



# 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 would like to thank you for entrusting your assets with the South Carolina Local Government Investment Pool (LGIP). The Fed's "higher-for-longer" interest rate environment created an extraordinary opportunity for pool participants in 2023 that we expect to continue heading into this year.

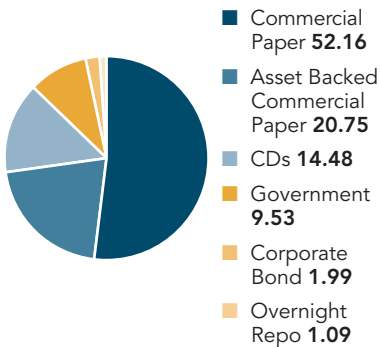
In 2022, a \$1 million investment in the SC LGIP at the beginning of the year would have earned \$18,147.73 by the end of the year. That same \$1 million investment would have earned \$54,237.11 in 2023, assuming the reinvestment of earnings in both years.

While the direction of rates is less certain in 2024, pool participants can still take advantage of high yield opportunities. As economic conditions change, you can be confident that our highly experienced investment professionals are actively managing the portfolio and will seek to maintain the highest prudent yield.

As always, we thank you for the privilege of helping your agency and community meet its financial goals.

### LGIP AT A GLANCE

#### PORTFOLIO COMPOSITION (%) AS OF 12/31/23



#### DECEMBER 31, 2023

- Pool Balance: \$12,336,562,320.66
- LGIP Rate: 5.67%

#### LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 112 Municipalities
- 75 School Districts
- 71 Special Purpose Districts
- 14 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 12/31/23

- Weighted Average Maturity: 58 Days
- Weighted Average Life: 76 Days

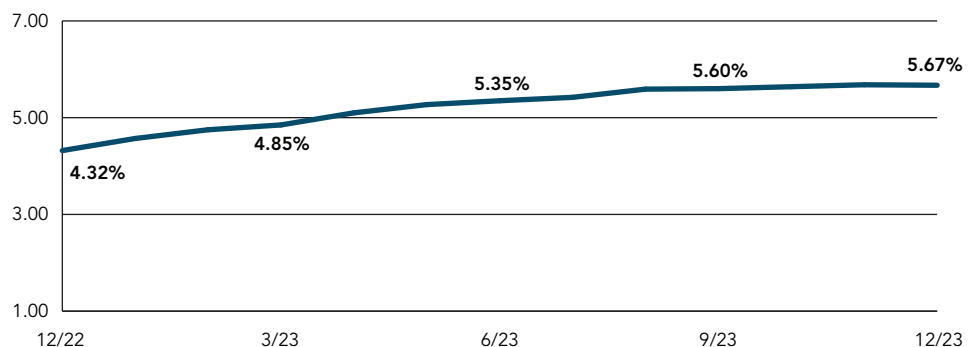
iPAS allows participants to stay up to date on account information, including transactions.

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.



## IMPORTANCE OF STRONG PASSWORDS AND MULTIFACTOR AUTHENTICATION

One of the greatest gifts for cybercriminals - **Someone who reuses weak passwords across multiple accounts.**

Many systems and services have been successfully breached because of non-secure, inadequate passwords. One of the best ways to protect digital accounts and information is to ensure that only authorized people have access. Passwords are the most common means of authentication, but this layer of cybersecurity only works if they are unique, complex and confidential.

To thwart cybercriminals, you need only to take advantage of these weaknesses: Phishing-resistant multi-factor authentication (MFA) and complex passphrases for passwords.

**Ensure your systems are safe by following these tips:**

- **Don't repeat passwords:** Use different passwords on different systems and accounts
- **Create strong, complex passwords:** Aim for at least 12-16 characters and a combination of upper and lowercase letters, numbers and special characters
- **Keep it impersonal:** Don't use passwords based on personal information that can be easily accessed or guessed (e.g., family birthdates, pet names, etc.)
- **Use MFA:** Multifactor authentication is a more secure method of authorizing account access and makes it more difficult for your accounts to be compromised. In addition to having a password or PIN, you would use something like a physical access token, the facial recognition or fingerprint scan feature on your smart devices or a secure code sent to you via text or email to 'prove' your identity for account access.

## COMMENTARY

The fourth quarter was one for the ages for the liquidity market. On the back of the long Federal Reserve tightening campaign, total U.S. money market fund assets exceeded \$6.2 trillion for the first time, with other liquidity classes following suit. Although policymakers last raised the federal funds target range in July, their projection that another hike could come before the end of the year prompted a "higher-for-longer" environment that pushed yields to levels not seen in years and that were attractive compared to other cash options.

The U.S. Treasury Department helped, with heavy bill issuance pulling yields on government securities upward. The health of the broad money markets also was seen in the continued reduction in use of the Fed's Reverse Repurchase Facility. Overnight levels, which had reached a record of around \$2.5 trillion in late 2022, fell below \$1 trillion in November. This was a sign that cash managers were finding traditional counterparties in need of funding—and willing to offer a better rate.

The financial arena did not have as harmonious of a relationship with the Fed. The markets continually disregarded the Fed's rate projections and speeches, consistently expecting easing in 2024. The amount and timing shifted, especially after the surge in bond yields in October, but traders never relinquished their forecast for cuts. For much of the quarter, Fed officials pushed back, citing high inflation, robust employment and a weakened, but not slumping economy. But in December, they seemed to capitulate, or at least acknowledged the market position, with a projection of 75 basis points worth of easing in 2024.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.35%, 5.27% and 4.78%, 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

For more information about the Local Government Investment Pool, please contact:

### Michelle Blanchfield

Fiscal Manager  
(803) 734-0259  
michelle.blanchfield@sto.sc.gov

### Matthew Smith

Senior Portfolio Investments Analyst  
(803) 734-0259  
matthew.smith@sto.sc.gov

### Mike Addy

Director of Investment Management  
(803) 734-2620  
mike.addy@sto.sc.gov

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).*