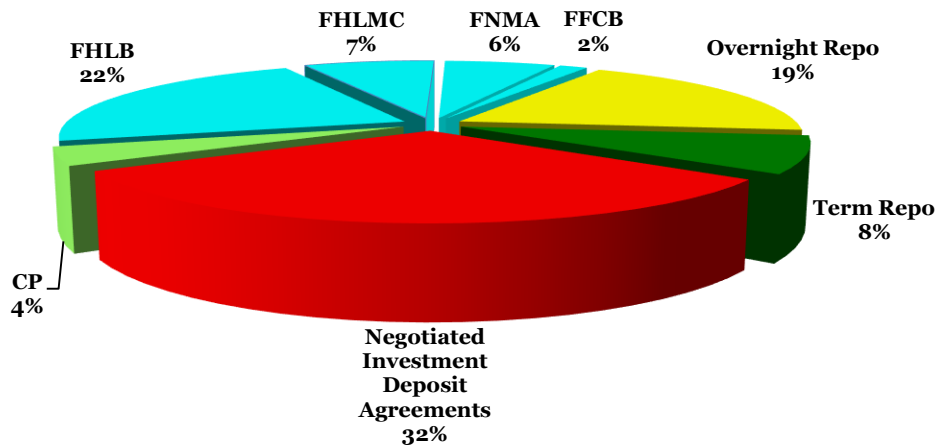


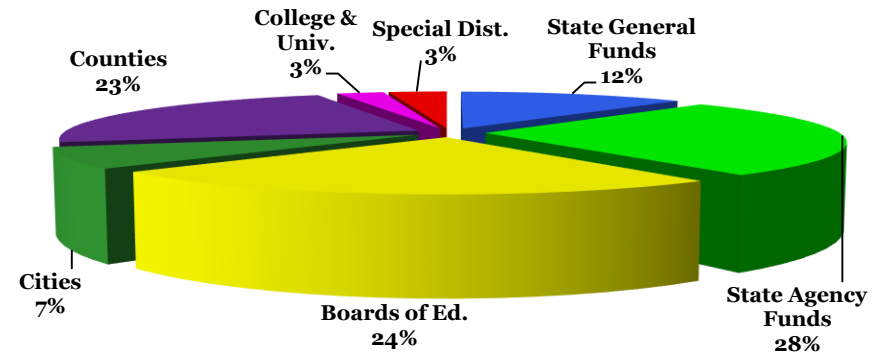
# Georgia Fund 1 (GF1)

- 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 3.3 basis points (bp) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of December 2015, GF1 participants earned .24% (24 bp)\*.
- As of December 31, 2015, GF1 assets were \$12.6 billion. The weighted average maturity (WAM) was 36 days.

## Portfolio Composition

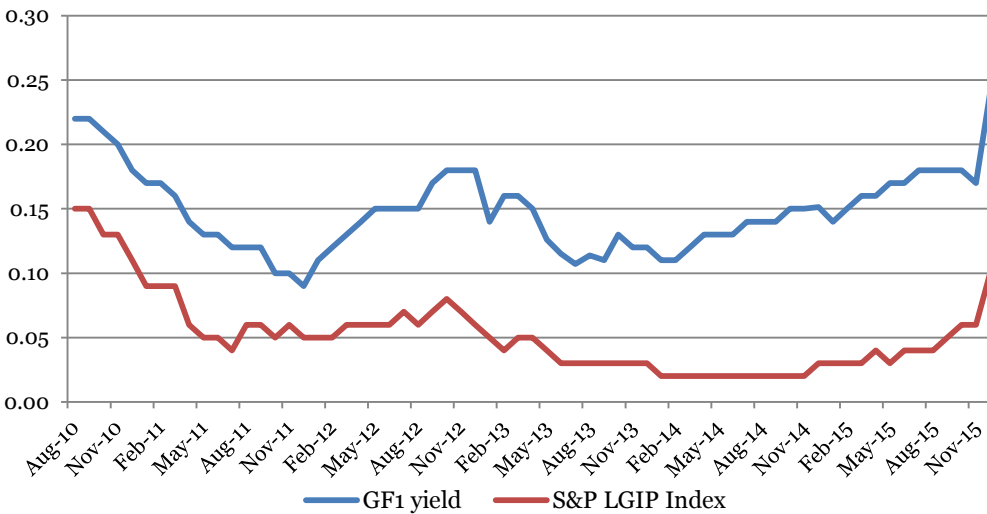


## Account Holder Distribution



\*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 36 days as of December 31, 2015. Repo rates averaged 21 bp for the month of December. The annualized net rate paid to participants was 24 bp in December.

Christmas arrived on December 16<sup>th</sup> this year in the form of a 25 bp increase in the Fed Funds rate. After seven long years, we finally have liftoff! The Fed's decision reflected their confidence in the U.S. economy. The FOMC expects that economic conditions will evolve in a manner that will warrant only gradual increases in the fed funds rate. New projections show officials expect the fed funds rate to reach 1.375% by the end of 2016 – which implies four ¼ point interest rate increases in 2016. The Fed move lifted overnight repo rates to an average of 30 bp for the Georgia Fund 1 portfolio. With over 50% of the portfolio in overnight investments, this welcomed move in rates will translate into a higher yield for Georgia Fund 1 participants. Here's to higher rates --- finally!

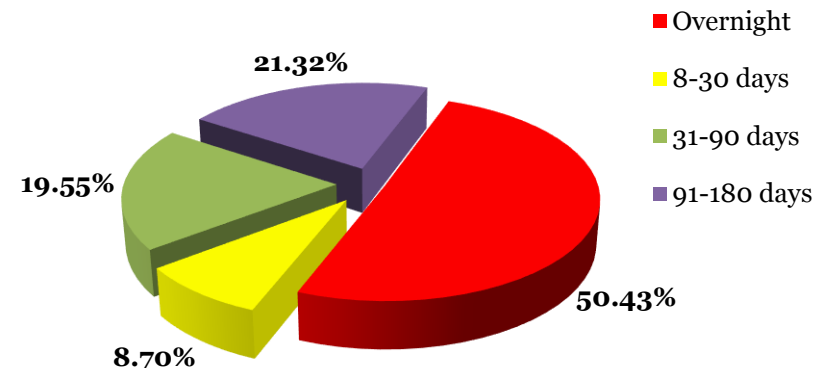
## In The News:

The Governmental Accounting Standards Board (GASB) issued guidance addressing how certain state and local government external investment pools and participants in external investment pools may measure and report their investments. GASB Statement No. 79, "Certain External Investment Pools and Pool Participants" permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. Statement 79 replaces the reference in existing GASB literature to Rule 2a7 with criteria that are similar in many respects to those in Rule 2a7. The Statement also establishes additional note disclosure requirements for qualifying pools and for governments that participate in those pools. These required disclosures include information about limitations or restrictions on participant withdrawals.

The full text of GASB Statement 79 is available at [www.gasb.org](http://www.gasb.org)

Source: Governmental Accounting Standards Board

## 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.**