



# SOUTH CAROLINA

## LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

### TREASURER'S MESSAGE



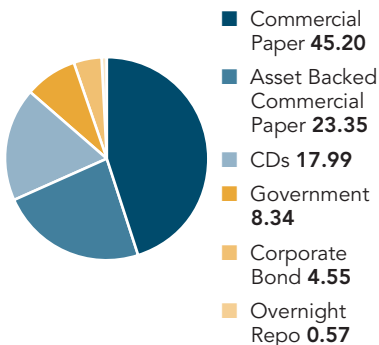
**Curtis M. Loftis, Jr.**  
Treasurer

The Federal Reserve is holding steady on rates, and consumer behavior continues to be strong. The SC LGIP yield remains elevated amid the Fed pause. As the market prices in rate cuts, the portfolio weighted average maturity target is near the high end of the range. This allows the pool to hold higher yielding money market securities for a longer period. The pool provides the benefits of diversification, active and professional management, and a competitive fee structure to assist the SC public sector in maximizing returns while providing daily liquidity for their operations and other needs — no matter the rate environment.

As we close in on the end of the fiscal year, we thank you for your continued trust in our professional investment managers. They are a dedicated group of individuals that take great pride in their work for the pool participants.

### LGIP AT A GLANCE

#### PORTFOLIO COMPOSITION (%) AS OF 3/31/24



#### MARCH 31, 2024

- Pool Balance: \$14,388,906,682.83
- LGIP Rate: 5.54%

#### LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 113 Municipalities
- 77 School Districts
- 75 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 3/31/24

- Weighted Average Maturity: 46 Days
- Weighted Average Life: 72 Days

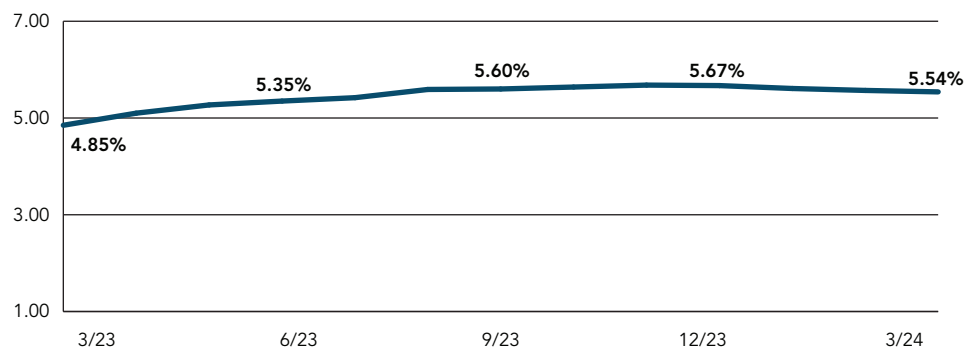
iPAS allows participants to stay up to date on account information, including transactions.

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.



## BUILDING A HEALTHY SECURITY CULTURE

Every member of an organization plays an important role in shaping culture, which includes a commitment to maintaining security and privacy. Here's how you can strengthen the security culture you're a part of:

- - Report security incidents immediately
- - Stay alert and make security awareness part of your professional and personal life
- - Follow organization policy
- - Share tips and tricks with fellow co-workers
- - Become a security champion and lead by example

## COMMENTARY

Greatly exaggerated in late 2023, the report of the death of “higher for longer” interest rates turned out to be mistaken in the first quarter of 2024.

Going into the quarter, the markets resisted Federal Reserve expectations for the pace and timing of easing monetary policy. The rate forecast “dot plot” in the December Summary of Economic Projections (SEP) indicated three quarter-point cuts could come later this year; the futures markets called for as many as seven, starting in March. No amount of communications from Fed officials dented this investor enthusiasm, including speeches and appearances by Chair Jerome Powell. But measures of consumer and producer inflation, which had been declining, began to level off and even reverse course slightly, the exuberance faded and markets fell in line. By the time of the Federal Open Market Committee's mid-March meeting, out of which the updated SEP again indicated a likely 75 basis-points worth of cuts in 2024, the markets had conceded. Policymakers kept the target federal funds range at 5.25-5.5% throughout the quarter.

Other factors contributed to the shift in sentiment. One was sentiment itself, as consumers displayed confidence and continued to spend despite the inflation, especially food prices. Economists' opinions on the reasons varied, but most agreed that the robust employment situation played a key role, due to the time-tested adage that Americans spend if they have a dependable source of income. In this case, the labor shortage not only provided that, but also helped to increase wages—particularly for those changing jobs—and reduce the size of inflation's bite into paychecks.

The strength of the economy, once viewed skeptically by many in the financial sphere, began to convert skeptics into believers that the U.S. might not only avoid a recession, but also even a marked slowdown. This is the scenario that Powell had frequently mentioned as potentially achievable, though the longer the Fed leaves the target range as is, the greater the risk it will end up damaging the economy. For investors, the high rate environment contributed to the continued attractiveness of the preponderance of liquidity products across the industry, including money market funds remaining at historically elevated assets under management.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.36%, 5.36%, 5.33% and 5.03%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.47%, 5.45%, 5.36% and 5.17%, respectively.

## CONTACT INFORMATION

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If you have any questions about LGIP please email [sto.lgip@sto.sc.gov](mailto: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](http://treasurer.sc.gov).*