BANK, UT	58403BR24	\$0.25	0.16%	\$0.25	100.04%	\$0.00	1096	1.15%	213
	BARCLAYS BANK, DE	06740KHQ3	\$0.25	0.16%	\$0.25	100.10%	\$0.00	1096	1.25%	226
	SALLIE MAE, UT	795450WZ4	\$0.25	0.16%	\$0.24	99.94%	\$0.00	732	1.15%	317
	ALLY BANK, UT	02006LUM3	\$0.25	0.16%	\$0.25	100.00%	\$0.00	917	1.35%	464
	AMERICAN EXPRESS CENT	02587DB49	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1097	1.65%	632
	CAPITAL ONE BANK	14042RAA9	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1189	1.65%	632
	CAPITAL ONE BANK	140420VV9	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1097	1.65%	632
	GOLDMAN SACHS BANK	38148JP96	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1094	1.65%	636
	DISCOVER BANK	254672VM7	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1096	1.60%	653
	BMW	05580ADR2	\$0.25	0.16%	\$0.25	100.00%	\$0.00	1096	1.60%	752
Total Certificate of Deposits			\$2.70	1.80%	\$2.70	100.01%	\$0.00	1,055	1.43%	482
Total Cash & Investments			\$150.80	100.00%	\$150.07	99.52%	-\$0.73	674	1.10%	485

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.

Tracey McDermott

Chief Financial Officer

December 31, 2016

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.