QUARTERLY UPDATE APRIL 2022

SOUTH CAROLINA
LOCAL GOVERNMENT INVESTMENT POOL

Administered by South Carolina State Treasurer's Office

Curtis M. Loftis, Jr., Treasurer

TREASURER'S MESSAGE

Curtis M. Loftis, Jr.
Treasurer

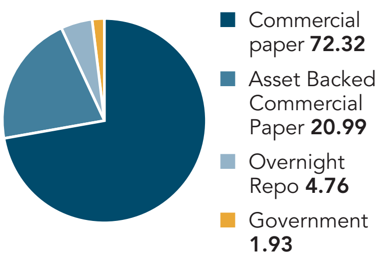
Greetings! I was grateful to participate in last month's SCATT conference in Myrtle Beach and see many of you who participate in our Local Government Investment Pool.

In March, the Federal Reserve increased rates by 25 basis points. That's good news for LGIP participants, as the pool has been able to capture increased yield as a result. And we expect to capture even more yield in the upcoming two .50% rate hikes that are predicted across the next two Federal Open Market Committee meetings.

As always, we appreciate your business as an LGIP participant. Don't hesitate to contact our investment team if you need assistance.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%)
AS OF 3/31/22



MARCH 31, 2022

- Pool Balance: $10,344 ,649,967
- LGIP Rate: 0.34%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 97 Municipalities
- 71 School Districts
- 65 Special Purpose Districts
- 12 Disability and Special Needs
- 8 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 3/31/22

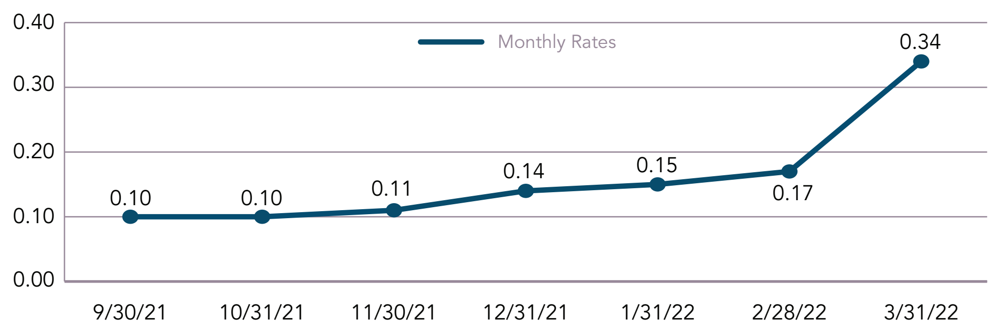
- Weighted Average Maturity: 28 Days
- Weighted Average Life: 53 Days

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 (%)



Contact Information

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

Commentary

The U.S. Federal Reserve signaled a future path of more aggressive policy to rein in inflation in a quarter marked by resurgent Covid-19 cases and marred by Russia's destructive invasion of Ukraine.

The highly contagious omicron variant of Covid-19 swept across the U.S. in January and February before receding in March. The wave weighed on already stressed supply chains, driving annualized inflation to multi-decade highs. The Consumer Price Index reached 7.5% in January and 7.9% in February, and the Personal Consumption Expenditures Index rose 6% in January and 6.4% in Feb. Stoked by a hot labor market, rising wages also contributed to the inflationary environment. The Russian invasion exacerbated the situation, as the price of crude oil and other commodities surged. Retail sales were robust in January, but consumer activity in general slowed as inflation grew.

After initially targeting inflation by ending its asset purchase program, the Fed began to normalize rates. In the March Federal Open Market Committee meeting, policymakers announced a 25 basis-point hike of the fed funds target range, shifting it from 0.0-0.25% to 0.25-0.50%, with a concomitant lifting of the Reverse Repo (RRP) level to 0.30%. Their projections for the path of rate action jumped from earlier predictions to indicate that 2022 might see as many as six more quarter-percentage-point hikes, though the futures market anticipated larger increases. This combination and a flight-to-quality due to the Ukrainian war caused the front end of the U.S. Treasury yield curve to sharply steepen. Fed Chair Jerome Powell expressed confidence that labor market conditions could withstand the reduction in policy accommodation and that progress had been made on the discussion of reducing the balance sheet.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.12%, 0.51%, 1% and 1.57%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.39%, 0.89%, 1.37% and 1.97%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.44%, 0.96%, 1.49% and 2.17%, respectively.