



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

We have been fortunate to see continued growth in our Local Government Investment Pool, with more than 300 participants. As administrator of LGIP, I want to say **Thank You** for entrusting your funds with us!

We are always evaluating ways we can improve our educational resources and customer service for LGIP participants, including some new training offerings.

I invite you to take a few minutes to complete our latest LGIP survey to help us learn more about your needs and challenges so that we can better assist you here at the State Treasurer's Office. We ask that you please submit your answers to us by **Friday, September 1, 2023**.

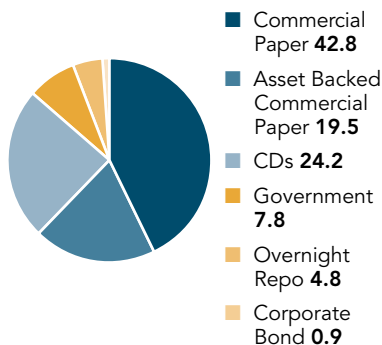
Again, thank you for your participation in our pool and in this important survey.

[Survey link](#)

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%)

AS OF 6/30/23



JUNE 30, 2023

- Pool Balance: \$11,864,614,917
- LGIP Rate: 5.35%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 107 Municipalities
- 71 School Districts
- 66 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 6/30/23

- Weighted Average Maturity: 43 Days
- Weighted Average Life: 84 Days

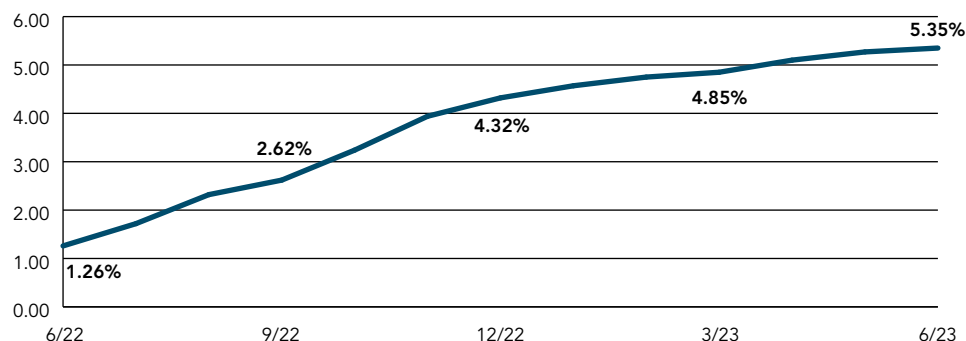
iPAS allows participants to stay up to date on account information, including transactions.

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.



MORE TIPS FOR STAYING CYBER SECURE

It's a fact — cybercriminals are always looking to exploit IT vulnerabilities to steal information and money. This can happen through ransomware, viruses and cyberattacks.

Use these tips to protect sensitive information within your organization.

- **Train employees** on policies and how to detect common cyber threats, such as phishing emails or smishing texts, where hackers pose as trusted senders to gain access to sensitive information like login credentials, or trick users into clicking links or opening attachments that will download malware onto a computer.
- **Use multifactor authentication**, which uses two or more factors to verify a user's identity before providing access to a system or account.
- **Use endpoint detection and response**, which automatically monitors users' devices for threats and responds to it automatically.
- **Use antispan and email filtering tools**. This can stop viruses and malware before employees could click on it.

Next quarter we will examine how to respond to cyber attacks as well as the benefits of buying cyber liability insurance.

COMMENTARY

In January, U.S. Treasury Secretary Janet Yellen announced that the federal government's statutory debt limit had been reached and that the Treasury Department was forced to implement "extraordinary measures" to meet its obligations. Yellen warned that the "X date"—the day it exhausts its cash balance held at the Federal Reserve—could come in June. As in past cases, lawmakers pushed the negotiations to the brink before finally voting to suspend the limit until January 2025. The immediate result was that the Treasury embarked on plans to issue a massive amount of securities to replenish its coffers. Some estimates put that amount as high as \$1 trillion, based on the need to make whole the federal accounts in which it redeemed or suspended investments, service the national debt and fund government spending. The preponderance of the issuance will come in bills, a process that started as the second quarter drew to a close.

In the first of two Federal Open Market Committee (FOMC) meetings during the quarter, policymakers disregarded the debt ceiling debate and raised the fed funds target range by 25 basis points. That lifted it to a 16-year high of 5-5.25%. The rationale was that restricting the economy to fight inflation was critical despite the uncertainty. Most measures of inflation continued to decrease, but remained stubbornly above the Fed's 2% target, and the labor market and consumer spending remained strong.

Intriguingly, at its June FOMC meeting the Fed made a different decision after the resolution of the debt limit debate, declining to change the policy range after 10 straight hikes. This announcement was paired with policymaker projections that rates likely will continue to rise. As the quarter closed, public comments by Fed Chair Jerome Powell suggested the tightening cycle that began in March 2022 was not over.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.14%, 5.32%, 5.45% and 5.42%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.21%, 5.47%, 5.67% and 5.93%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates were 5.26%, 5.53%, 5.81% and 6.04%, respectively. Since US\$ LIBOR rates are no longer being reported, this is the last time they will appear on this update.

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.