



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

I enjoyed participating in the SC Auditors, Treasurers and Tax Collectors spring meeting last month, where we shared an update on LGIP's continued strong performance given the rising rate environment we are currently experiencing.

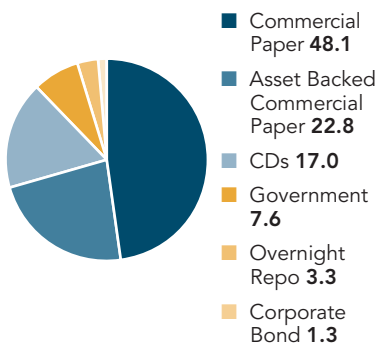
Another area we want to remind participants about is taking steps to prevent fraud by cyber-criminals. They continue to prey on innocent victims through emails, texts and phone calls to secure your financial information for their own benefit. Training your staffs how to identify these potential scams and avoid providing sensitive data to these bad actors are critical to ensuring you don't have a breach that results in lost security or funds.

We must all remain vigilant in this area. As a new feature to this newsletter, we will share security awareness information and resources to assist your employees in becoming a "strong human firewall" to prevent exposure cybercriminal activity.

Stay safe!

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%) AS OF 3/31/23



MARCH 31, 2023

- Pool Balance: \$12,175,389,466
- LGIP Rate: 4.85%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 103 Municipalities
- 71 School Districts
- 64 Special Purpose Districts
- 12 Disability and Special Needs
- 9 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 3/31/23

- Weighted Average Maturity: 23 Days
- Weighted Average Life: 65 Days

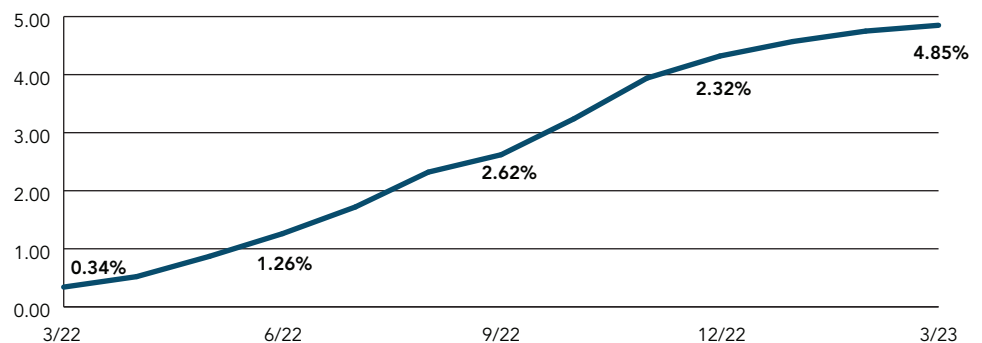
iPAS allows participants to stay up to date on account information, including transactions.

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 (%)

Continued increases to the target range of the fed funds rate should spark a rise in yield for the LGIP. The Pool has already taken advantage of higher rates from the previous rate hikes that have resulted in an increase to the monthly yield.



CYBERSECURITY AWARENESS: DIGITAL CHECK UP

Cybercriminals are constantly on the offensive, using a variety of tactics in hopes of stealing data such as banking information, ID numbers and confidential information. When you're granted access to sensitive information, you become responsible for its privacy and security.

Here's a quick rundown of the fundamentals to make sure that you're contributing to your organization's security well-being:

- Always follow organizational policy to ensure information remains confidential
- Use strong, unique passwords for each account you have access to
- Never assume someone is who they claim to be – use situational awareness
- Identify phishing attacks by looking for bad grammar and random links or attachments – and **never** click on an attachment or link you weren't expecting
- Ask questions if you're unsure about anything
- Report security incidents immediately

Situational awareness is a simple, effective mindset that helps keep organizations and people safe. Please make it a part of your daily routine at work, at home, and everywhere in between.

COMMENTARY

In the first quarter of the year, the Federal Reserve continued tightening policy despite some uncertainty in the financial markets, especially in the second half of March. Contributing to this uncertainty was the failure of a regional U.S. bank.

In mid-January on Capitol Hill, political infighting kept lawmakers from passing legislation to increase the U.S. debt limit. We do not believe the federal government will default on its debt obligations, and its ability to tap "extraordinary measures" provides time for negotiation. But the reduced issuance of Treasury securities stemming from the situation exacerbated the existing supply/demand strain on the front end of the Treasury yield curve. The dispute complicated Fed messaging at its first Federal Open Market Committee (FOMC) meeting of the year. After four consecutive 75 basis-point hikes, policymakers had slowed the pace to 50 basis points in December. In February, it downshifted again, this time announcing a quarter-point hike. Futures trading suggested the markets took this as a sign the Fed thought it had dealt inflation a mortal blow, at one point even forecasting rate cuts before year-end. Chair Jerome Powell warned investors that, "we see ourselves as having a lot of work to do" to establish price stability.

The swift downfall of Silicon Valley Bank (SVB) took place in early March. It became clear that it, as well as two other small U.S. banks that foundered in that same time period, failed to manage risk. Regulators placed it into receivership, and the Fed created a new Bank Term Funding Program (BTFP). This led many to think the next FOMC meeting in March would reveal a cautious Fed. But instead, it raised rates again by a quarter point indicating the contained nature of the bank defaults while confirming the fight against inflation was not finished.

At the end of the first quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.58%, 4.76%, 4.89% and 4.69%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 4.93%, 4.08%, 5.23% and 5.27%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates were 4.86%, 5.22%, 5.32% and 5.33%, respectively.

CONTACT INFORMATION

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

*MMDA rates are for \$50,000 minimum (APYs).

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.