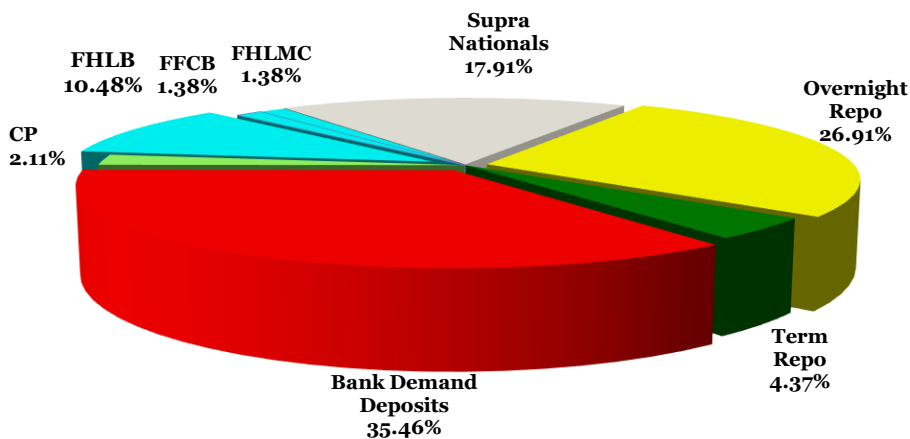


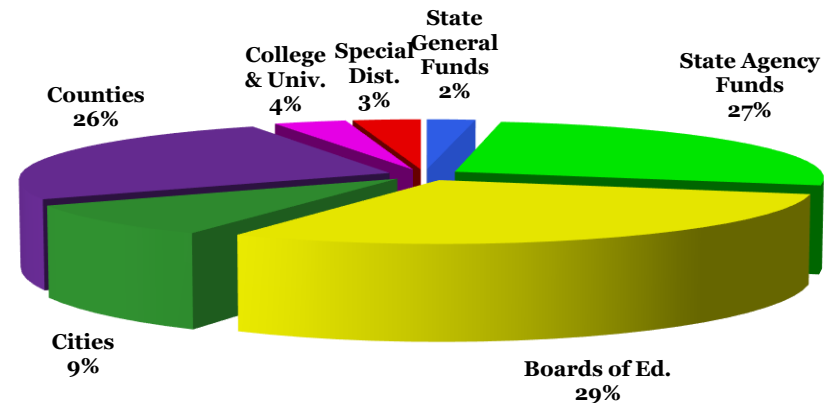
Georgia Fund 1 (GF1)

- 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 2018, GF1 participants earned 2.23%*.
- As of November 30, 2018, GF1 assets were \$14.5 billion. The weighted average maturity (WAM) was 18 days.

Portfolio Composition

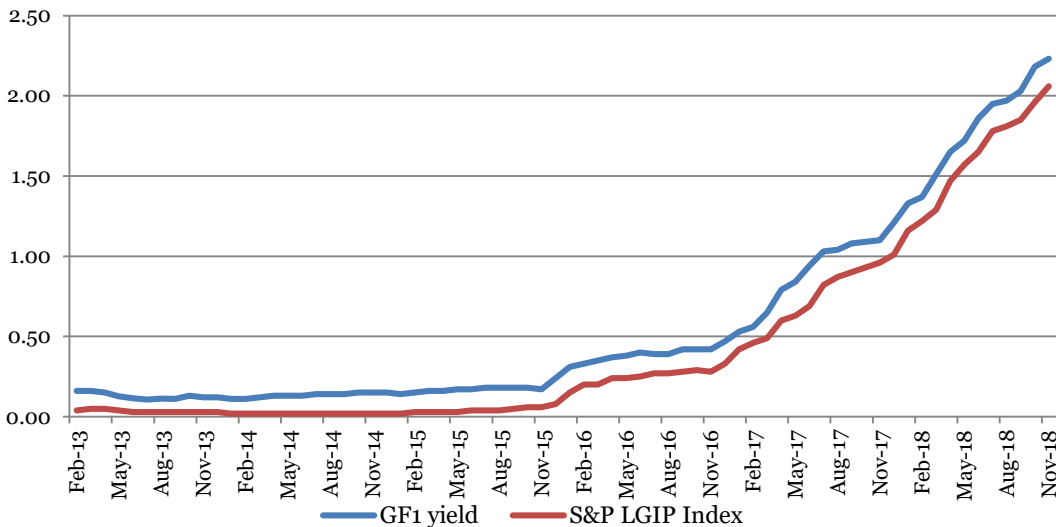


Account Holder Distribution



*Georgia Fund 1 yield is on an annualized basis.

Monthly Yield



Portfolio Strategy:

The Fed met in November and left the target range for the federal funds rate unchanged at 2.00% to 2.25%. The committee noted that the unemployment rate declined, household spending continues to grow strongly while the growth of business fixed investment moderated from its rapid pace earlier in the year. The Fed is working on moving rates towards neutral – the fed funds rate that neither stimulates nor restrains economic growth. Question is “What is the neutral rate?”

In early October Fed Chairman Jerome Powell said the current range of 2.00% to 2.25% was “a long way from neutral.” Flash forward to late November and Federal Reserve Vice Chairman Richard Clarida made comments stating the FOMC is “much closer” to a neutral level. Clarida went on to say “I believe, U.S. monetary policy will continue to be data dependent.” A wait-and-see approach versus the well voiced approach they’ve maintained since first raising rates in December 2015.

As opportunities presented themselves in the market, we lengthened out maturities in the portfolio to capture some of the “long way from neutral”. As the Fed moves closer to neutral, we will lengthen the weighted average maturity (WAM) of Georgia Fund 1 to lock in these higher rates. Neutral – will it have a 2 handle or a 3 handle – that is data dependent.

In The News:

Additional information on the Georgia Fund 1 holdings can be found on the website at <https://ost.georgia.gov/gfi-holdings-reports>. The holdings are updated quarterly. Other state portfolio holdings are listed on the website as well.

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. The fair valuation factor that enables participants to adjust their statement balances to fair value is provided in the GASB 40 letter on our website at https://ost.georgia.gov/sites/ost.georgia.gov/files/related_files/site_page/GF1_GASB_063018_signature.pdf

For Georgia Fund 1 investment related questions, please direct inquiries to **Laura Glenn** at (404) 656-2995 or by email at laura.glenn@treasury.ga.gov

Maturity Distribution

