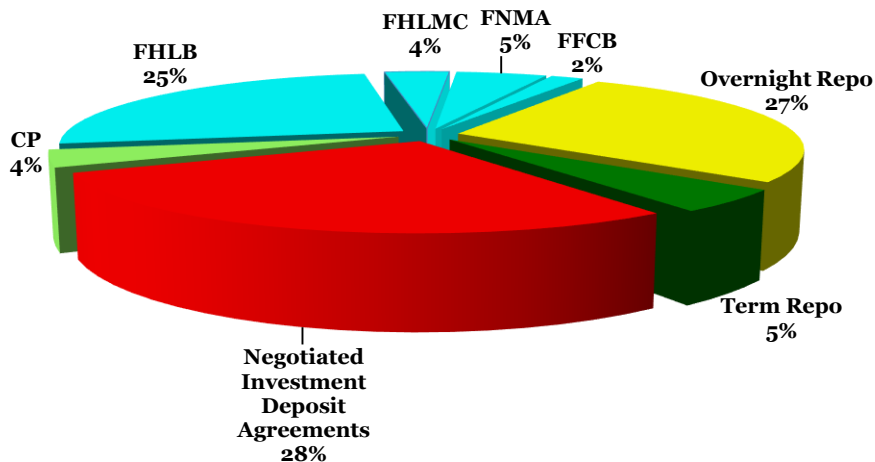


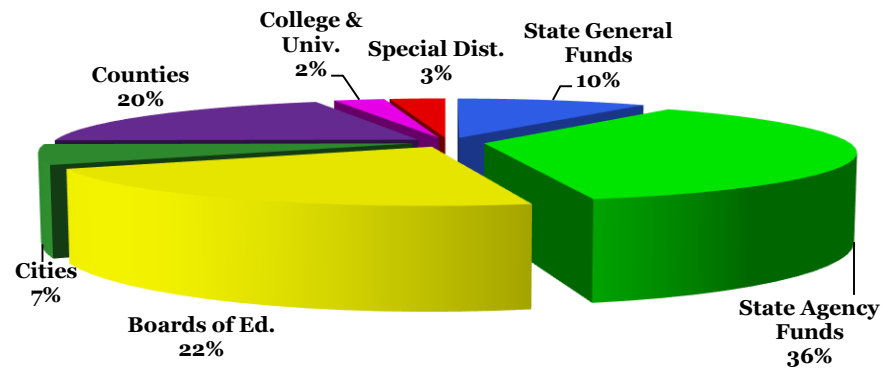
Georgia Fund 1 (GF1)

- 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
- 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 June 2016, GF1 participants earned .40% (40 bp)*.
- As of June 30, 2016, GF1 assets were \$13.4 billion. The weighted average maturity (WAM) was 42 days.

Portfolio Composition

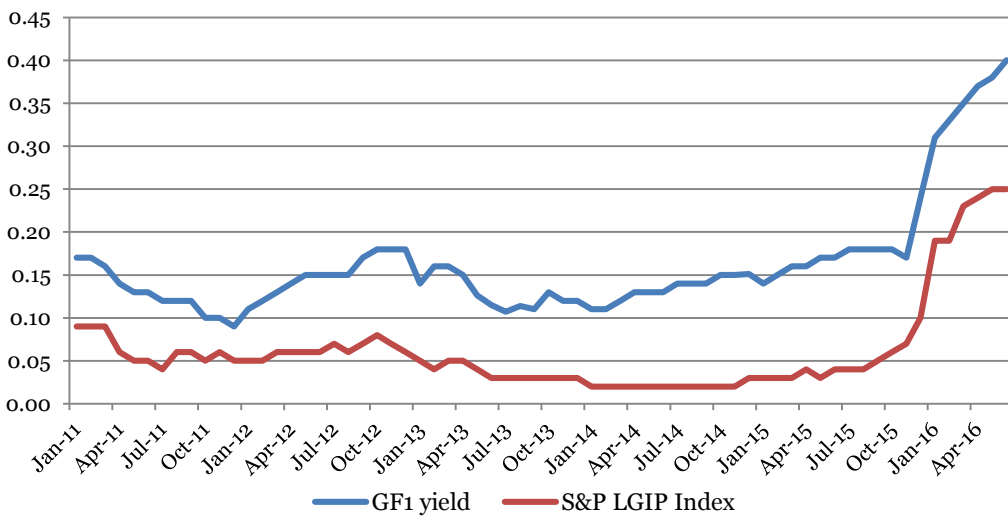


Account Holder Distribution



*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 42 days as of June 30, 2016. The annualized net rate paid to participants was 40 basis points in June.

One word...Brexit. The UK's decision to leave the European Union (a surprise to many market participants) created a heightened degree of economic uncertainty that led to a significant rally in U.S. treasuries and removed any significant chance of a Fed hike for later this year. Since the vote on June 23rd, the pound has sunk to a 31-year low of \$1.28 and both 10- and 30-year treasuries have set new lows at 1.36% and 2.14%, respectively.

What does this mean for an investor in Georgia Fund 1? More of the same. With no chance of the Fed raising rates, overnight repo rates have stayed close to 30 basis points and agency paper has declined a few basis points in yield as money market investors stretch for yield. As we move through the summer months, money market fund investors sitting in prime funds that cannot accept a floating NAV will have to move to government funds prior to the October 14, 2016 deadline. This will create additional demand for U.S. treasuries and agencies, potentially pushing yields even lower in the front end.

In The News:

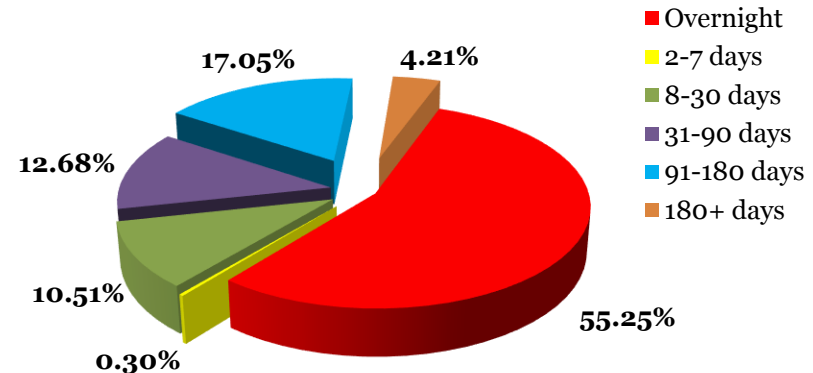
For the last 15 years, the Office of the State Treasurer (OST) has held the administrative fee for Georgia Fund 1 (GF1) at 3.3 basis points. Administrative fees collected from LGIP participants are to be used to fund expenses related to carrying out the investment functions and operations of the OST. In the last year, the OST has seen increases in custody fees and other investment services utilized by the Investment Staff. In addition, we have seen a rise in costs for both investment technology and cyber security. In order to continue to provide the same level of service and adhere to best practices in safeguarding your assets, effective July 1, 2016, the administrative fee for GF1 will increase to 5 basis points.

As a reminder, the interest figure reported on your monthly statement and other Georgia Fund 1 literature is net of this fee. Monthly fees deducted from interest earnings can be calculated as follows:

Monthly fees = .0005 * (# of actual days in month/365) * average daily balance.

If you have any questions in regards to the administrative fee, please do not hesitate to contact to our office.

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.