

**GEORGIA FUND 1 PRIME  
INVESTMENT POLICY GUIDELINES  
Fiscal Year 2023-2024**

**Objectives**

**Return Requirements:** Georgia Fund 1 Prime (GF1 Prime), is an alternative investment option for LGIP participants residing in the State of Georgia. The primary objective of GF1 Prime is to provide Local Investors the potential of a higher return on their investment by adding credit orientated investments. GF1 Prime will be managed as a low risk, high credit quality portfolio seeking preservation of principal, liquidity, and a competitive return. The performance objective for GF1 Prime is to meet or exceed iMoneyNet First Tier Retail Average on a rolling 1, 4, 12, and 20 quarter basis.

**Risk Tolerance:** GF1 Prime has a very low tolerance for risk and seeks to maintain a 'AAAmf' rating by Fitch Ratings. The 'AAAmf' rating signifies the pools capacity to meet its dual objectives of preserving principal and providing liquidity to meet redemption requests in full and on time. The Fund's portfolio holdings provide extremely strong protection against losses from credit defaults.

**Constraints**

**Liquidity:** Generally, withdrawal of funds requires one day advance notice for most participants. It is up to the portfolio manager to assess the market risks and cash needs in order to provide sufficient liquidity to meet the daily cash flow needs of the participants. Typically, ample liquidity is maintained in the Fund's portfolio on both a daily and weekly basis. These amounts are generally at least 10% in daily liquid assets and at least 30% in weekly liquid assets.

**Weighted Average Maturity (WAM) & Weighted Average Life (WAL):**

1. The portfolio will be managed with a maximum WAM of 60 days and WAL of 120 days.
2. The maximum maturity of an individual fixed rate security cannot exceed 397 days from the date of purchase, except obligations of the US Government cannot exceed 762 days.
3. Variable rate and floating rate securities shall not have a final maturity to exceed 2 years for U.S. government securities or 397 days for all non-U.S. government securities.
4. As soon as practicable after the end of each calendar quarter, the Investment Advisor shall report the WAM and WAL of each security as well as the WAM and WAL of the portfolio.

**Laws and Regulations:** The local government investment pool, GF1 Prime, is created by State Code Section 36-83-8. Authorized investments for Fund assets shall be limited to those set forth in State Code Sections 50-17-2, 50-17-27, 50-17-63, 36-83-2 and 36-83-4. In addition, GF1 Prime must comply with the criteria established by Fitch Ratings for a 'AAAmmf' rated fund. The criteria are detailed in Fitch Ratings Money Market Fund Rating Criteria. The Fund operates according to GASB 79 for financial reporting purposes and as such utilizes amortized cost accounting to value the portfolio.

**Maximum Counterparty and Issuer Concentration:**

1. Concentration with any single repo counterparty should not exceed 25% on an aggregate basis.
2. The maximum issuer limit of any credit security (e.g., commercial paper, single issuer asset backed commercial paper, negotiated CDs, short term corporate bonds, asset back securities) is 5% of the overall portfolio at time of purchase. The issuer must be included on the Investment Advisor's approved list.
3. US government, US government sponsored entities (GSEs), and repurchase agreements collateralized fully by such obligations shall have no limit.
4. No more than 25% of the assets of the Fund may be invested in any individual money market fund.

**Reporting:** As a 'AAAmmf' rated fund, GF1 Prime holdings must be submitted to Fitch Ratings on a monthly basis. This report will be completed by the custodian and delivered to both Fitch Ratings and OST via email each month. The custodian will continue to complete the weekly Fitch Ratings report for OST to provide a weekly shadow net asset value (NAV) and ensure that amortized cost approximates fair value. The investment team will stress test the portfolio on a monthly basis, unless market conditions prescribe otherwise.

**Unique Preferences and Circumstances:** The liquidity requirements, low risk tolerance and Fitch Ratings criteria are all significant factors affecting the management of GF1 Prime.

***Authorized Investments:*** All investments must adhere to the "credit quality" requirements prescribed by the current OST Investment Policy adopted by the State Depository Board and credit limits prescribed by the current OST Counterparty Risk Assessment Model.

1. Repurchase agreements that meet the requirements of State Code Section 50-17-2 and the Fitch Ratings criteria for a 'AAAmmf' rated fund.
2. US Treasury Obligations
  - Treasury Bills
  - Treasury Notes
  - Treasury Floating Rate Notes

3. Obligations issued by the following government sponsored entities (GSEs)

- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal National Mortgage Association (FNMA)
- Government National Mortgage Association (GNMA)

A. Types of Agency Securities

- Discount Notes
- Callable Agencies
- Step-Up Notes
- Fixed Rate Notes
- Floating Rate Notes

4. Commercial Paper. All securities should carry a rating of A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO).
5. Negotiable Certificates of Deposit with domestic financial institutions rated A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO) and that meet the requirements of OCGA § 50-17-63.
6. Short-term corporate primary debt obligations of domestic corporations rated a minimum of A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO) and that meet the requirements of OCGA 50-17-63.
7. Asset-backed securities. Pursuant to O.C.G.A. 50-5A-7(b), asset-backed securities rated AAA, having broad liquidity reflecting at least \$350 million of outstanding issuance and issued by an underlying credit rated A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO).
8. In the event of a downgrade that renders an obligation ineligible, the advisor shall notify OST immediately. Unless instructed otherwise, the advisor shall sell or otherwise dispose of the obligation as soon as possible, but not more than 90 days thereafter. This period may be extended only with the express written consent of the Treasurer.
9. Such other investments authorized pursuant to OST's investment policy and guidelines and approved in writing by OST.
10. Money Market Funds approved by OST.
11. Obligations issued by the government of any foreign country. Direct obligations of the government of any foreign country must be rated A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO).

12. International Bank for Reconstruction and Development (IBRD) or the International Finance Corporation (IFC). Obligations issued, assumed, or guaranteed by the IBRD or the IFC must be rated A1/P1/F1 or higher by a Nationally Recognized Statistical Rating Organization (NRSRO).
13. Callable securities
14. GASB 79 eligible extendibles, variable, and floating rate securities are permitted. Variable and floating rate securities shall approximate amortized cost upon reset.

### **Exceptions**

In the event a question arises as to whether a type of security is eligible for investment, the manager shall present an analysis and recommendation to the Office of the State Treasurer and shall not invest in that type of security unless express written permission from the Office of the State Treasurer has been received.