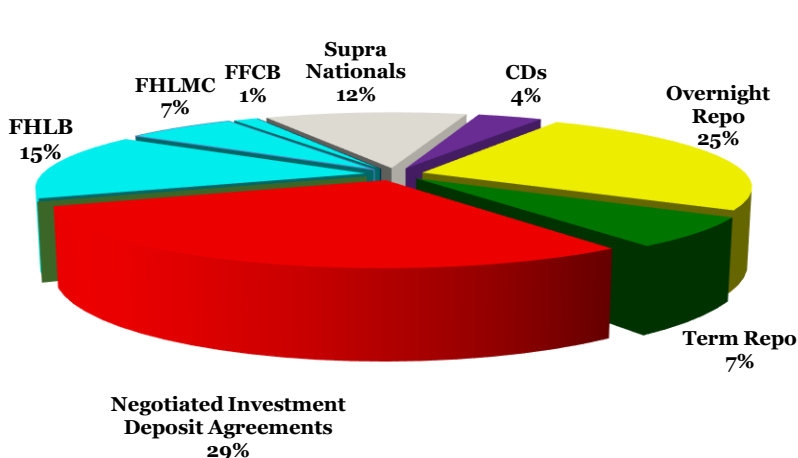


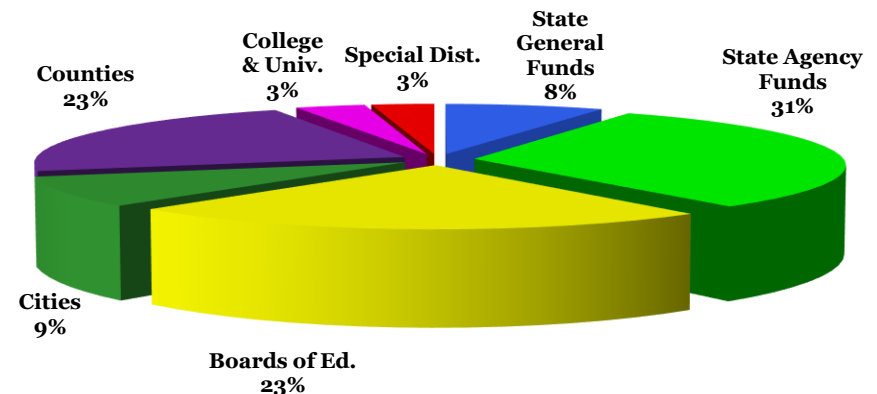
Georgia Fund 1 (GF1)

- 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 May 2017, GF1 participants earned .84% (84 bp)*.
- As of May 31, 2017, GF1 assets were \$12.4 billion. The weighted average maturity (WAM) was 35 days.

Portfolio Composition

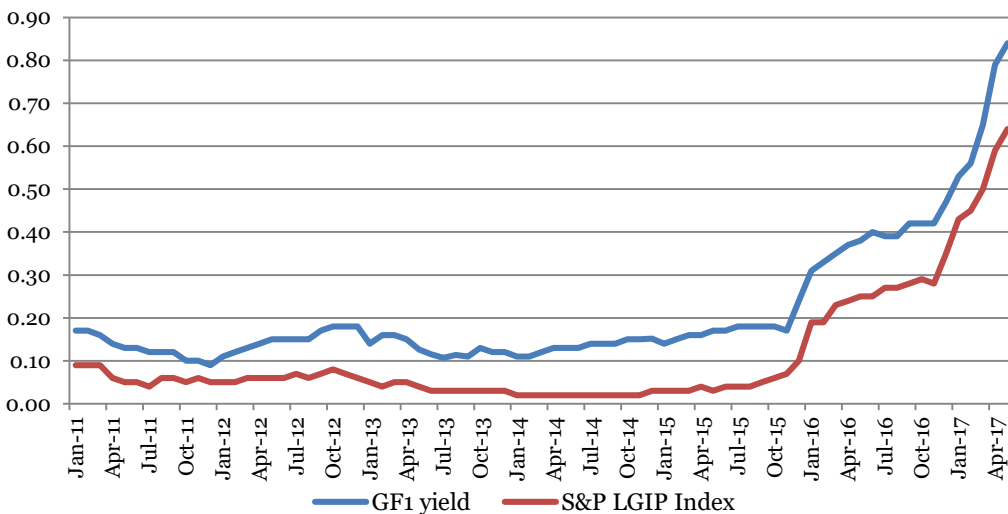


Account Holder Distribution



*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 35 days as of May 31, 2017. The annualized net rate paid to participants was 84 basis points in May.

We are just days away from another Fed meeting. The probability of a hike in interest rates at the June meeting based on Fed Funds futures is 96%. Some market participants might call that a sure thing. A move at the June meeting would put the new fed funds target range at 1.00% - 1.25%.

The Fed's preferred price gauge, the personal consumption expenditures price index, continues to move away from their 2% annual increase target. In April, the index was only up 1.7% from a year ago, slowing from recent months. But Fed officials continue to argue that recent weakness is temporary and unlikely to keep them from raising rates.

After the June meeting, according to Fed Governor Lael Brainard "if the soft inflation data persist, that would be concerning and, ultimately, could lead me to reassess the appropriate path of policy." One person doesn't formulate policy but could lead to a healthy debate at the Fed on the future path of interest rates. Perhaps we hit the 1.00% - 1.25% target this week and then a holding pattern there for awhile. Stay tuned!

In The News:

The Office of the State Treasurer is expanding. The Investment Team now includes two Investment and Credit Analysts. Bradley Floore is a graduate of the University of Southern Mississippi with a Bachelor of Science in Business Administration with a double major in Finance and Accounting. Dylan Lightle is a graduate of the University of Georgia with a Bachelor of Business Administration in Finance.

The Investment Team is managed by two seasoned portfolio managers, Laura Glenn and Mark Jones. In addition, Ryan Rothgeb serves as the Senior Investment and Credit Analyst, assisting the two portfolio managers with investment management and fund operations.

Angela Roberts continues to handle daily trade operations and serves as a backup to the Fund Administrator, Mary Ballard.

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 lglen@treasury.ga.gov

Maturity Distribution

