



SOUTH CAROLINA

LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

TREASURER'S MESSAGE



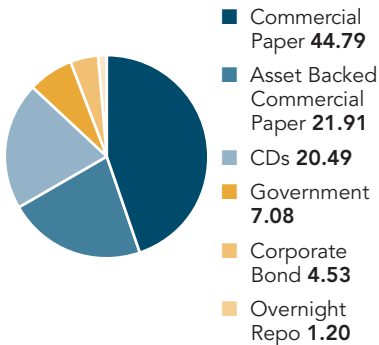
Curtis M. Loftis, Jr.
Treasurer

Our South Carolina LGIP continues to perform exceptionally well in this stable rate environment. Despite market expectations of potential rate adjustments, our portfolio's strategic positioning has allowed us to maintain a competitive yield. For the fiscal year just ended, the pool returned an additional \$275 million in earnings compared to the previous fiscal year. Our investment managers continue to demonstrate expertise in navigating the complexities of today's financial markets, always prioritizing the interests of our participants.

We thank you for your continued partnership and confidence in the South Carolina LGIP. Together, we will continue to pursue excellence in financial stewardship, delivering value and stability in an ever-changing economic landscape.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%) AS OF 6/30/24



JUNE 30, 2024

- Pool Balance: \$14,113,081,240.86
- LGIP Rate: 5.52%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 115 Municipalities
- 79 School Districts
- 78 Special Purpose Districts
- 17 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 6/30/24

- Weighted Average Maturity: 54 Days
- Weighted Average Life: 99 Days

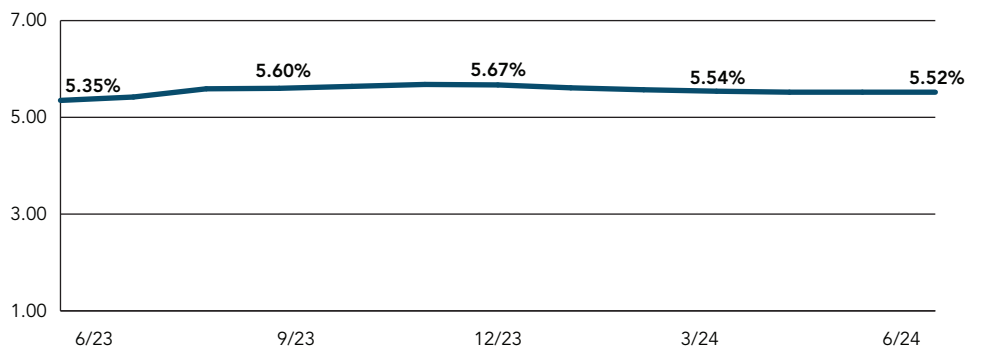
iPAS allows participants to stay up to date on account information, including transactions.

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.



PROTECTING YOUR FINANCIAL SAFETY

With cyber-crime and social engineering attacks on the rise, South Carolina LGIP is committed to safeguarding our participants. It is important to remain vigilant. Evaluate the information you share and be cautious with links you click.

TIPS FOR PREVENTING FINANCIAL FRAUD

- Follow guidelines and best practices from the Cybersecurity and Infrastructure Security Agency (CISA).
- Keep documents with personal information (receipts, statements, etc.) in a safe place.
- Do not share your assigned PIN or leave it accessible to others.
- Securely store or shred documents that are no longer needed.
- Be cautious about sharing your entity's information, especially with unsolicited requests.
- Avoid making hasty decisions. Be wary of calls or emails demanding immediate action.
- Regularly review your financial statements for accuracy and watch for suspicious activity.

COMMENTARY

Reality seemed to catch up with the Federal Reserve in the second quarter. Consecutive updates to its Summary of Economic Projections in December and March indicated policymakers still thought three 25 basis point cuts in the fed funds rate would be appropriate by year-end, despite inflation proving sticky. But Federal Open Market Committee (FOMC) members capitulated in the May meeting. Not only did they keep rates in the target range of 5.25-5.50%, but they also sounded almost despondent in their post-meeting statement: "In recent months, there has been a lack of further progress toward the Committee's 2% inflation objective." Indeed, the annualized growth rate of both the Consumer Price Index and the Personal Consumption Expenditures Index remained in the tight range observed for many months. The dour mood was confirmed in the revised projections released at the June meeting. The new "dot plot" showed that policymakers now think only a single quarter-point cut this year would fit the bill.

These lowered expectations were overall positive news for liquidity products across the industry. An extension of elevated rates likely translates into an extension of elevated yields, offering the potential for prolonging their attractiveness as an investment. Money market funds, in particular, appeared to benefit as assets under management remained around historically lofty levels.

Two other shifts in assets took place in the second quarter. The first was the Fed's decision to reduce the monthly reduction, known as tapering, of its balance sheet, which had grown from huge to colossal during the pandemic. Since June of 2022, the Fed had allowed \$60 billion of Treasuries and \$35 billion of mortgage-backed securities (MBS) to mature without replacing them. Determined to avert any liquidity issues in the vast Treasury market, the FOMC slowed that pace in June of 2024, lowering the monthly cap on Treasuries from \$60 billion to \$25 billion, while keeping the MBS cap at \$35 billion.

The second change emanated from a building a few blocks from Fed headquarters in Washington, D.C. In May, the U.S. Treasury Department announced a program to purchase U.S. Treasuries in the coming months. By purchasing certain maturities of securities, the Dept. intends to facilitate market making, provide liquidity support and mitigate volatility in bill issuance. The latter can occur when it reduces the magnitude of bill auctions because it is flush with cash (primarily on tax collection dates).

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.35%, 5.37%, 5.33% and 5.12%, 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.