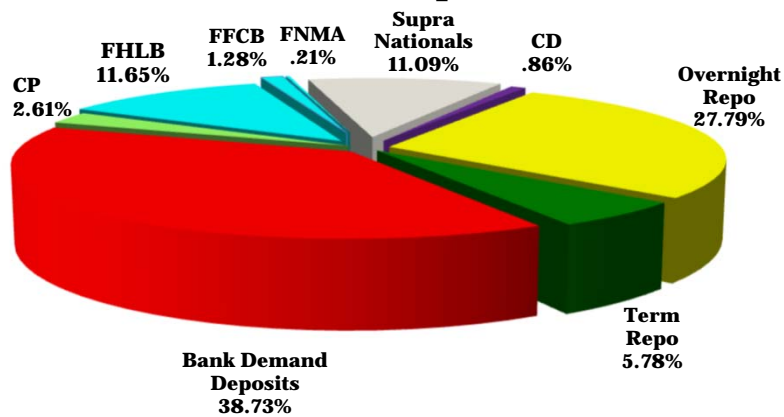


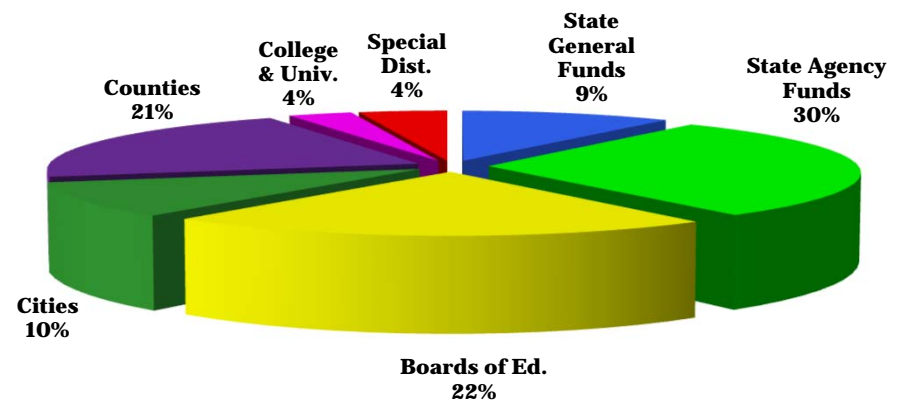
# Georgia Fund 1 (GF1)

- 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 August 2018, GF1 participants earned 1.97%\*.
- As of August 31, 2018, GF1 assets were \$11.7 billion. The weighted average maturity (WAM) was 22 days.

**Portfolio Composition**

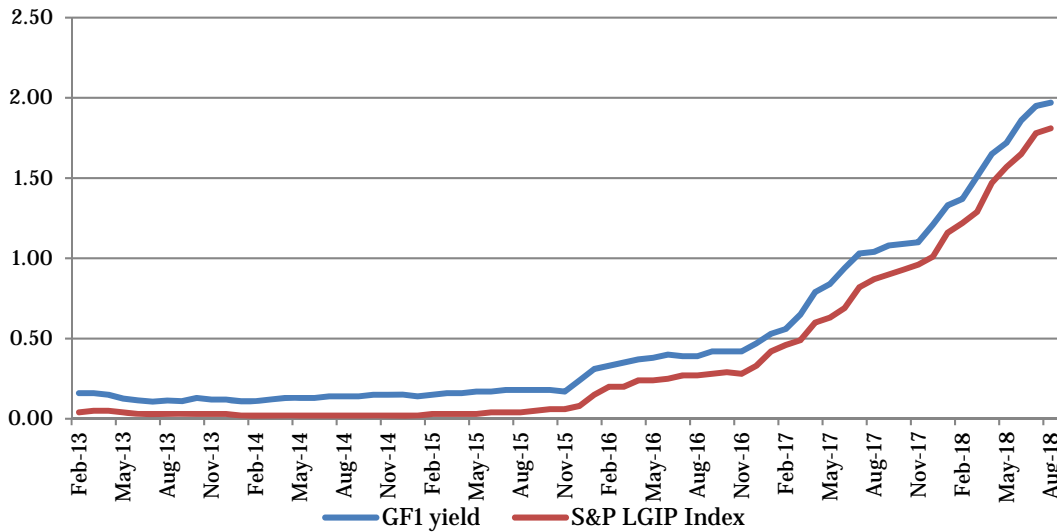


**Account Holder Distribution**



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

## Monthly Yield



## Portfolio Strategy:

The month of August saw the current bull run for the S&P 500 stock market index become the longest bull run in history. Meanwhile the Federal Open Market Committee (FOMC) voted unanimously at its August 1<sup>st</sup> meeting to keep the target range for its benchmark rate at 1.75% - 2.00%. The Committee noted that the labor market has continued to strengthen and that economic activity has been rising at a strong rate. The market is currently pricing in a 96% probability of a hike in September bringing the range for Fed Funds to 2.00 – 2.25%.

The net yield paid to Georgia Fund 1 participants for the month of August was 1.97%. With approximately 45% of the fund invested in bank demand deposits and term repo at an average yield of 2.09%, a move by the Fed at the end of September will certainly push the Georgia Fund 1 yield over 2.00% in October. The yield paid out to participants was 1.03% for the month of July 2017. A 100 basis points or 1% increase in the Georgia Fund 1 yield on a \$25 million investment provides an additional \$250,000 in interest earnings annually – a big change from just over two years ago when the fund was yielding 0.39% and providing a mere \$97,500 in interest earnings annually.

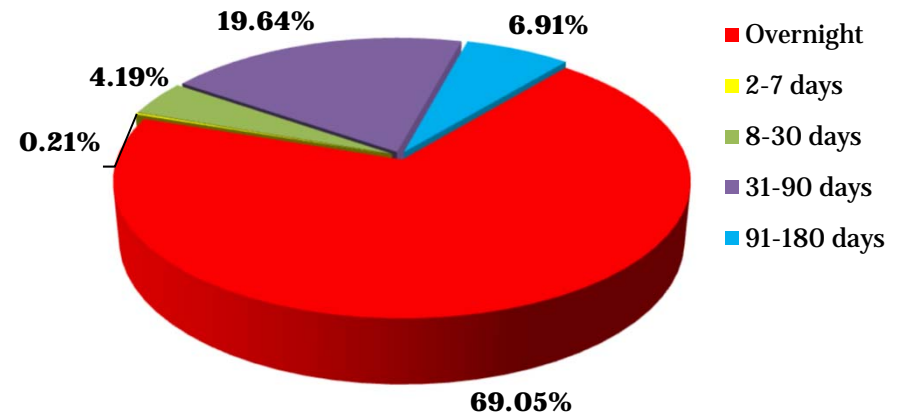
## In The News:

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.

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 30<sup>th</sup>), 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 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](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](mailto: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.**