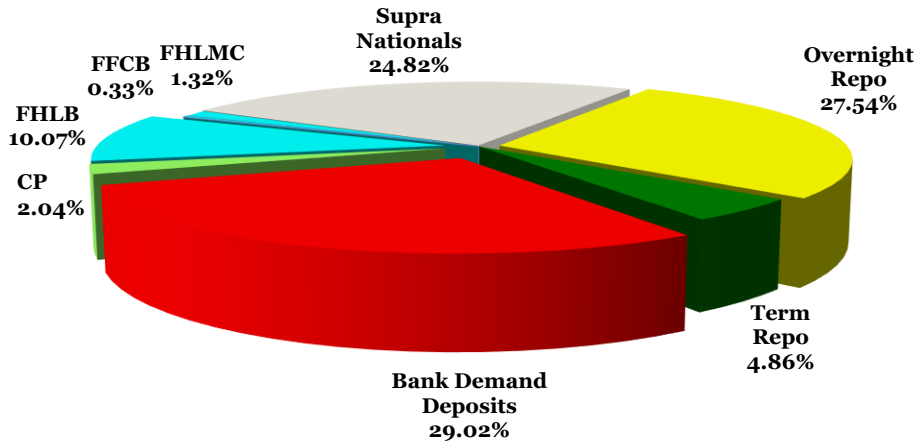


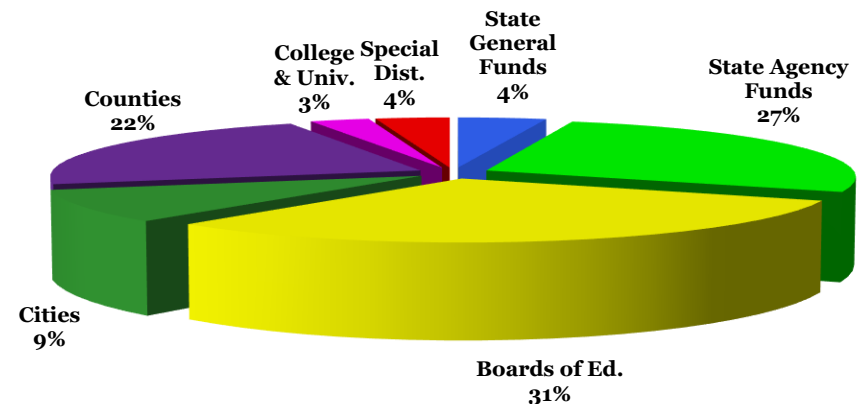
Georgia Fund 1 (GF1)

- O.C.C.G § 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 (bp) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of December 2018, GF1 participants earned 2.34%*.
- As of December 31, 2018, GF1 assets were \$15.1 billion. The weighted average maturity (WAM) was 21 days.

Portfolio Composition

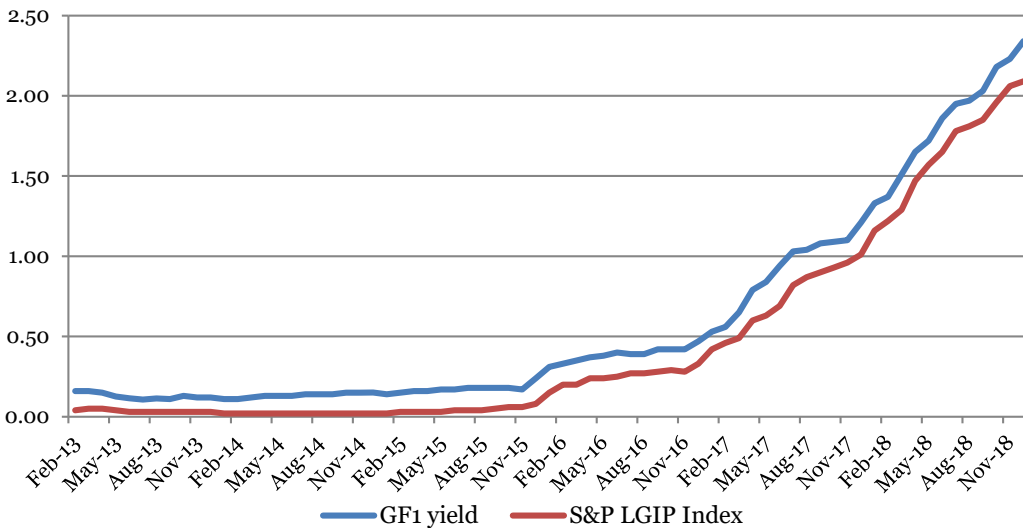


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

A December to remember. The Dow Jones Industrial Average (DJIA) was a news headline all month long. The DJIA started the month at 25,538.46 fell to a low of 21,792.20 at the close of Christmas Eve and then ended the month at 23,327.46. The index made history the day after Christmas when it added over 1,080 points (4.9%) which was its biggest point gain in history. Meanwhile, the bond market rallied with two-year bonds trading at 2.82% at the start of December and closing 33 basis points lower to end December at 2.49%.

The Federal Open Market Committee (FOMC) met on December 19th and raised the target range for Fed Funds to 2.25% - 2.50%. In addition, the Fed lowered its 2019 projections to two hikes in its December policy meeting. Prospects for slowing global economic growth, fading U.S. fiscal stimulus and volatile financial markets have given the markets more reason to believe that perhaps Fed Funds are indeed much closer to a neutral level. The probability of “a” hike is now priced out of the market and the likelihood that the Fed may actually ease or lower interest rates is beginning to be priced in. 2019 may shape up to be an exciting year in terms of volatility.

Georgia Fund 1’s WAM inched out three days to 21 days and the net yield paid out to participants rose 11 basis points to 2.34%. If the Fed stays on hold in 2019, Georgia Fund 1’s net yield may hold around 2.50%. For now, it’s back to a “wait-and-see” approach for the Fed.

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, 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 at June 30, 2018, is provided in the GASB 40 letter on our website at https://ost.georgia.gov/sites/ost.georgia.gov/files/related_files/site_page/GF1_GASB_063018_signature.pdf

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

