



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

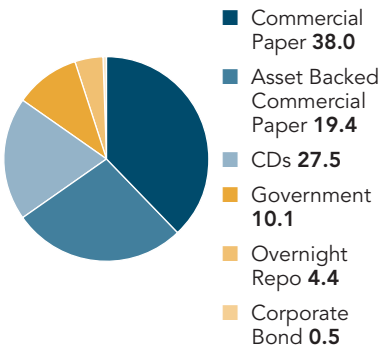
Thank you to those who shared their feedback in our LGIP survey. We were pleased to see many positive responses to our questions, including your feedback on the iPAS website's ease of use, a high level of satisfaction with your current level of service and that 98% of you would recommend LGIP to other local governments.

Many of you were complimentary of LGIP's customer service, and I'm proud that our outstanding team has met or exceeded your expectations and needs.

We appreciate the opportunity to assist you with meeting your financial goals.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%) AS OF 9/30/23



SEPTEMBER 30, 2023

- Pool Balance: \$11,133,732,137
- LGIP Rate: 5.60%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 109 Municipalities
- 73 School Districts
- 69 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 9/30/23

- Weighted Average Maturity: 53 Days
- Weighted Average Life: 79 Days

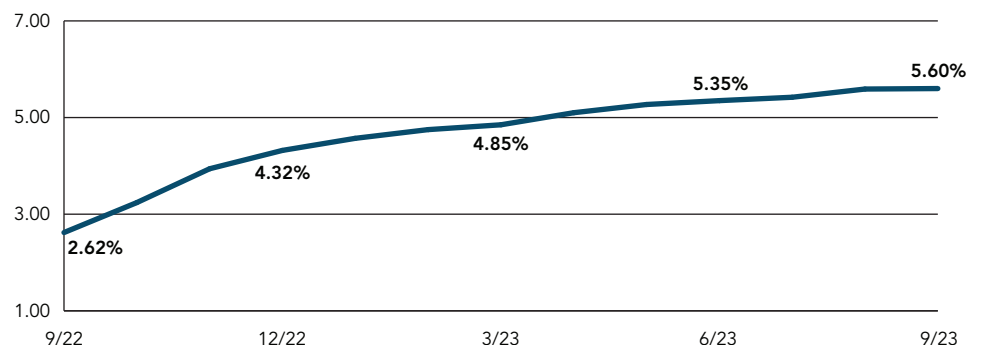
iPAS allows participants to stay up to date on account information, including transactions.

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.



STAY VIGILANT - OCTOBER IS CYBERSECURITY AWARENESS MONTH

As we've shared in the past few newsletters, cybercriminals are always looking to exploit IT vulnerabilities to steal information and money. This can happen through ransomware, viruses and cyberattacks.

Last time we shared tips on how to protect sensitive information. In this edition we want to help you detect vulnerabilities as well as show you how to respond and recover if an attack occurs.

Responding to cyber attacks

- Make sure to back up data onsite and offsite as well as test your backups regularly. Offsite service provides greater security against security breaches.
- Have a cyber incident response plan. These plans should include preparation for a business-disrupting incident and cover steps to take once a breach is detected to reduce and recover from the damage.

Insurance

- Purchase cyber liability insurance. This can be a critical part of cyberattack protection, but the liabilities that many local governments face — a lack of multifactor authentication, a lack of endpoint detection and response, and a lack of data backup — are causing insurers to see some local governments and organizations as uninsurable.

By implementing the tips shared above, can enhance your eligibility for insurance coverage and help control premium costs.

COMMENTARY

The Federal Reserve pumped the brakes in the third quarter, but indicated it will continue to chase inflation.

In July, the Treasury Dept. continued to issue an immense amount of securities to replenish its coffers following the suspension of the federal debt limit in June. Having met its financial obligations through "extraordinary measures," it had to raise cash quickly to make whole any accounts in which it had redeemed or suspended investments, and to fund government spending. A sizable portion of the issuance has come in the form of Treasury bills, which have exceeded \$1 trillion. This supply helped to normalize the front end of the Treasury yield curve, which had also experienced dislocations due to mistaken market expectations that the Fed might not only end the tightening campaign but cut rates in 2023.

If the 25 basis-point hike at the July Federal Open Market Committee meeting didn't put this speculation to rest, the markets got further clarity from Fed Chair Jerome Powell's speech at the central bank symposium in Jackson Hole, WY. He doubled down on the FOMC's commitment to achieving price stability and inflation at 2% in the long run, pushing back on speculation the Fed might accept a higher target because of various structural shifts in the global economy. While policymakers have consistently indicated they would risk impairing the U.S. economy and its labor market, Powell maintained this might not be necessary. In the September policy-setting meeting the Fed once again held rates steady in the 5.25-5.50% range. Powell took the occasion to once more tout the plausibility of a soft landing—in which inflation would inch downward without tanking the economy.

Unfortunately, several headwinds emerged as the reporting period closed, including a potential government shutdown, the United Auto Workers strike and rising energy costs that could upset the delicate balance needed to avert a recession.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.37%, 5.46%, 5.55% and 5.47%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.39%, 5.56%, 5.75% and 5.94%, 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.