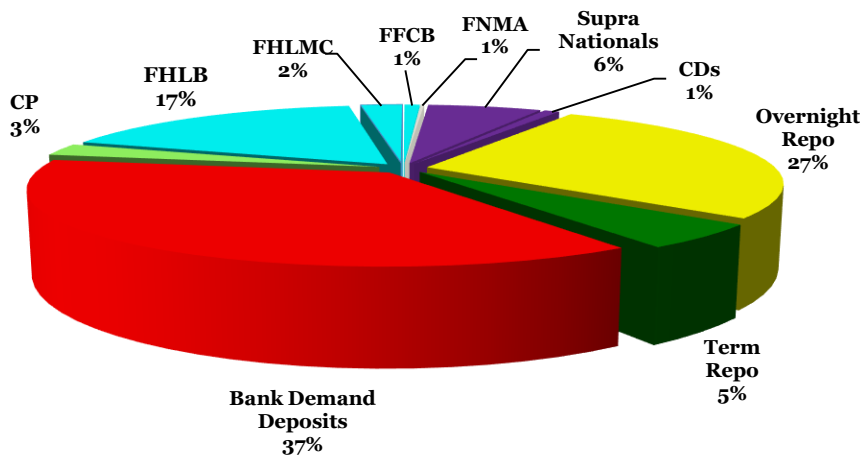


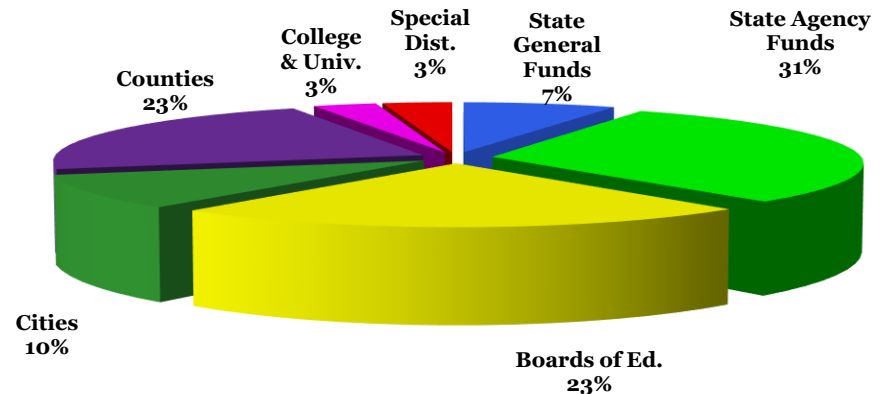
Georgia Fund 1 (GF1)

- 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 July 2018, GF1 participants earned 1.95%*.
- As of July 31, 2018, GF1 assets were \$11.8 billion. The weighted average maturity (WAM) was 19 days.

Portfolio Composition

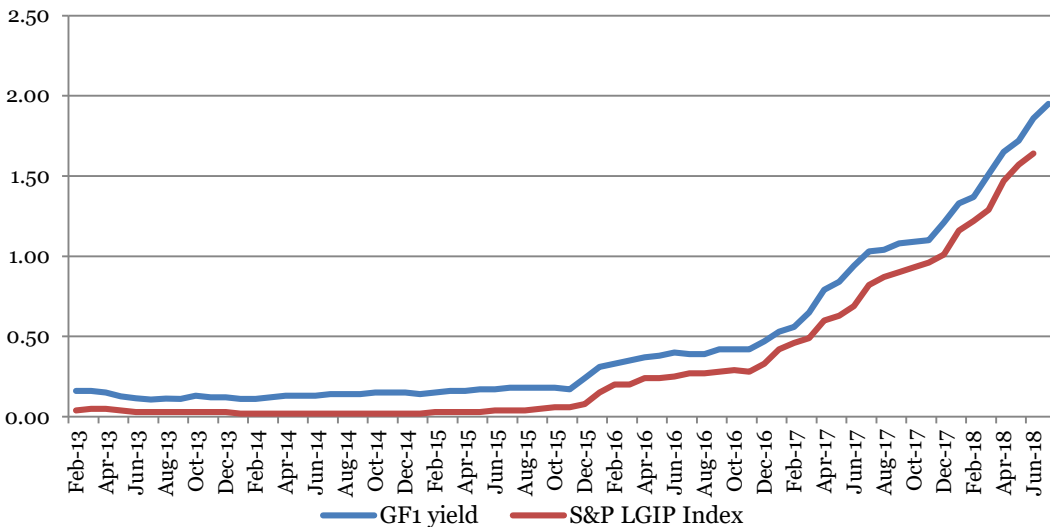


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

For the month of July short term interest rates were unchanged from June as the Federal Reserve kept the overnight Fed Funds rate in a range of 1.75%-2.00%. However, short term interest will continue to move higher. The market is currently pricing in a 94% probability of a hike in September bringing the range for Fed Funds to 2-2.25%.

In testimony to Congress Federal Reserve Board Chairman Powell reiterated the Fed's stance that the economy remains strong and requires a continuation of the FOMC policy of gradually raising the Fed Funds rate. Their goal is to reach a level for Fed Funds that they consider as neutral, which they define as one which is neither stimulative nor contractionary. Our best guess on what constitutes a neutral Fed Funds rate is in the area of 2.75-3%. Beyond that range, barring a rapid acceleration in core inflation, short term rates would become a headwind to economic growth.

The net yield paid to Georgia Fund 1 participants for the month of July was 1.95%. Our outlook for higher short term rates is consistent with the markets and it won't be long before the net yield on Georgia Fund 1 moves above 2%.

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. Participants will be informed of the fair valuation factor that enables them to adjust their statement balances to fair value. We will post the factor to our website (www.ost.Georgia.gov) as soon as it is available.

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

