



# QUARTERLY UPDATE

## Georgia Fund 1 Prime

9/30/24



### INTRODUCTION

#### Investor Goals

The primary objective of GF1 Prime is to provide eligible state and local entities the potential of a higher return for strategic cash investments, over GF1, by adding credit oriented investments.

#### Portfolio Managers

Paige Wilhelm  
Mark Weiss, CFA  
Deborah A. Cunningham, CFA

#### Product Highlights

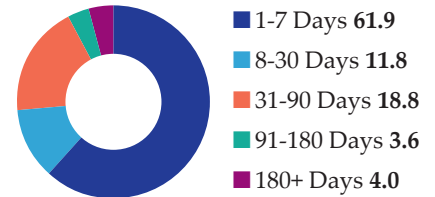
- Offers participation in a diversified portfolio of high credit quality money market instruments that seek to obtain the highest possible level of current income consistent with preservation of capital and liquidity.
- Robust oversight by the Georgia Office of the State Treasurer and managed in strict compliance with state investment policies and portfolio guidelines.
- Aims to maintain sufficient liquidity to meet reasonably foreseeable participant redemption activity.

**Credit Rating** AAAmf Fitch

#### Portfolio Profile

Weighted Average Maturity	24 Days
Weighted Average Life	55 Days
Pool Assets	\$696.1 million

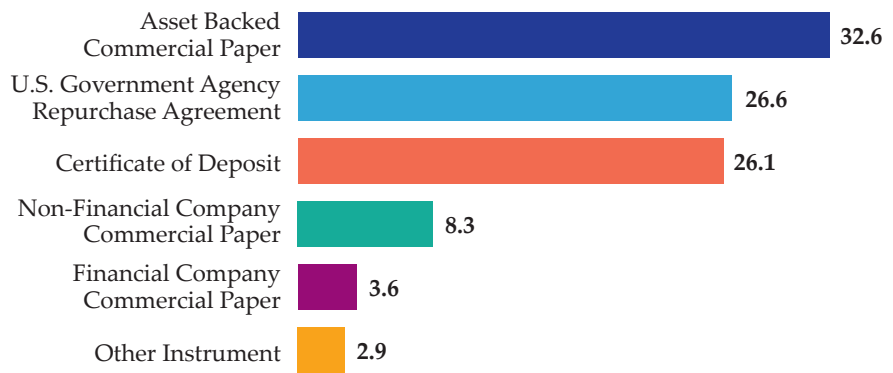
#### Effective Maturity Schedule (%)



#### Liquidity

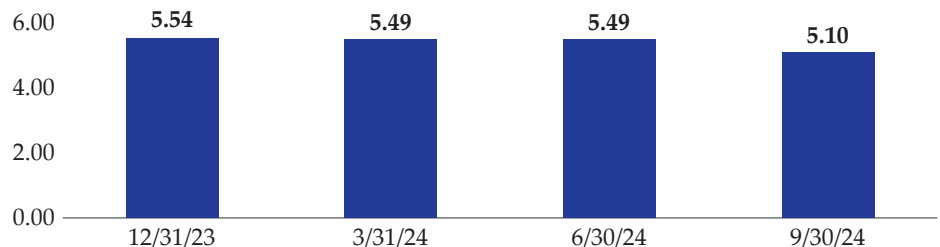
Daily	26.46%
Weekly	35.75%

#### Portfolio Composition (%)



Totals may not add up to 100% due to rounding.

#### Annualized 7-Day Effective Yields (%)



Performance data quoted represents past performance which is no guarantee of future results. Investment return will vary. The value of an investment, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated.

## PORTFOLIO MANAGER COMMENTARY

After staying in neutral for the first half of 2024, the Federal Reserve shifted into gear and hit the accelerator in the third quarter.

The reporting period opened with policymakers concerned they were holding interest rates too high but not worried enough to lower them. The caution stemmed from the pause earlier in the year in what had been inflation's orderly decline from four-decade highs in 2022. In its July meeting, the Federal Open Market Committee (FOMC) kept the fed funds target range at 5.25-5.5%, the level at which it had sat for a year. Chair Jerome Powell repeated the message that the Summary of Economic Projections (SEP) provided in June, namely that officials forecasted they would likely cut rates by a quarter percentage point by year-end. That prediction suggested they envisioned inflation would not only decrease again in a sustainable manner, but also that it would come close enough to the Fed's long-held target of 2% to declare victory. But Powell presented a twist: policymakers are now concerned more about the U.S. employment situation. "As the labor market has cooled and inflation has declined, the risks to achieving our employment and inflation goals continue to move into better balance." The Fed was finally seeing the other half of its mandate display the sort of weakness that typically would demand a cut. In other words, Powell had become concerned that further weakening in the labor market could precipitate a recession he believed avoidable.

With no FOMC meeting on the schedule in August, attention turned to Jackson Hole, Wyo., the site of the Fed's annual central bank symposium. In his keynote address, Powell indicated that he was troubled by the Labor Department's unexpectedly large downward revision of previous employment data, which could mean the economy weakened more than previously thought: "The time has come for policy to adjust." The clarity of this statement startled the markets, which entertained the notion that the first cut might not only come at the September FOMC meeting, but also be of the larger half-point variety. That proved true, as the first cut was 50 basis points, shifting the target range to 4.75-5%. But the new SEP did not suggest as much conviction to ease quickly as that big step implied. In its 'dot plot' members predicted they would only enact a quarter-point cut in each of the remaining meetings. Also, one of the voters dissented, the first by a governor since 2005.

The Fed continues to allow \$25 billion of Treasuries and \$35 billion of mortgage-backed securities to mature without replacing them and held the Reverse Repo Facility at a level 10 basis points above the fed funds lower bound.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.83%, 4.62%, 4.42% and 4.01%, respectively.

**Bloomberg Short-Term Bank Yield Index:** The Bloomberg Short Term Bank Yield Index (BSBY) is a proprietary index calculated daily and published at 7:00 am (EST) on each U.S. business day. The index has been developed to address the needs of the market by providing a series of credit sensitive reference rates that incorporate bank credit spreads and defines a forward term structure. BSBY seeks to measure the average yields at which large global banks access USD senior unsecured marginal wholesale funding.

Portfolio composition is subject to change.

**Weighted average life (WAL)** is defined as the average time a dollar of principal is outstanding at an assumed prepayment rate.

**Weighted average maturity** is the average time to maturity of debt securities held in the fund.

**7-day effective net yield** is calculated by taking an average of the past 7 days' net yields less any short-term capital gains.

An investment in the Georgia Fund 1 Prime is not a deposit of a bank and is neither insured nor guaranteed by the State of Georgia or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Georgia Fund 1 Prime seeks to preserve the value of your investment at \$1.00 per unit, it is possible to lose money by investing in the Pool. The Pool's yield will vary from day to day based on changes in interest rates and market changes.

The securities in which the Pool invests will be rated in one of the two highest short-term rating categories by one or more Nationally Recognized Statistical Rating Organization or deemed by the Adviser to be of comparable quality to securities having such ratings. Credit ratings do not provide assurance against default or other loss of money.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

**For more complete information, visit [GeorgiaPrime.com](https://GeorgiaPrime.com). You should consider the investment's objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the Investment Circular, which you should read carefully before investing.**