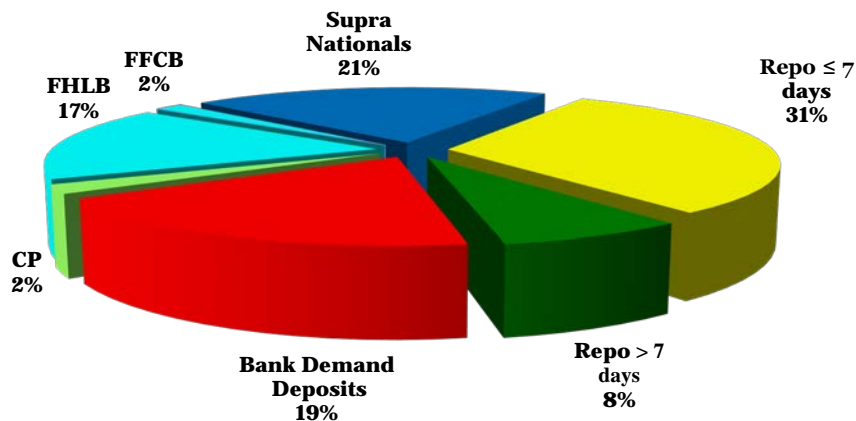


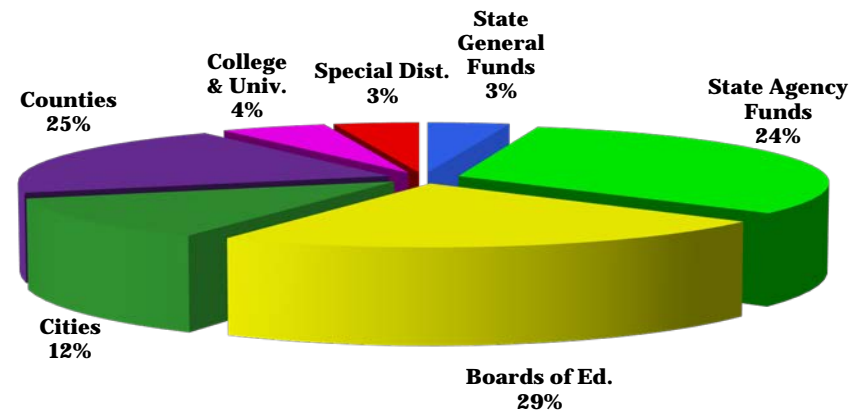
# Georgia Fund 1 (GF1)

- 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 October 2019, GF1 participants earned 1.89%\*.
- As of October 31, 2019, GF1 assets were \$15.4billion. The weighted average maturity (WAM) was 39 days.

## Portfolio Composition

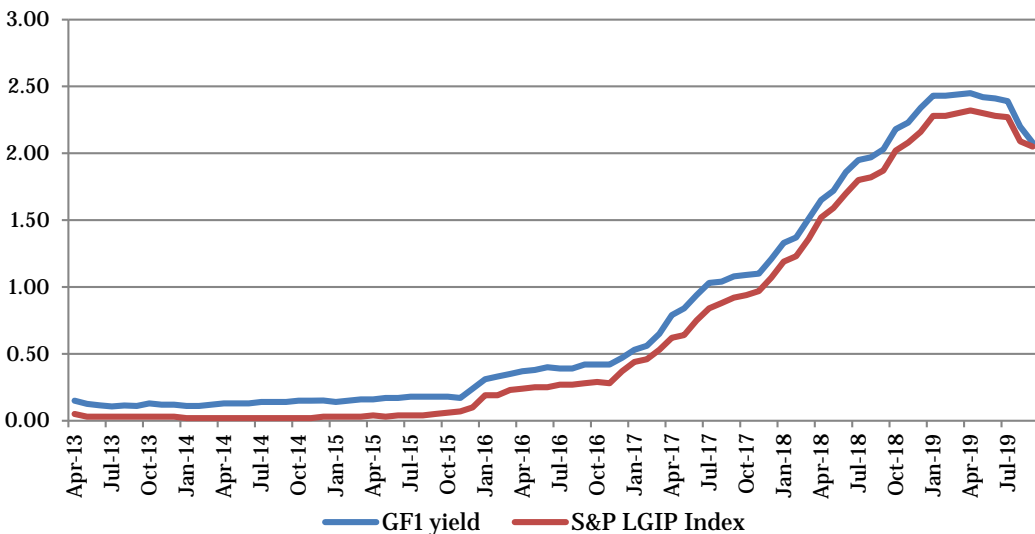


## Account Holder Distribution



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

## Monthly Yield



## Portfolio Strategy:

The year 2019 started out with the market pricing in nearly a zero chance of a Fed rate hike and a cut in rates was not expected until the start of 2020. The Federal Reserve has now cut rates for the third time this year taking the fed funds target to 1.50% - 1.75%. In its statement released after the October 30<sup>th</sup> meeting, the Fed stated “the current stance of interest-rate policy is likely to remain appropriate” as long as the economy expands moderately and the labor market remains strong. Nonfarm payrolls rose 128,000 in October signaling that growth is cooling but not collapsing. Labor force participation rose to 63.3%, the highest reading since 2013. Real GDP increased at an annual rate of 1.9% in the third quarter of 2019.

If the data continues to hold in, the chances of any further rate cuts will diminish. Currently, based on the fed funds futures market, the odds of a rate cut at the December meeting stand at a mere 8.4%. Even into 2020, the odds of a rate cut have dropped to 19.5% at the January meeting and only 38.6% believe a cut may happen in June.

If the Fed stays on hold for the remainder of 2019 and for the first half of 2020, we should see the net yield paid out to participants settle around 1.50% to 1.55%.

As we move into the month of November we are reminded of all the things we are thankful for. We would like to say “thanks” to our participants – we enjoy investing on your behalf and partnering with you to provide a safe return on the monies invested.

## In The News:

Additional information on the Georgia Fund 1 holdings can be found on the website at <https://ost.georgia.gov/gf1-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/gf1gasb063019/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

