QUARTERLY UPDATE — JANUARY 2022

SOUTH CAROLINA
LOCAL GOVERNMENT INVESTMENT POOL

Administered by South Carolina State Treasurer's Office

Curtis M. Loftis, Jr., Treasurer

TREASURER'S MESSAGE

Curtis M. Loftis, Jr.
Treasurer

Happy New Year! I hope you and yours enjoyed a healthy and safe holiday season.

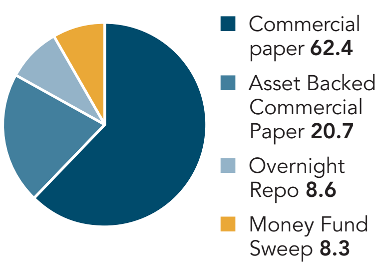
We continue to watch signals from the Federal Reserve to understand what steps they will take to cool the economy down, from reducing their asset purchases to gradually increasing rates over the course of 2022. Our professional investment team is making sure our LGIP maintains the proper liquidity and risk tolerance to meet your local needs.

In December, we received an Attorney General opinion about the legality of certain REPO investments from commercial banks being offered to local governments and a few LGIP participants. If you have questions regarding these types of investments, I encourage you to contact the STO Investment Staff to learn more.

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 12/31/21



DECEMBER 31, 2021

- Pool Balance: $9,221,454,709.98
- LGIP Rate: 0.14%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 96 Municipalities
- 69 School Districts
- 64 Special Purpose Districts
- 12 Disability and Special Needs
- 8 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 12/31/21

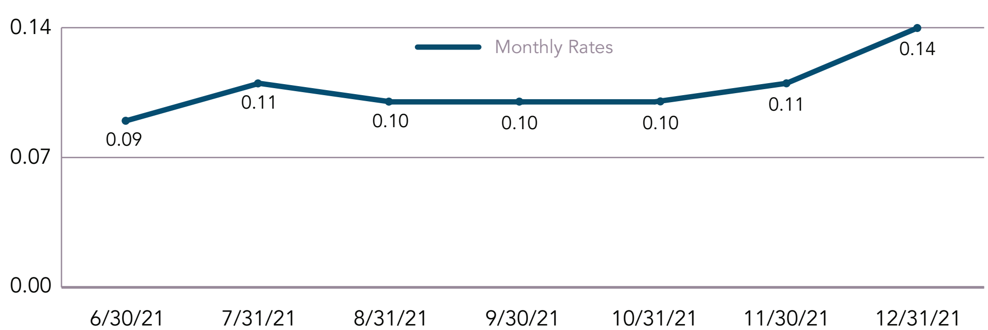
- Weighted Average Maturity: 52 Days
- Weighted Average Life: 58 Days

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

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

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

Mike Addy
Senior Portfolio Investments Analyst
(803) 734-2620
mike.addy@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

The fourth quarter was marked by a pivot in U.S. Federal Reserve monetary policy and the resolution of political brinkmanship in the U.S. Congress. The period opened with the country on a perilous path as lawmakers could not agree on how to address the federal debt limit. The U.S. Treasury's warning that it would soon be unable to meet the government's obligations was heeded first only with a temporary increase. But in a partisan vote in December, Democrats passed a bill authorizing $2.5 trillion in new borrowing that should fund the Treasury until after the 2022 midterm elections. This action righted a modest dislocation in the front end of the Treasury yield curve.

In the same time frame, Fed officials started the prolonged process of removing accommodation by trimming the amount of monthly asset purchases by $15 billion. Fed Chair Jerome Powell signaled an intensification of this shift in policy when he said policymakers had retired the term "transitory" to describe inflation, though they still attributed the lion's share of the increase to the continued impact of the pandemic on supply chain disruptions. In December, Federal Open Market Committee participants voted to double the pace of the reduction of asset buying and projected three or more 25 basis-point hikes in the fed funds target range in the entirety of 2022.

The quarter also saw Congress finally pass the Infrastructure Investment & Jobs Act, which apportioned more than $1 trillion for physical infrastructure improvements across a variety of public sectors, including roads and bridges, air and rail transportation, water systems, the electric grid and port systems.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.03%, 0.05%, 0.19% and 0.38%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.08%, 0.18%, 0.29% and 0.47%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.10%, 0.21%, 0.34% and 0.58%, respectively.

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.