Curtis M. Loftis, Jr., Treasurer

QUARTERLY UPDATE OCTOBER 2021

SOUTH CAROLINA
LOCAL GOVERNMENT INVESTMENT POOL

Administered by South Carolina State Treasurer's Office

TREASURER'S MESSAGE

Curtis M. Loftis, Jr.
Treasurer

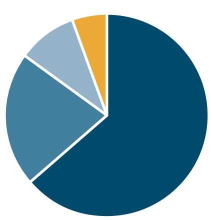
It's been an interesting month as we've watched alarmist economic headlines. From trillion-dollar spending packages to raising our nation's debt ceiling and the impacts of inflation and employment numbers, you may feel overwhelmed trying to process how these factors influence your local decision-making.

As a member of our Local Government Investment Pool, I want to assure you that our pool is always managed with the appropriate liquidity and risk tolerance in mind. Our experienced investment managers are here to help you navigate the sometimes alarmist headlines. All you have to do is call.

It's a privilege to assist your agency and community meet its financial goals. Thank you for the opportunity to serve you.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%)
AS OF 9/30/21



SEPTEMBER 30, 2021

- Mkt Value: $7,560,657,059
- LGIP Rate: 0.10%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 95 Municipalities
- 70 School Districts
- 64 Special Purpose Districts
- 12 Disability and Special Needs
- 8 Council of Governments

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 9/30/21

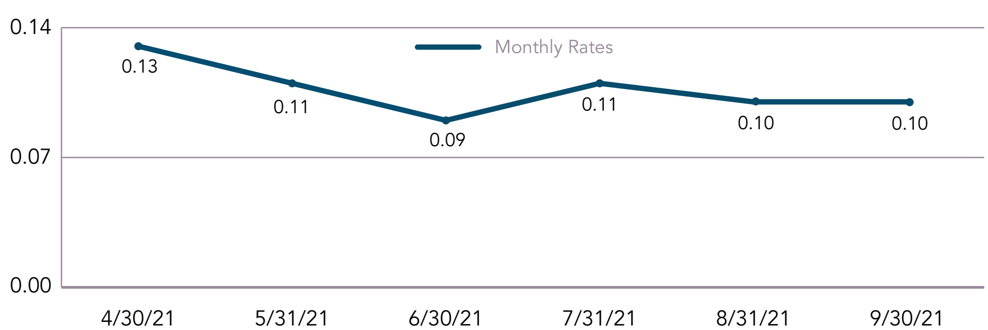
- Weighted Average Maturity: 51 Days
- Weighted Average Life: 51 Days

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 (%)



Contact Information

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

Commentary

The definition of "delta" moved from a Greek letter, an airline and the end of the Mississippi River to land squarely on the name of the Covid-19 variant in the third quarter of 2021. The strain gave the pandemic new steam, slowing the economic recovery, especially in states that saw the heaviest infection rates.

The reporting period opened with inflation on the ascending path on which it trod in the second quarter. After calling the increase "transitory" for several months, policymakers acknowledged that prices leapt higher and faster than anticipated. But they stressed that many factors likely would recede, for instance supply-chain back-ups, and that large-scale disinflationary trends, such as aging population, remain as counterweights. In June, the money markets got a boost when the Fed increased the rate on the Reverse Repo Facility and Interest on Excess Reserves by 5 basis points each, to 5 and 15 basis points, respectively.

As the summer ended, the Fed prepared the markets for it to taper its monthly asset purchases. But Chair Powell emphasized that action on the federal funds rate, remaining in a target range of 0-0.25% in the reporting period, was subject to a more stringent standard. The primary input is the progress of the labor market, which slowed in August partly due to surge of delta. In September, policymakers projected the first hike to occur in late 2022. After the suspension of the federal debt limit expired on Aug. 1, political wrangling over raising the ceiling again intensified, though market expectations were for a resolution in early October.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.05%, 0.04%, 0.05% and 0.08%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates (Libor) were 0.08%, 0.13%, 0.16% and 0.24%, respectively.