

University of Houston System

Investment Report

Annual Report

FY 2002

September, 2001 – August, 2002

University of Houston System

Investment Report

Contents

University of Houston System

Summary of Investments

Instructions and Explanations of Asset Classes

**University of Houston System
Summary of Investments**

	August 31, 2002 <u>Book Value</u>	August 31, 2002 <u>Market Value</u>
Equity Securities:		
U.S. Common Stock	144,651,005	223,028,261
Equity Mutual Funds	44,987,134	29,374,771
Other Equity Securities (list)		
Preferred stock	2,624,026	2,297,516
ADR's	3,413,620	3,421,568
Total Equities	195,675,785	258,122,116
 Other Investments:		
Real Estate	1,316,000	1,293,600
Private Equity	5,907,313	3,386,997
Annuities		
Collective Endowment Funds		
Commodities		
Collectibles		
Other (list)		
Total Other Investments	7,223,313	4,680,597
 Debt Investments >1 year:		
U.S. Government	54,712,766	56,621,340
U.S. Government Agency	31,779,982	32,738,997
Mortgage Pass Throughs	12,546,802	12,754,721
C.M.O.s		
Interest Only Strips		
Principal Only Strips		
Inverse Floaters		
Stated Maturities longer than 10 years		
PFIA Compliant C.M.O.s	327,400	339,980
Other Asset-Backed Bonds	1,585,112	1,610,101
Foreign Issued Obligations	1,991,880	2,090,320
Municipal Obligations	4,115,599	4,319,874
Corporate Obligations		
Highly Rated (AAA/AA)	23,577,925	24,677,882
Investment Grade (A/BBB)	33,170,300	33,562,310
NR/High Yield (<BBB)		
G.I.C's		
Bond Mutual Funds		
Other - Government Agency / non-federal	1,993,915	2,211,977
Total Debt >1 year	165,801,681	170,927,502

**University of Houston System
Summary of Investments**

	August 31, 2002 <u>Book Value</u>	August 31, 2002 <u>Market Value</u>
Short Term Investments:		
U.S. Government	1,528,969	1,514,535
U.S. Government Agency	242,485	233,163
C.D.'s/B.A.'s		
A1/P1 Commercial Paper		
Repurchase Agreements	18,082,469	18,082,469
TexPool		
Other Money Market Funds & Pools ⁽¹⁾	143,285,020	143,285,020
Bank Deposits		
Cash Held at State Treasury		
Other (list)		
Corporate obligations (highly rated)	1,030,520	1,025,070
Corporate obligations (investment grade)	3,205,927	3,331,705
	<hr/>	<hr/>
Total Short Term Investments	167,375,390	167,471,962
	<hr/>	<hr/>
TOTAL INVESTMENTS:	\$ 536,076,169	\$ 601,202,177
	<hr/> <hr/>	<hr/> <hr/>

⁽¹⁾ Includes \$1,060,662 of accrued income from the non-endowed pooled funds

Instructions and Explanations of Asset Classes

Fair Market Value is based on GASB 31.

Equity Securities are stocks.

U.S. Common Stocks include only publicly traded stocks.

Equity Mutual Funds invest in stocks. Also include balanced funds which include a mix of stocks+bonds

Other Equity Securities include preferred stocks, foreign stocks, and non-publicly traded stocks.

Real Estate held for investment, directly or through investment vehicles such as limited partnerships.

Private Equity includes venture capital, hedge funds, leveraged buyout, mezzanine, strategically traded securities, etc. held directly or through investment vehicles such as limited partnerships.

Annuities are a type of investment sold by insurance companies. Include fixed+variable annuities.

Collective Endowment Funds are long term endowment funds managed by a third party which combine investments from multiple investors (e.g. Common Fund, or Permanent Higher Education Fund)

Commodities include oil&gas, timberland, precious metals, etc.

Collectables include art, stamps, coins, historic documents and memorabilia, etc.

U.S. Government includes Treasuries and any other investment with an affirmative full faith and credit guarantee of the U.S. Government.

U.S. Government Agency are securities issued by U.S. Government sponsored agencies or corporations such as FNMA, FHLB, etc. which do not have full faith and credit guarantees from the U.S.

Mortgage Pass Throughs are residential mortgage securities pooled together and marketed by such governmental agency issuers as GNMA, FNMA, FrMac. Include private issues with CMOs.

C.M.O. (Collateralized Mortgage Obligations) List prohibited C.M.O.s as non-compliant. (Entities may hold non-compliant C.M.O.s that were purchased prior to Sept. 1, 1995)

Other Asset Backed Bonds These are securities backed by pools of assets such as credit card loans, commercial real estate loans, and auto loans.

Foreign Issued Obligations These securities are issued outside of the U.S. by non-U.S. issuers (in U.S. dollars or foreign currency). Also include U.S. issued securities denominated in foreign currencies.

Municipal Obligations Include all state, county, municipality, or public authority issues.

Corporate Obligations Include all non-governmental debt issues classified by rating. For issues with split ratings, report the lower ratings. Equivalent ratings from other rating agencies like Fitch may be used.

Highly Rated Corporate issues rated AAA or AA by S&P or AAA or Aa by Moody's.

Investment Grade Corporate issues rated A or BBB by S&P or A or Baa by Moody's.

NR/High Yield Include Non-Rated (NR) rated issues and those rated BB or lower by S&P and Ba or lower by Moody's.

G.I.C. Guaranteed Investment Contracts issued by insurance companies.

Bond Mutual Funds Funds that invest in debt securities with a Net Asset Value per share that varies.

Short Term Investments Includes all debt investments with a maturity as of purchase date of less than one year. Also includes cash and bank deposits.

C.D.'s/B.A.'s Certificates of Deposit with a maturity under one year and Banker's Acceptances.

A1/P1 Commercial Paper Commercial paper rated A1, P1, or F1 (or higher) Lower rated paper should be listed under "other" short term investments.

TexPool Investments in TexPool. Include other Texas pool investments with other money market funds.

Other Money Market Funds. Money funds with a constant \$1.00 per share net asset value objective.

Bank Deposits. Money held in bank, savings bank, or credit union accounts.

Cash Held at State Treasury Includes all balances held in the State Treasury or the Texas Treasury Safekeeping Trust Company.