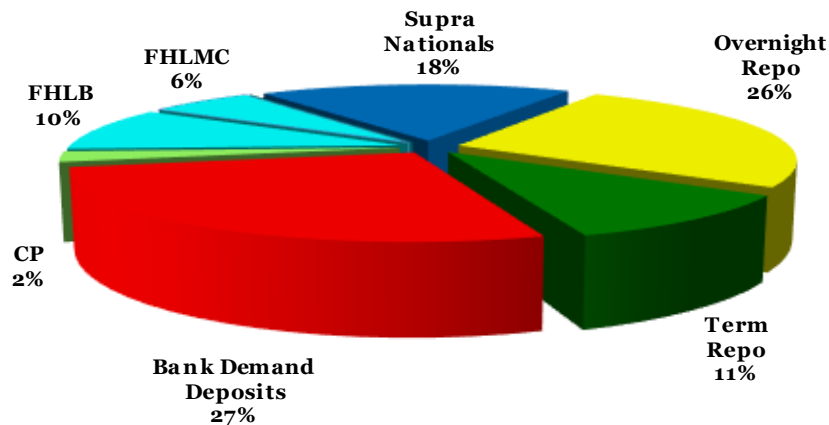


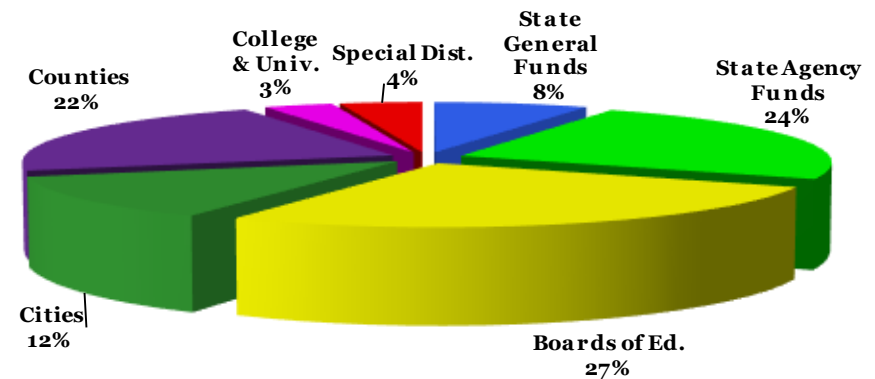
# Georgia Fund 1 (GF1)

- 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](http://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 July 2019, GF1 participants earned 2.39%\*.
- As of July 31, 2019, GF1 assets were \$13.2 billion. The weighted average maturity (WAM) was 33 days.

## Portfolio Composition

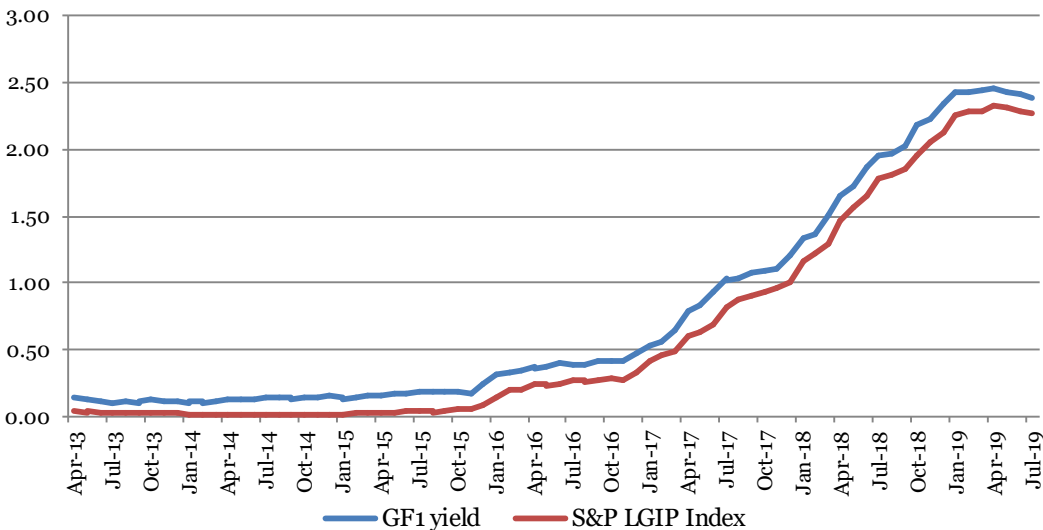


## Account Holder Distribution



\*Georgia Fund 1 yield is on an annualized basis.

## Monthly Yield



## Portfolio Strategy:

The year 2019 started out full of promise and with expectations of a “Fed on hold”. Then the wheels of the U.S. started to fall off with the release of the May employment report (only 75,000 workers added) on June 7<sup>th</sup>. The odds of a rate cut at the July Federal Open Market Committee (FOMC) meeting jumped from 17% on May 7<sup>th</sup> to 83% after the jobs number. Weakening growth, tepid inflation and trade tensions with Mexico and China led the bond market to believe the Fed would act sooner rather than later. The bond market was correct. At the July FOMC meeting, the Fed cut rates by 25 basis points for the first time since the Great Recession in 2008. The futures market is now pricing in two more moves by the Fed which could potentially lower the fed funds target to 1.50% - 1.75% by year end.

As expectations changed, so did interest rates. The market began to price in these moves with agency paper over the turn of the year falling below 2.00%. Georgia Fund 1 has approximately 45% in overnight investments with 30% of the overnight investments held in bank deposit accounts currently yielding 2.30%. We continue to lengthen the weighted average maturity (WAM) of the fund from 21 days at the start of the year to 30 days currently. By lengthening the WAM, we locked in rates on 30% of the portfolio to September and October at an average yield of 2.25%.

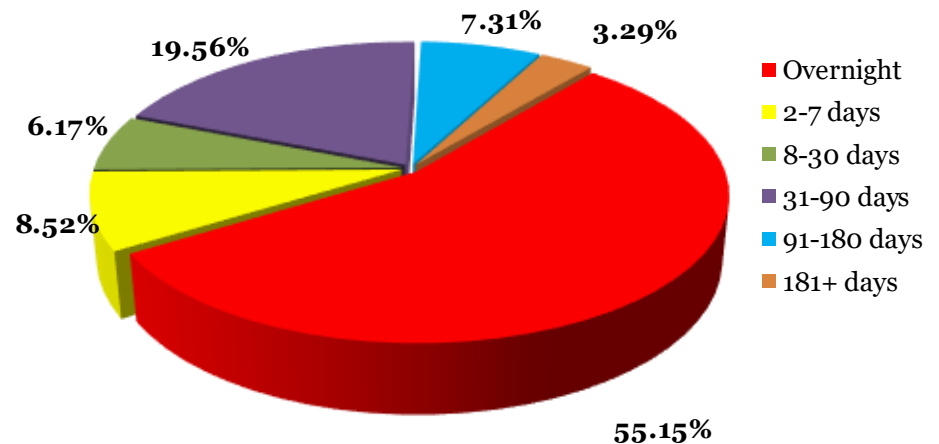
## In The News:

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 30<sup>th</sup>), 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/gfi\\_gasbo63019/download](https://ost.georgia.gov/document/document/gfi_gasbo63019/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](mailto:laura.glenn@treasury.ga.gov)

## Maturity Distribution



**Georgia Fund 1 deposits are not guaranteed or insured by any bank, the FDIC, the Federal Reserve Board, the State of Georgia or any other agency.**