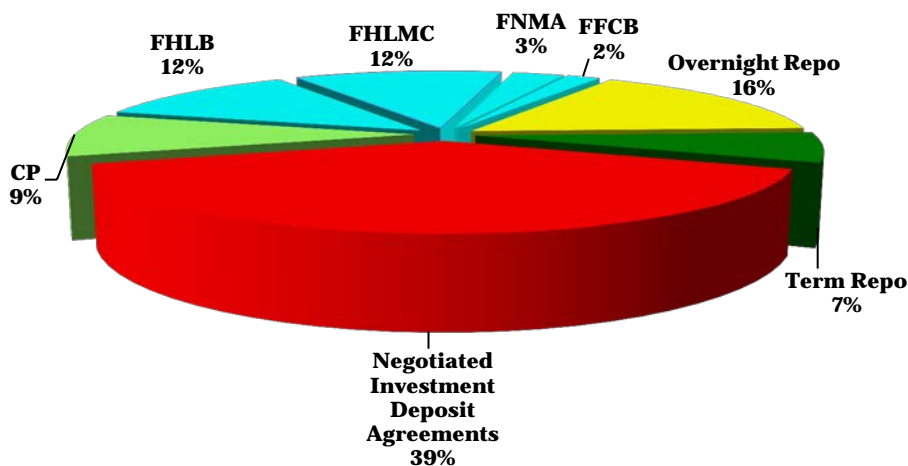


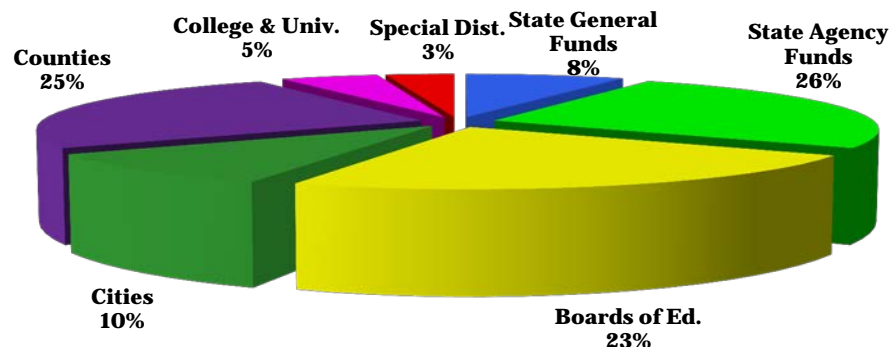
# Georgia Fund 1 (GF1)

- Georgia Code annotated 36-83-1 to 36-83-8 authorizes Georgia local governments and other authorized entities to invest funds through the local government investment pool, 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.
- The yield is calculated on an actual/365 day basis and is net of the 3.3 basis points (bp) administrative fee.
- GF1 is currently rated AA+ by Standard & Poor’s.
- For the month of May 2014, GF1 participants earned .13% (13 bp)\*.
- As of May 31, 2014, GF1 assets were \$10.6 billion.

### Portfolio Composition

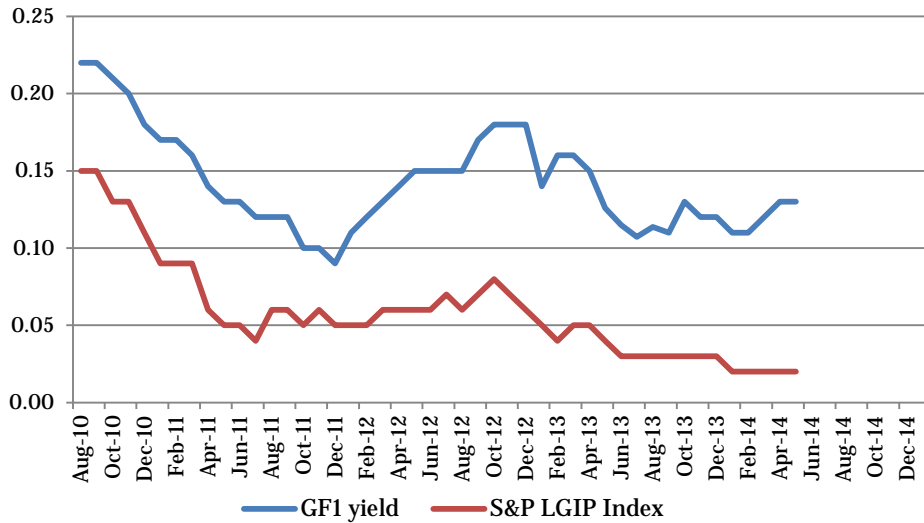


### Account Holder Distribution



\*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 60 days or less, with the maximum maturity of any investment limited to 397 days. The GF1 weighted average maturity (WAM) was 40 days as of May 31, 2014. Repo rates averaged 5.5 bp for the month of May. During the first quarter of 2014, the Fed extended and expanded the overnight reverse repo facility that is being tested to manage its exit from its unprecedented monetary accommodation. The availability of the overnight repos at rates set by the Fed has helped to establish a floor for overnight repo rates (currently at 5 basis points). We continued to implement a barbell strategy by combining overnight repo positions at an average yield of 5.0 basis points and negotiated investment deposit agreements at an average yield of 22 basis points with 1-year agencies at an average yield of 12 basis points.

## In The News:

The last few years have been challenging for the markets and ultimately for state and local governments. Throughout the market turmoil, Georgia Fund 1 has remained a safe and secure investment. Our primary objective in managing Georgia Fund 1 has been and always will be preservation of principal. Although the Fed funds target remains at 0% to .25% for the fifth straight year, the target and thus short-term interest rates will eventually rise. Georgia Fund 1 should be an appealing investment in a rising rate environment. As in the past, we intend to position the portfolio to take advantage of any upward move in rates.

## Maturity Distribution

