SOUTH CAROLINA
LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

South Carolina
Local Government Investment Pool

Administered by South Carolina State Treasurer's Office

Treasurer's Message

Curtis M. Loftis, Jr.
Treasurer

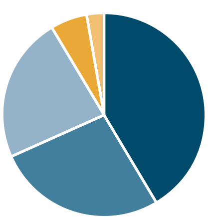
Last month's announcement by the Federal Open Market Committee that it would slow the pace of rate cuts in 2025 was good news for liquidity markets. This means that SC LGIP investors should still benefit from the current rates for a longer period of time.

While there is still some uncertainly in the markets with the transition of a new administration, I want to remind investors that the Federal Reserve bases its policy decisions on the economy, not politics. Our experienced and professional investment team is committed to actively managing the portfolio to preserve capital and provide liquidity, regardless of the political climate.

Thank you again for participating in the LGIP.

LGIP at a Glance

Portfolio Composition (%)
as of 12/31/24



- Commercial Paper **41.40**
- CDs **26.95**
- Asset Backed Commercial Paper **23.23**
- Overnight Repo **5.69**
- Corporate Bond **2.73**

December 31, 2024

- Pool Balance: $14,431,426,828.14
- LGIP Rate: 4.74%

LGIP Participant Breakdown

- 40 Counties
- 117 Municipalities
- 80 School Districts
- 81 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 12/31/24

- Weighted Average Maturity: 71 Days
- Weighted Average Life: 83 Days

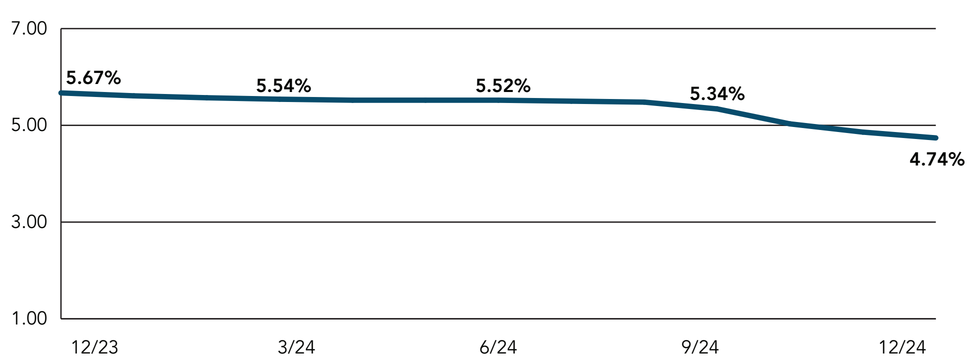
iPAS allows participants to stay up to date on account information, including transactions.

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.



Being proactive with cybersecurity

Staying up to date on the latest cybersecurity practices is essential to protect yourself and your organization from evolving threats. Here are some effective strategies:

Follow Trusted Cybersecurity News Sources: Regularly check websites, blogs, and social media accounts of reputable cybersecurity organizations like the Cybersecurity and Infrastructure Security Agency (CISA) and the National Institute of Standards and Technology (NIST).

Subscribe to Newsletters: Sign up for newsletters from cybersecurity firms and industry experts. These often provide timely updates on new threats, vulnerabilities, and best practices.

Participate in Webinars and Online Courses: Many organizations and educational institutions offer webinars and online courses on various cybersecurity topics. These can help you stay informed about the latest trends and techniques.

Join Professional Associations: Becoming a member of professional associations like the Information Systems Security Association (ISSA) or the International Information System Security Certification Consortium (ISC)² can provide access to exclusive resources, events, and networking opportunities.

Read Industry Reports and Whitepapers: Regularly review reports and whitepapers from cybersecurity firms and research organizations. These documents often contain in-depth analyses of recent threats and security trends.

By incorporating these strategies into your routine, you can stay well-informed and better prepared to handle cybersecurity challenges.

Commentary

The fourth quarter opened in the wake of the Federal Reserve easing rates for the first time in its current cycle that began with aggressive hikes in 2022. That cut, at its September Federal Open Market Committee (FOMC) meeting, was also aggressive, reducing the target fed funds range by 50 basis points to 4.75-5%. But policymakers paired that with a decrease in their forecast for the level of rates in 2024, with the Summary of Economic Projections (SEP) calling for only a quarter-point cut in each of the last two FOMC meetings. In October, their conviction appeared to fade further in the face of a persistently strong economy that might require tighter policy for a longer period than previously anticipated.

Key to the hawkish shift was concern about the ramifications of some of the plans President-elect Donald Trump promised to enact. The thinking is that the potential combination of increased federal tax cuts, expanded government expenditures, new tariffs and significant deportations could increase price and cost pressures. While the quarter-percentage-point cut in the FOMC meeting ending November 7 was likely predetermined—rather than a response to Trump's win—the similar-sized reduction at the December meeting was yet again paired with expectations for fewer future rate cuts than once assumed.

The updated SEP was a considerable downshift from September's forecast of a full point of easing in 2025 to just a half point reduction of the target range that now stood at 4.25-4.5%. Even Chair Jerome Powell muted his enthusiasm that inflation had been beaten, and one FOMC member voted in favor of no cut—the second dissent in three meetings. The shallower downward rate path might mean Fed officials now envision a higher fed funds terminal rate—the longer-run level at which monetary policy is neither accommodative nor restrictive, though its goal for inflation remains 2%. But when it reaches that level is more uncertain than ever. So is the likelihood that Powell can guide the economy to a soft landing.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month US Treasuries were 4.28%, 4.32%, 4.28% and 4.15%, 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.