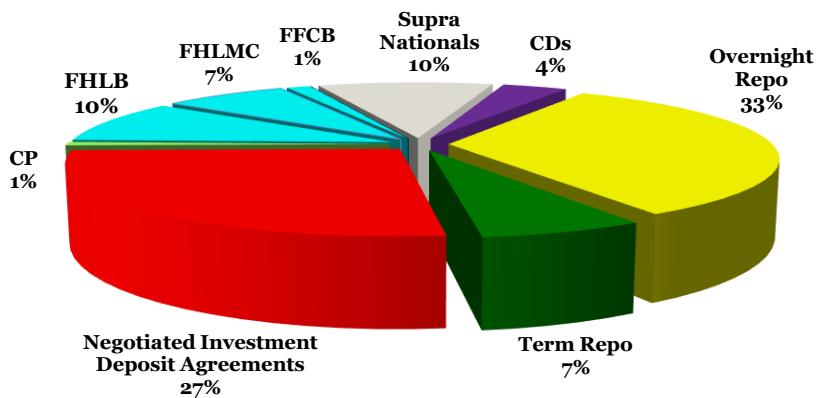


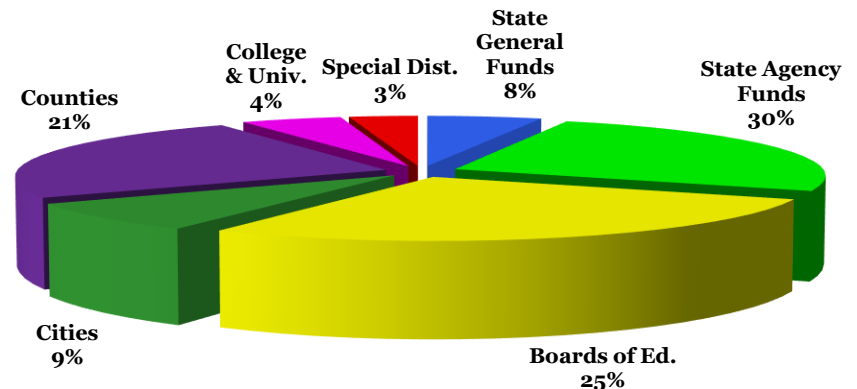
# Georgia Fund 1 (GF1)

- 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](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 (bp) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of April 2017, GF1 participants earned .79% (79 bp)\*.
- As of April 30, 2017, GF1 assets were \$12.4 billion. The weighted average maturity (WAM) was 35 days.

