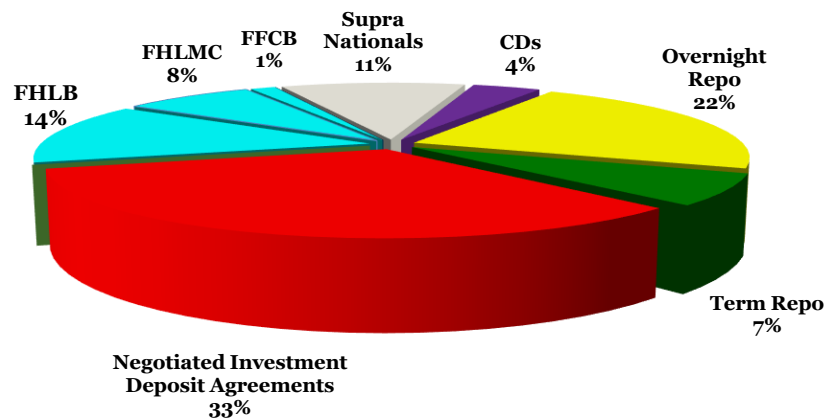


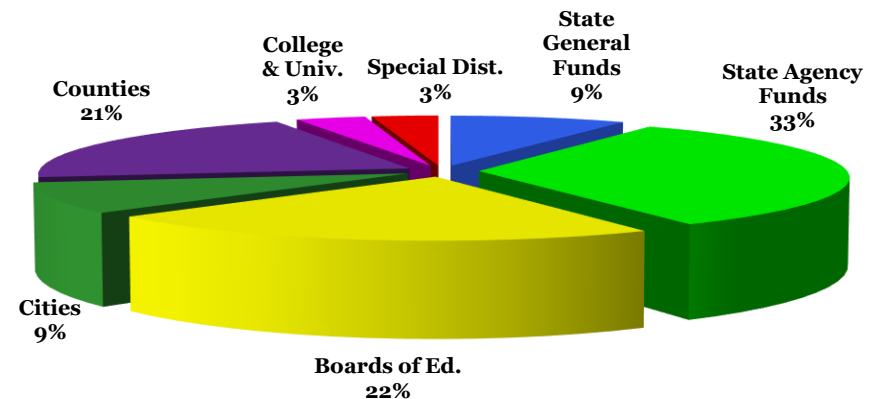
Georgia Fund 1 (GF1)

- 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 5 basis points (bp) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of June 2017, GF1 participants earned .94% (94 bp)*.
- As of June 30, 2017, GF1 assets were \$12 billion. The weighted average maturity (WAM) was 26 days.

Portfolio Composition

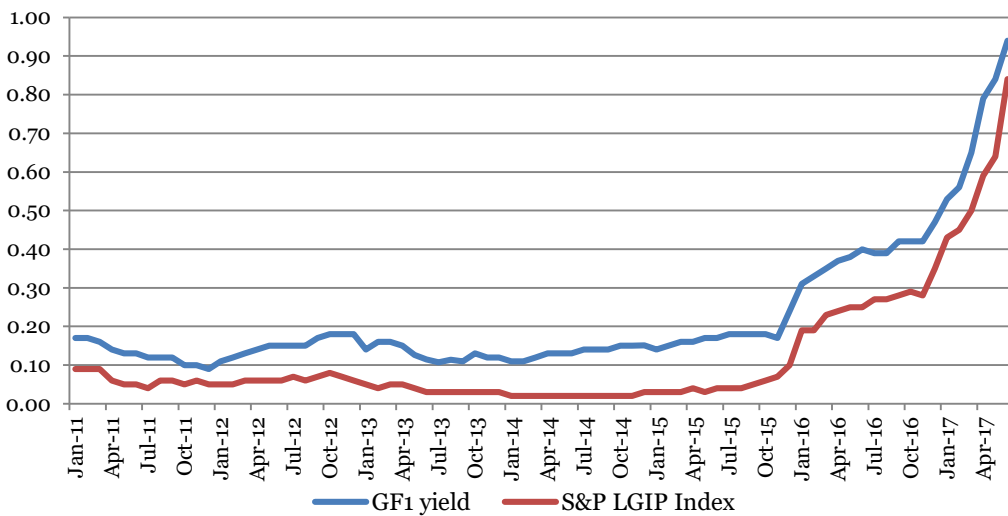


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

Moving on up. The Fed met on June 14th and raised the fed funds target range from 0.75% - 1.00% to 1.00% - 1.25%. Fed officials expect to raise rates one more time this year (most likely December) and they have laid out a plan to begin a slow drawdown of their \$4.5 trillion balance sheet later this year.

The Fed's plan for reducing their balance sheet was unveiled alongside its post-meeting statement on June 14th. Initially, the Fed would allow \$6 billion of Treasury securities to roll off its balance sheet monthly once they mature. That amount would rise by \$6 billion every three months over the course of a year, at which point the central bank would be rolling off \$30 billion in Treasuries a month. The Fed would roll off its mortgage-backed assets more slowly, at a rate of \$4 billion a month, with the caps rising by \$4 billion every three months until reaching \$20 billion a month.

The Fed move has pushed the yield on overnight investments (55% of the portfolio) in Georgia Fund 1 to an average of 1.13%. This has translated into a net yield for participants of 94 basis points for the month of June. The monthly yield for Georgia Fund 1 (shown above) has been steadily increasing since October 2016 when it became clear through the release of the minutes from the Fed's meeting in September 2016 that some Fed officials believed it was appropriate to raise the target range for the Fed Funds rate relatively soon. Since the September 2016 meeting, the Fed has raised rates three times.

Perhaps the July yield will finally have a handle on it – 1.00% here we come!

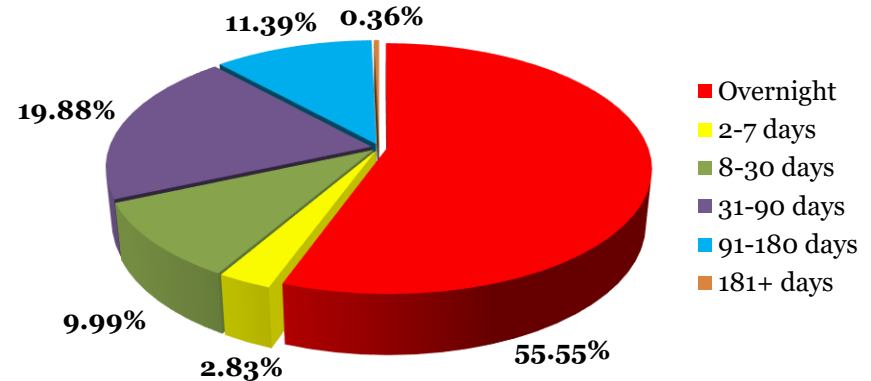
In The News:

Georgia Fund 1 is a Standard & Poor's AAAf rated investment pool which is managed by the Office of the State Treasurer (OST) to maintain a constant net asset value (NAV) of \$1.00. OST reports monthly to participants on an amortized cost basis. The interest income, as well as gains and losses, net of administrative fees of Georgia Fund 1, are allocated to participants based on each participant's average daily balance each month.

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 30th), investments are valued for financial reporting purposes at fair value. Participants will be informed of the fair valuation factor that enables them to adjust their statement balances to fair value. We will post the factor to our website (www.ost.Georgia.gov) as soon as it is available.

As always, we are here to serve. Please contact Mary (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

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.