



SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

TREASURER'S MESSAGE



Curtis M. Loftis, Jr.
Treasurer

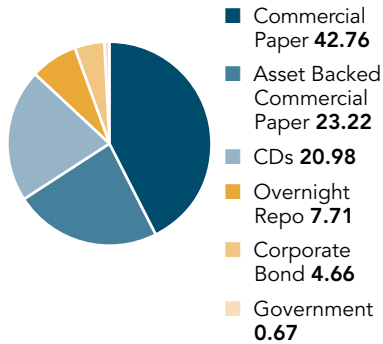
The Federal Reserve trimmed interest rates by 25 basis points in December. As we enter the new year, headlines continue to focus on the Fed and what the future may hold for Chair Powell. Regardless of how events unfold over the next couple months, we remain confident that the South Carolina Local Government Investment Pool will continue to be a strong investment option for its participants.

The South Carolina LGIP will always seek to provide its participants with safety, liquidity, and a competitive return, no matter the level of noise in the markets.

We appreciate your trust and partnership as we work to uphold the highest standard of financial stewardship in an evolving market landscape.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%) AS OF 12/31/25



DECEMBER 31, 2025

- Pool Balance: \$15,314,735,838.31
- LGIP Rate: 4.08%

LGIP PARTICIPANT BREAKDOWN

- 41 Counties
- 122 Municipalities
- 86 School Districts
- 96 Special Purpose Districts
- 19 Disability and Special Needs
- 10 Council of Government

HIGHLIGHTS

- LGIP is an investment mechanism administered by South Carolina's State Treasurer to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.
- LGIP seeks to preserve capital through prudent management and sound investment policies. LGIP offers participants an investment option for operating capital consistent with their investment time horizons.

PORTFOLIO OVERVIEW AS OF 12/31/25

- Weighted Average Maturity: 59 Days
- Weighted Average Life: 82 Days
- iPAS allows participants to stay up to date on account information, including transactions.

Visit the iPAS website here:

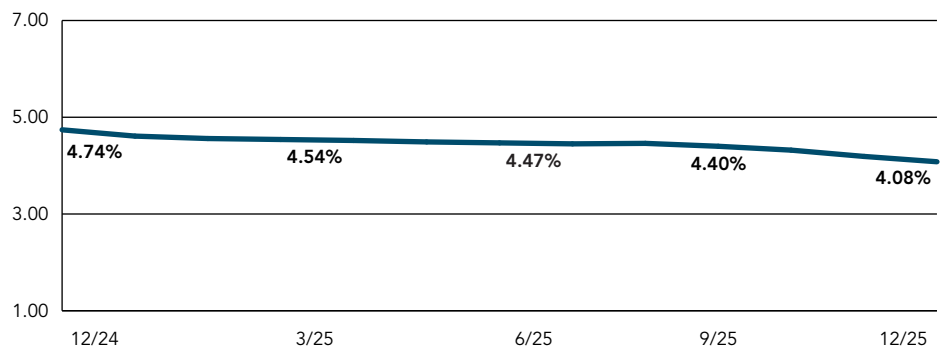
<https://lgip.sc.gov/iPAS/login.ipas>

Visit the LGIP website here:

<https://www.treasurer.sc.gov/what-we-do/for-governments/local-government-investment-pool>

LGIP MONTHLY RATE (%)

The high fed funds rate is holding the current plateau. The Pool continues to take advantage of these higher rates which is reflected in the monthly yield.



CYBER SECURITY

Email phishing is a common form of cyber-attack where scammers attempt to lure you into clicking links, providing sensitive information, opening an attachment, or undertaking an action on behalf of the attacker.

Common forms of phishing include:

- **Spear Phishing:** Targeted at specific individuals or organizations, with the attacker often using research to incorporate personalized details to make the scam more convincing.
- **Whaling:** Aimed at high-profile individuals such as senior executives.
- **Business Email Compromise (BEC):** When a legitimate business partner's email account becomes compromised, an attacker sends out emails from that account. While this may appear to be a trusted sender, these types of emails are difficult to block at our email gateway and often hard to detect by the recipient.

Watch for the red flags:

- **Suspicious sender:** Often, phishing emails come from addresses that mimic legitimate ones but with slight variations in spelling or characters.
- **Urgent language:** Phishing emails try to create a sense of urgency, claiming your account will be locked or payments are overdue.
- **Unusual requests or requests for sensitive information:** Emails will ask you to perform actions that are not routine, and often ask for sensitive information such as passwords, credit card details, or Social Security numbers.
- **Poor formatting, spelling and grammar:** Many phishing messages contain simple or poor formatting and spelling and grammar mistakes.

Stay vigilant and protect your financial security.

COMMENTARY

After a year of criticism from the executive branch, the Federal Reserve (the Fed) faced complications from the legislative one in the fourth quarter in the form of a government shutdown. While it prevented the collection of data starting on October 1, the temporary closure did not play a meaningful role in the Federal Open Market Committee (FOMC) meeting in that month. Policymakers had data in hand, as most was compiled in September. But the Trump administration's pressure persisted, with former White House economist Stephen Miran, now a Fed governor, voting for a half-point lowering of the federal funds target range. Kansas Fed president Jeffrey Schmid provided a counterweight with a preference for no change. The center held, with the majority voting for a quarter-point rate cut, taking the range to 3.75-4%.

The lack of government-issued data became a problem for the Fed ahead of the December FOMC meeting. Although Chair Powell said that the Fed collected its own information and monitored private data sources, some policymakers urged caution until government reports had caught up. The result was the most contested meeting in a long time, with three dissents: Miran again preferred a 50 basis-point reduction while Chicago Fed President Austan Goolsbee joined Schmid with a desire for no move. The majority again prevailed, voting to lower the range to 3.50-3.75%. The new Summary of Economic Projections' (SEP) "dot plot" reflected the disagreement with a wide dispersion. Chair Powell characterized the quarter-point cut as "plausibly neutral." The meeting's statement suggested officials have taken another wait-and-see approach to policy.

Nearly as critical to the money markets was the Fed's decision to end quantitative tightening (QT). In October, the Fed said it would conclude it on Dec. 1. But that decision might have come too late, as the cumulative reduction of the Fed's balance sheet caused some investors to be concerned about potential funding pressures in the repo market. In December, the New York Fed announced plans to buy \$40 billion of Treasury bills per month, starting Dec. 12. Chair Powell characterized this as stabilizing reserve supply and offsetting a projected decline in reserves related to tax payments in April.

At quarter-end, yields on 1-, 3-, 6- and 12-month US Treasuries were 3.59%, 3.64%, 3.61% and 3.48%, respectively.

CONTACT INFORMATION

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If you have any questions about LGIP please email sto.lgip@sto.sc.gov

Portfolio composition is subject to change.

An investment in LGIP is not insured or guaranteed by any government or government agency.

For more complete information, see the investment policy and information statement at treasurer.sc.gov.