## Portfolio Composition

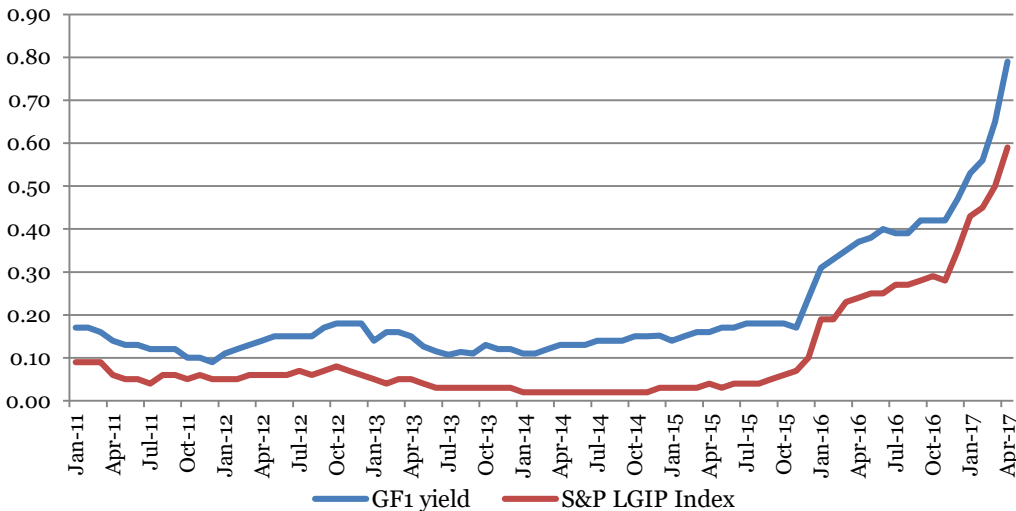


## Account Holder Distribution



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

## Monthly Yield



## Portfolio Strategy:

The primary objectives in managing GF1 are preservation of principal, liquidity, investment income and diversification. GF1 is managed to maintain a \$1.00 value and a weighted average maturity of 90 days or less, with the maximum maturity of any investment limited to 397 days. The GF1 weighted average maturity (WAM) was 35 days as of April 30, 2017. The annualized net rate paid to participants was 79 basis points in April.

As I write, the Fed is meeting again to discuss the economy and the path of interest rates. The probability of a hike in interest rates at this meeting based on Fed Funds futures is a mere 13%. A move at the June meeting stands at 70%. Perhaps we will finally be back to 1% for the Fed's Fund rate by mid June.

Economic data has softened lately. Gross Domestic Product (GDP), a broad measure of national output, grew at a 0.7% annual rate in January through March, the slowest pace of expansion in three years. However, the economy has a habit of starting the calendar year slowly and then picking up speed in the spring. In addition to its eyes on the economy, the Fed also pays close attention to inflation. The Fed's preferred inflation gauge, the price index for personal consumption expenditures, fell 0.2% in March from a month earlier. Compared with a year earlier, overall prices rose 1.8% in March, below the Fed's annual 2% target.

As you can see from the chart above, the yield on Georgia Fund 1 continues to climb steadily towards 1.00%. The jump in the net yield paid out to participants from 31 basis points (bp) in January 2016 to 79 bp for April 2017 equates to a pickup of \$120,000 on an annualized basis for a \$25 million deposit in Georgia Fund 1. A real meaningful impact to local government budgets. Here's to higher rates!

## In The News:

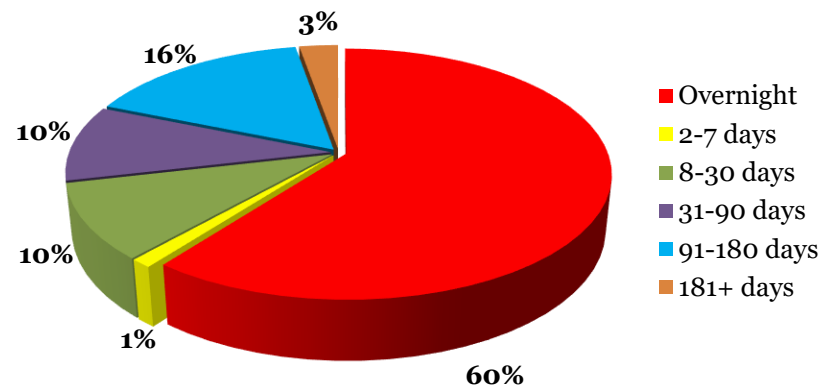
The Office of the State Treasurer is expanding. The Investment Team now includes two Investment and Credit Analysts. Bradley Floore is a graduate of the University of Southern Mississippi with a Bachelor of Science in Business Administration with a double major in Finance and Accounting. Dylan Lightle is a graduate of the University of Georgia with a Bachelor of Business Administration in Finance.

The Investment Team is managed by two seasoned portfolio managers, Laura Glenn and Mark Jones. In addition, Ryan Rothgeb serves as the Senior Investment and Credit Analyst, assisting the two portfolio managers with investment management and fund operations.

Angela Roberts continues to handle daily trade operations and serves as a backup to the Fund Administrator, Mary Ballard.

As always, we are here to serve. Please contact Mary ([mballard@treasury.ga.gov](mailto:mballard@treasury.ga.gov)) with any questions regarding Georgia Fund 1 resolutions or IPAS issues. For investment related questions, please direct inquiries to [lglenn@treasury.ga.gov](mailto:lglenn@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.**