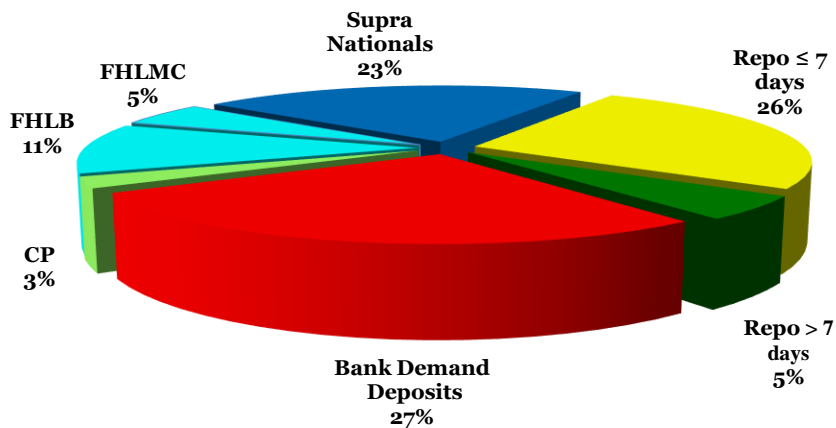


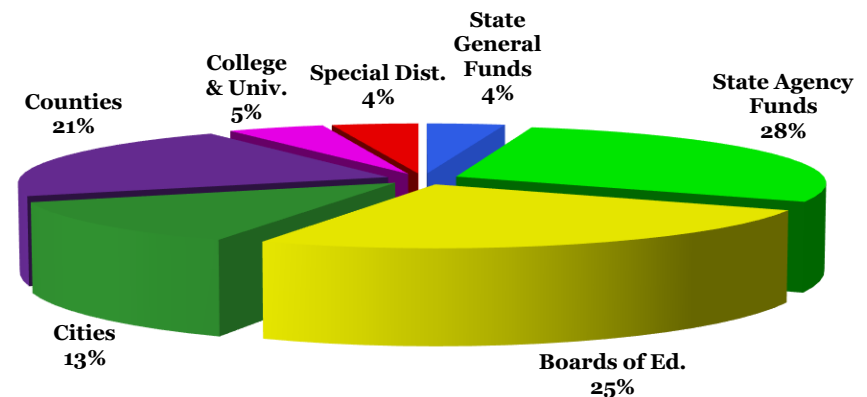
Georgia Fund 1 (GF1)

- O.C.G.A § 36-83-1 to 36-83-8 authorizes Georgia local governments and other authorized entities to invest funds in Georgia Fund 1 (“GF1”). GF1 is managed in trust by the Office of the State Treasurer.
- Eligible participants must complete a resolution authorizing investment to participate in the pool. The resolution and other documents can be found on our website at www.ost.georgia.gov
- GF1 is managed to maintain a constant net asset value (NAV) of \$1.00.
- Yield calculated on an actual/365 day basis net of 5 basis points (bps) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of August 2019, GF1 participants earned 2.20%*.
- As of August 31, 2019, GF1 assets were \$12.5 billion. The weighted average maturity (WAM) was 29 days.

Portfolio Composition

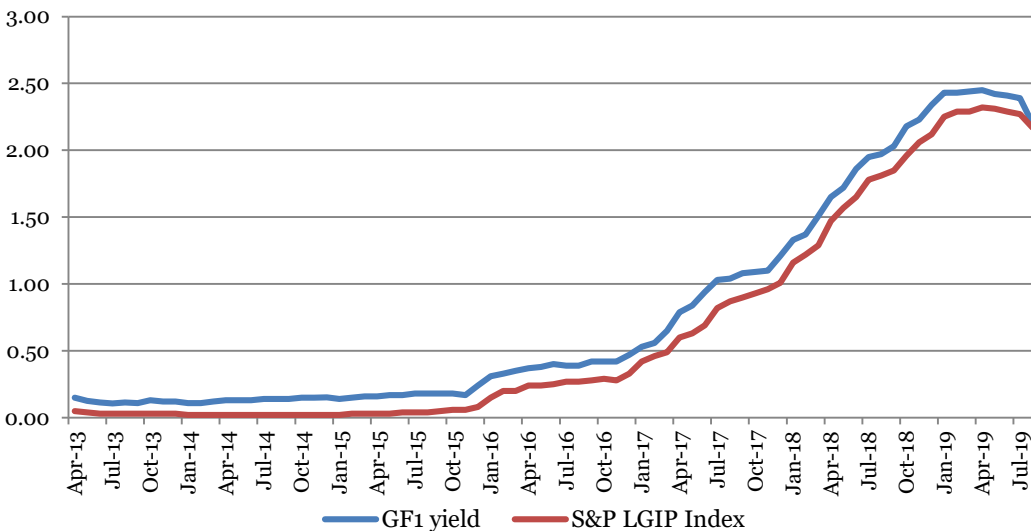


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

The Fed lowered the fed funds target to 2.00% - 2.25% at the July 31 Federal Open Market Committee (FOMC) meeting. After the Fed cut rates, the August headlines focused on trade tensions and the risk of an economic downturn. The inversion of the yield curve on August 14th (the 2-year Treasury yield exceeded the 10-year yield) made the nightly news with headlines such as “Are bonds signaling recession?” Consumer sentiment, as measured by the University of Michigan Consumer Sentiment index, weakened and most likely driven by the increased talk of a recession.

Recession fears led to a selloff in stocks and a rally in the bond market. The two-year Treasury yield fell 25 basis points over the month of August. Yields continued to fall in agency discount notes as the market began to price in future moves. The fed funds futures market is pricing in another 25 basis point move by the Fed on September 18th which would take the rate on overnight repo close to 1.85%. The march to yields below 2% is real and happening as agency paper over the turn of the year is now offered at 1.76%. We locked in yields above 2% by extending out the yield curve but as bonds mature we will have to redeploy these funds at levels below 2%. This will mean a net yield paid to participants below 2% before the end of the year. Let’s hope for a Fed on hold by the end of the year!

In The News:

Additional information on the Georgia Fund 1 holdings can be found on the website at <https://ost.georgia.gov/gfi-holdings-reports>. The holdings are updated quarterly. Other state portfolio holdings are listed on the website as well.

The primary objective for Georgia Fund 1 since the pool’s inception is preservation of principal. OST continues to operate and report monthly to participants on an amortized cost basis. At fiscal year end (June 30th), investments are valued for financial reporting purposes at fair value. The fair valuation factor that enables participants to adjust their statement balances to fair value is provided in the GASB 40 letter on our website at <https://ost.georgia.gov/document/document/gfigasb063019/download>

For Georgia Fund 1 investment related questions, please direct inquiries to **Laura Glenn** at **(404) 656-2995** or by email at laura.glenn@treasury.ga.gov

Maturity Distribution

