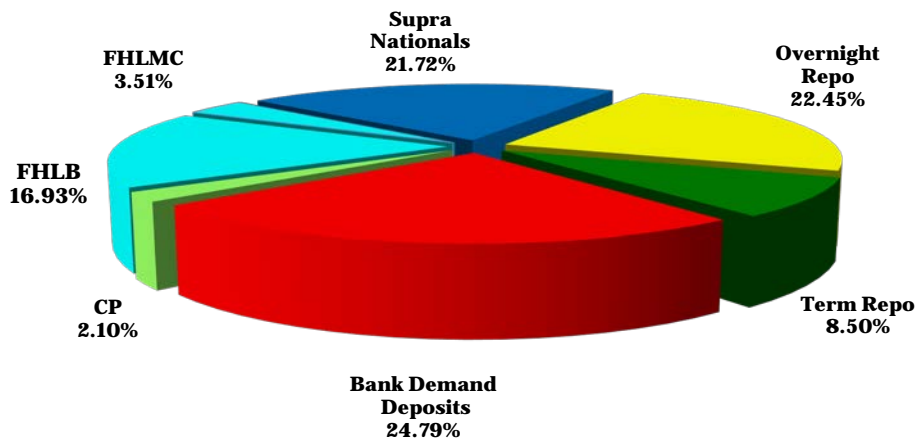


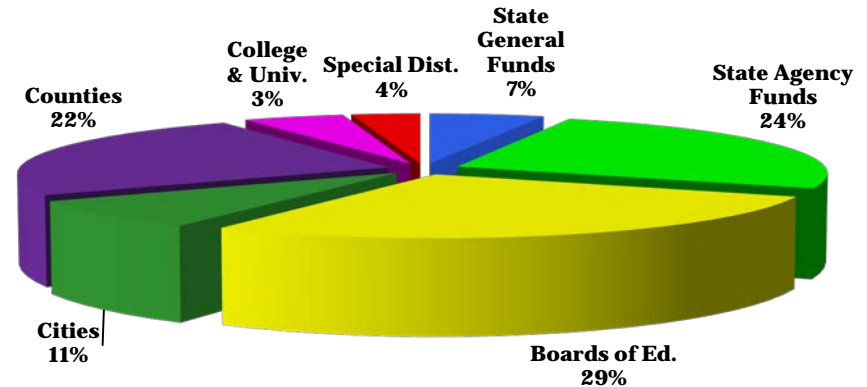
Georgia Fund 1 (GF1)

- 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 May 2019, GF1 participants earned 2.42%*.
- As of May 31, 2019, GF1 assets were \$14.7 billion. The weighted average maturity (WAM) was 29 days.

Portfolio Composition

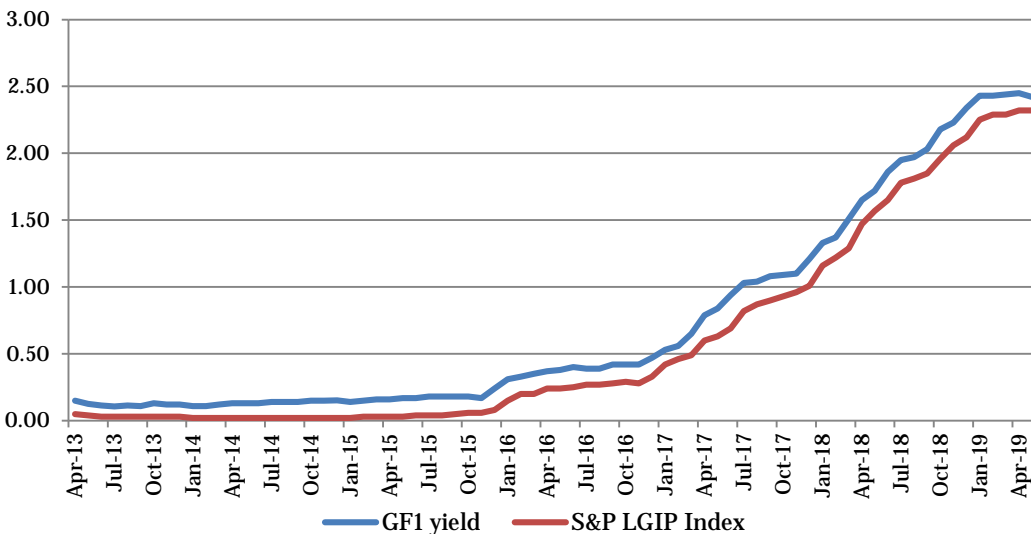


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

Like a Marvel comic book cover, WOW! What a difference a month makes. Based on fed funds futures, the odds of a rate cut at the July Federal Open Market Committee (FOMC) meeting were a mere 17% on May 7th. Flash forward to employment Friday (June 7th) and the odds for a July meeting rate cut rose to 85% after a disappointing jobs report for May showed U.S. employers added only 75,000 workers. Weakening growth, tepid inflation and trade tensions with Mexico and China have all led the bond market to believe the Fed will act sooner rather than later.

What started out as a “Fed on hold” kind of year is now a potential Fed lowers rates three times this year. The market has started to price in these future moves. For example, on May 8th we bought early September paper at a yield of 2.43%. That paper today now trades at 2.20%. Based on this level, the market has priced in a 25 basis point cut at the July 31st meeting.

Yields are falling and falling quickly. In our April newsletter we mentioned that if the Fed stayed on hold the monthly net yield paid out to participants may be in the range of 2.35% to 2.45%. Throw that thought out the window. Time to budget for lower rates as we move ahead. How much lower depends on the Fed. The statement released after the May FOMC meeting stated the Committee would remain patient. Market believes their patience is running thin.

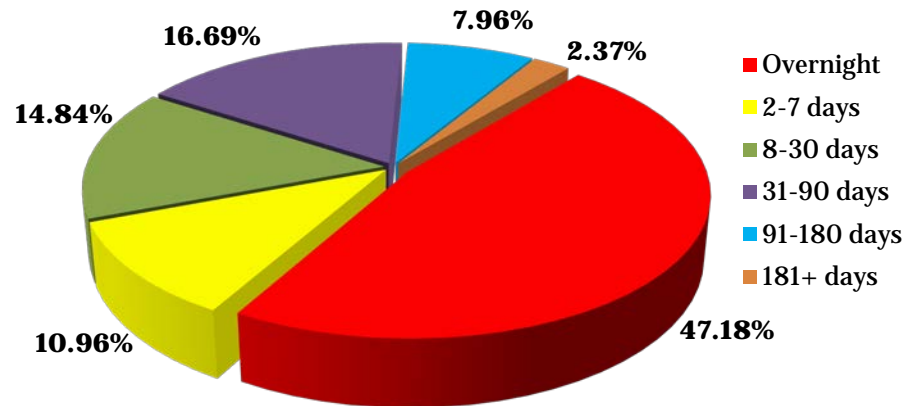
In The News:

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.

Want to know more about the Office of the State Treasurer (OST)? Treasury Notes is a publication produced quarterly to provide insight to the primary functions and responsibilities of the OST as well as information on cash flows and investment management. The latest publication is as of December 31, 2018 and can be found at the following link- https://ost.georgia.gov/sites/ost.georgia.gov/files/related_files/document/Treasury%20Notes_3.31.19.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



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.