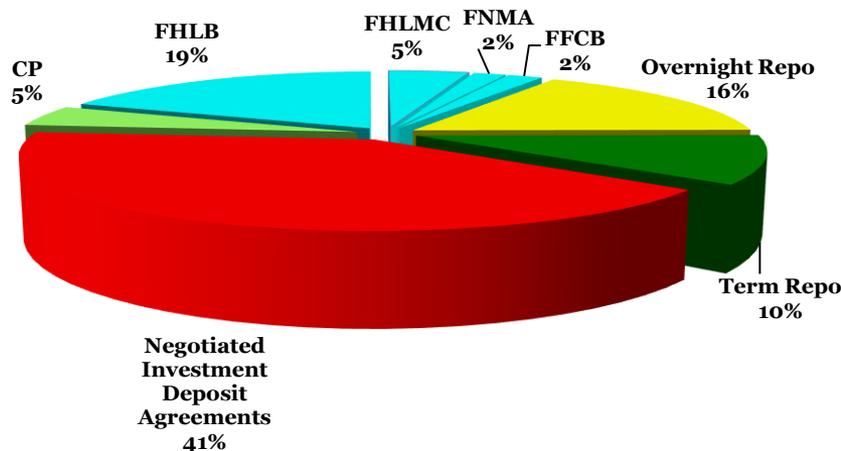


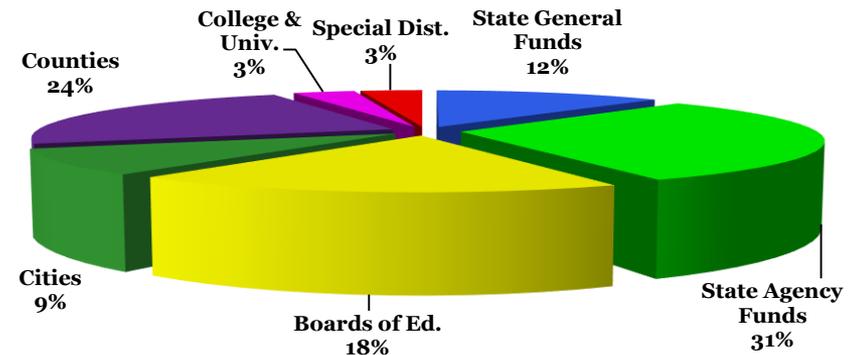
# Georgia Fund 1 (GF1)

- 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 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 July 2015, GF1 participants earned .18% (18 bp)\*.
- As of July 31, 2015, GF1 assets were \$10.9 billion. The weighted average maturity (WAM) was 50 days.

## Portfolio Composition

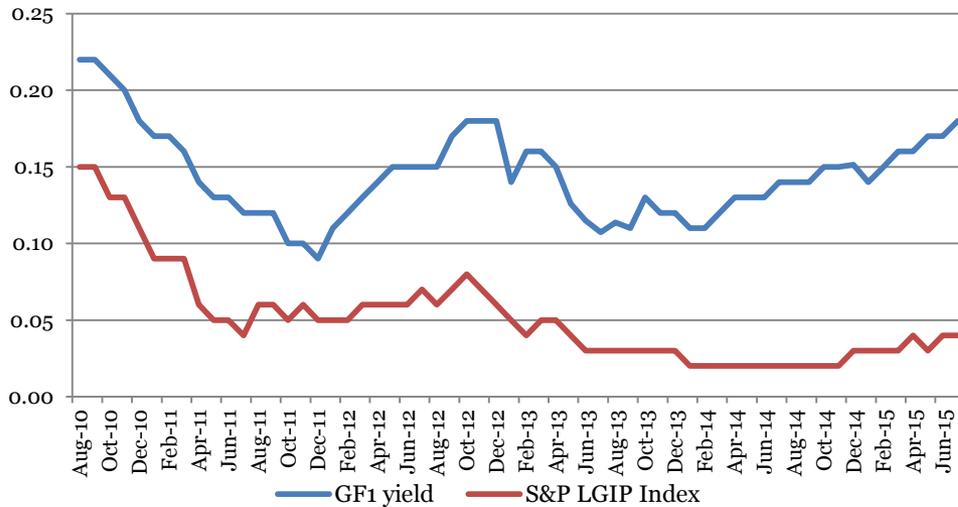


## Account Holder Distribution



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

## Monthly Yield



## Portfolio Strategy:

GF1 is designed to maximize current income while preserving principal and providing daily liquidity. 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 50 days as of July 31, 2015. Repo rates averaged 12.7 bp for the month of July. The net rate paid to participants was 18 bp in July. As mentioned before, GF1 has negotiated investment agreements with several banks that provide overnight liquidity at rates significantly higher than overnight repos. As can be seen by the maturity distribution pie chart to the right, more than half of the portfolio is in overnight investments. These agreements continue to provide added yield to GF1 participants while reducing interest rate sensitivity if the Fed ever decides to raise interest rates. The odds for a September rate hike currently stand at 48% according to Fed funds. With the Chinese yuan under pressure after last week's devaluation, expectations appear to be tilting for an initial move in December. At this point, we have to wonder, will it actually happen in 2015?

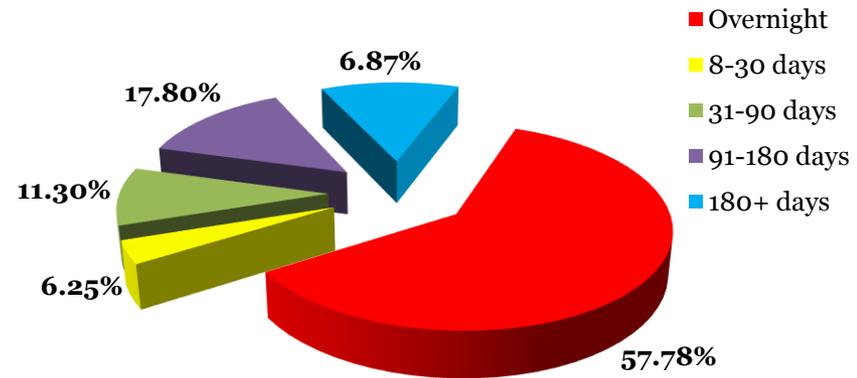
## In The News:

House Bill 95 amended O.C.G.A. § 36-83-8 relating to the local government investment pool (LGIP). Specifically, the code was amended to include "The State Treasurer may also place the funds in a separate trust fund to be administered by the State Treasurer pursuant to policies established by the State Depository Board (SDB)."

On July 16, 2015, the SDB adopted the LGIP Trust Policy. The policy is intended to provide the framework necessary for the State Treasurer to properly administer and manage investments of the LGIP. The policy can be found on our website at <http://ost.georgia.gov/operating-policies>.

Effective July 1, 2015, Georgia Fund 1 and the Georgia Extended Asset Pool were set up as trust funds. Setting up the investment pools as trusts clearly segregates the LGIP investments from the state's assets and provides additional safeguards for the pools' assets. The transition to a trust will be seamless for the participants of each pool. The pools will continue to be managed by the Office of the State Treasurer with preservation of principal as the primary objective of each pool.

## 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.**