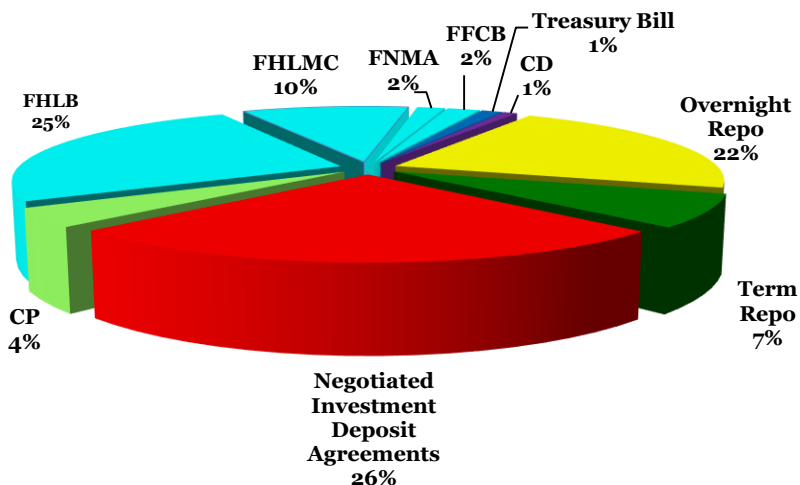


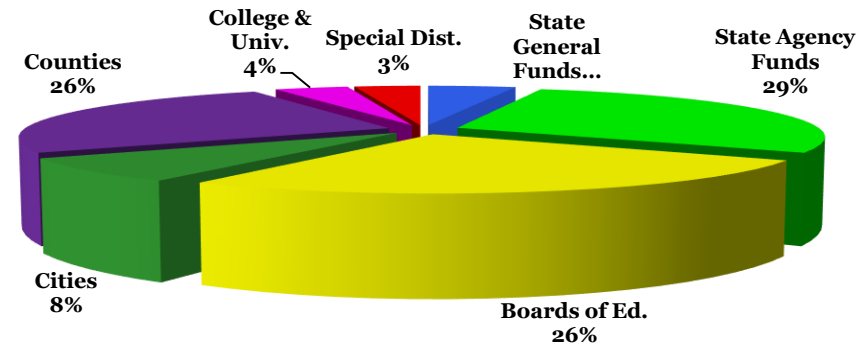
Georgia Fund 1 (GF1)

- 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 November 2016, GF1 participants earned .42% (42 bp)*.
- As of November 30, 2016, GF1 assets were \$11.9 billion. The weighted average maturity (WAM) was 37 days.

Portfolio Composition

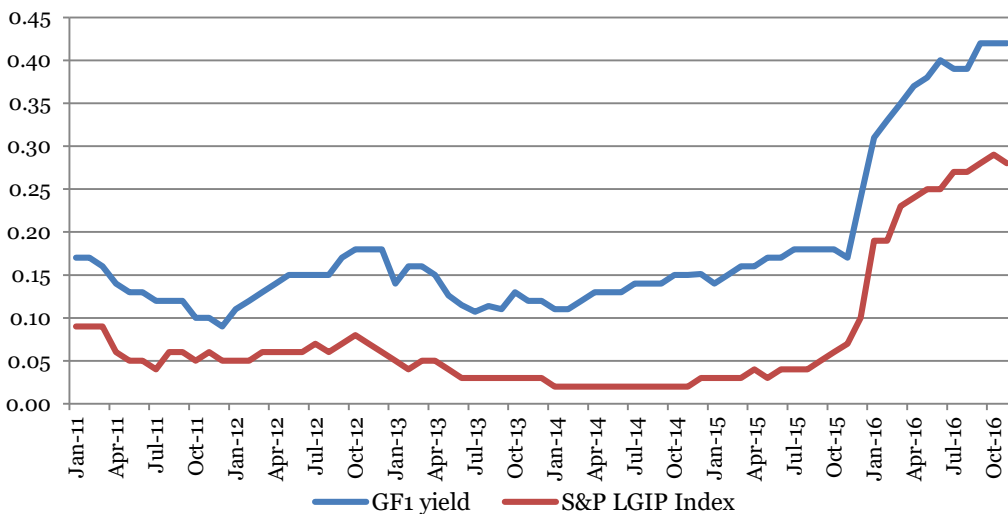


Account Holder Distribution



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

The Treasury market sold off (rates rising) as President elect Trump's pledge to boost infrastructure spending will boost growth and inflation and trigger faster hikes in U.S. interest rates. This comes at a time when short term rates, specifically 3-month LIBOR, hit a seven-year high as implementation of the SEC's 2014 amendments to Rule 2a7 took effect. The move to a floating NAV for prime funds has pushed over \$1 trillion of assets out of these funds into government only funds. This outflow has pushed 3-month LIBOR to 94 basis points, up from 60 basis points at the start of 2016.

The move in LIBOR has also helped Georgia Fund 1. Several bank accounts and term repos are priced off of LIBOR and this move has increased the yield paid out to participants from 31 basis points at the start of 2016 to 42 basis points for the month of November. A Fed move in December (odds now at 100% for a rate hike) would push the rate paid out to participants close to 50 basis points – a level we haven't seen since April 2009.

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 lglenn@treasury.ga.gov

Maturity Distribution

