QUARTERLY UPDATE — OCTOBER 2020

SOUTH CAROLINA
LOCAL GOVERNMENT INVESTMENT POOL

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Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

TREASURER'S MESSAGE

Curtis M. Loftis, Jr.
Treasurer

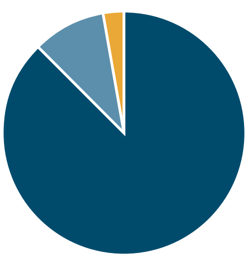
While life has certainly been different since March, South Carolina LGIP continues to be an attractive option for your investment needs. Thanks to a strong Business Continuity Plan, our experienced team of investment professionals has provided continual service to our customers throughout this pandemic.

If you are looking for a place to invest funds received from the CARES Act or any other revenue sources, I would highly encourage you to contact our LGIP team to discuss options that will meet your risk, yield and liquidity needs.

As always, please contact us with any questions you might have on how the South Carolina LGIP can provide your local government, school district or special purpose district with an opportunity to achieve competitive returns via a conservatively-managed pooled investment vehicle.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%)
AS OF 9/30/20



- Commercial paper **87.70**
- Government **9.63**
- Overnight Repo **2.67**

SEPTEMBER 30, 2020

- Mkt Value: $6,905,725,130
- LGIP Rate: 0.28%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 93 Municipalities
- 67 School Districts
- 57 Special Purpose Districts
- 12 Disability and Special Needs
- 8 Council of Governments

QUARTERLY 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 SEPTEMBER 30, 2020

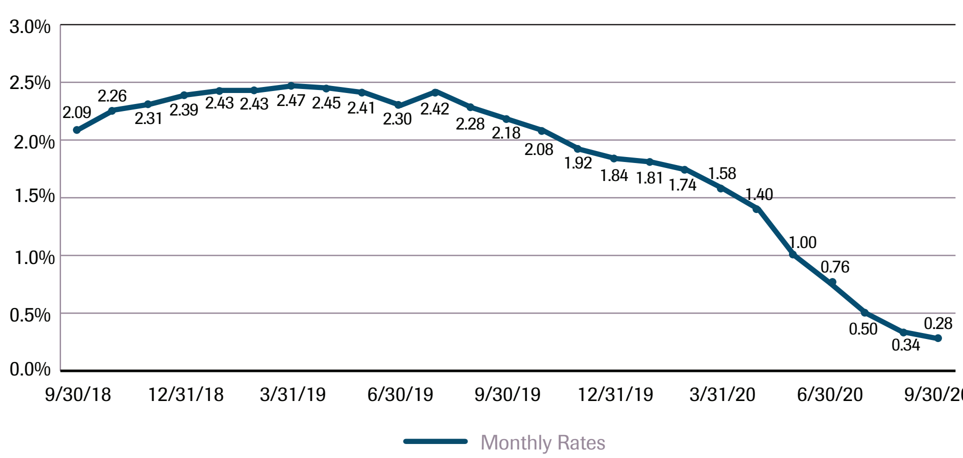
- Weighted Average Maturity: 59.59
- Weighted Average Life: 68.51

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 (%)



Meet the Team

Matthew Smith is a Senior Portfolio Investment Analyst for the State Treasurer's Office. He has more than 10 years of experience in accounting, finance and investments, primarily in the institutional investment area. Matthew was born and raised in Columbia, SC, and he graduated from the University of South Carolina with a Finance degree in 2009. He currently resides in Forest Acres with his wife, Lillian.

NACHA Compliance Update

The State Treasurer's Office wants to remind state agencies, local governments and other public institutions who originate ACH transactions about important NACHA rule changes going into effect soon. Please review the information provided on our website's Banking page to learn about the up-coming NACHA Rule changes and the relevant deadlines for implementation.

https://treasurer.sc.gov/what-we-do/for-governments/banking/

Contact Information

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

Courtney Hogue
Accounting Manager
(803) 734-2110
courtney.hogue@sto.sc.gov

Melissa Simmons
Director of Banking & Investments
(803) 734-2662
melissa.simmons@sto.sc.gov

If you have any questions about LGIP please email sto.lgip@sto.sc.gov

Commentary

Hope for a "V" shaped recovery from the coronavirus-induced shutdown sank in the third quarter due to a resurgence in cases. While the reaction of businesses and authorities was not as severe as in the depths of the crisis—companies and authorities found ways to stay open by mitigating exposure— improvements in economic activity and employment seen earlier in the summer slowed.
The spike in Covid-19 cases was not the only reason for the slowdown. Politics played an outsized role when lawmakers and the Trump administration could not agree on the terms of another stimulus package. The potential funding, which many economists felt would translate into more consumer spending and boost the recovery, got wrapped up in the divisiveness of the march to the presidential election.

Without fiscal support, the Federal Reserve again was the guiding light. In the course of adjusting its special purpose vehicles (including extending the Money Market Mutual Fund Liquidity Facility and the Commercial Paper Funding Facility), providing forward guidance and purchasing government securities, it clearly articulated its position, which included continued rejection of negative rates.
But the Fed's most substantial act came in August when Chair Jerome Powell unveiled a significant change in monetary policy: a modification of its "Statement on Longer-Run Goals and Monetary Policy Strategy." This document frames everything U.S. policymakers do, and it isn't updated often, the last major shift happened in 2012.

The new framework puts an increased emphasis on fostering employment, one of the Fed's two Congressional mandates. The other is to corral inflation, which the Fed has defined as 2%. Policymakers now say they will tolerate a temporary rise above that level if it is caused by a strong labor market. Expressed in their rate policy, they will refrain from raising them from the current target range of 0-0.25% until economic conditions are not just good, but robust.

Treasury yields ended the month with 1-month at 0.08%, 3-month at 0.11%, 6-month at 0.11% and 12-month at 0.13%. Libor ended the month with 1-month at 0.15%, 3-month at 0.23%, 6-month at 0.26% and 12-month at 0.36%.