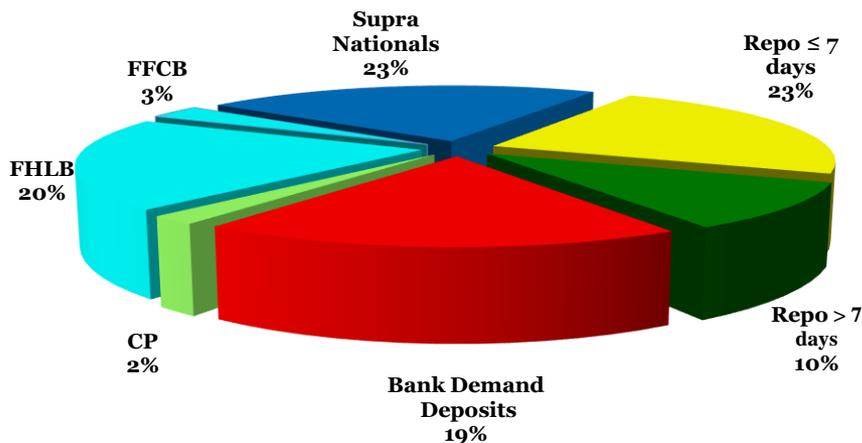


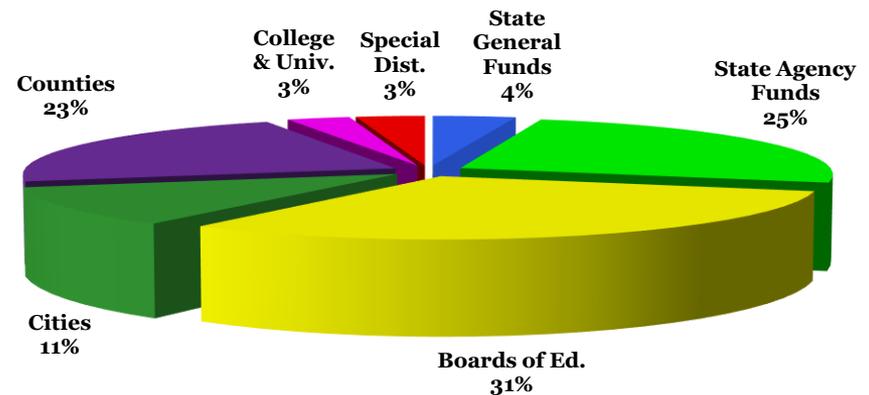
Georgia Fund 1 (GF1)

- 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 December 2019, GF1 participants earned 1.62%*.
- As of December 31, 2019, GF1 assets were \$16.3 billion. The weighted average maturity (WAM) was 39 days.

Portfolio Composition

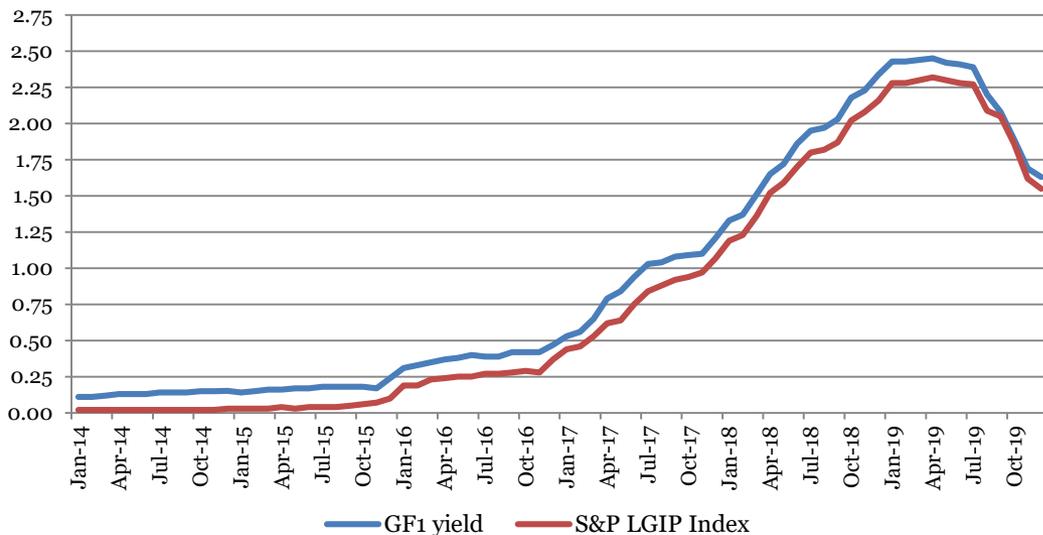


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



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.

Looking for an opportunity to network with your peers and to gain a greater understanding of investments? Consider the Government Investment Officers Association (GIOA) webinars and annual conference held each March. For more information, visit the GIOA website at <https://www.gioa.us/>

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

Portfolio Strategy:

A December to remember? Not at all. In early December the market began to fear year end pressure in the repo markets. This fear was driven by the spike in the overnight repo rate in mid September when a huge mismatch in liquidity drove overnight repo rates to 10% on September 17th, up from 2% the week before. Back to December. Traders began to price repo over the turn of the year at 3.80%. Accordingly, term repo (longer than overnight) that matured in January 2020 took this two day spike into account in it's pricing. In addition, many banks looked to lock up funding over the turn to avoid a potential spike in rates higher than expected and to secure funding over year end. As a result, we were able to put short 1-week or 1-month repo trades on at 1.70% to 1.95%. Where were overnight rates at year end? 1.55% not 3.80% so those "bets" paid off quite nicely.

What does 2020 hold? The market believes a Fed on hold. The odds of a Fed cut are only 30% by mid June. If the Fed stays on hold and overnight repo rates average around 1.52%, we should expect to see the net yield paid out to participants in the range of 1.55% - 1.60% for the first half of 2020.

Maturity Distribution

