Payden&Rygel

Quarterly Portfolio Review

Florida Trust Day to Day Fund

2nd Quarter 2009

333 South Grand Avenue, Los Angeles, CA 90071 | 800 644-9328 | payden.com
Los Angeles • London • Dublin • Frankfurt • Hong Kong

June 30, 2009

To Our Clients,

In looking back over my letters to you in January and April, the focus was certainly on the financial crisis and actions being taken to alleviate the situation. Today the sentiment is different. The fear factor has been reduced considerably, but the two major concerns on everyone's mind continue to be inflation and the sustainability of the current economic recovery.

I just returned from a few days in our London office, and while their concerns are more focused on a local level, they are also very centered on where the US is going. Nearly everyone agrees that there are serious concerns over the trillions of dollars being spent by the US government and whether this will ultimately result in a surge in inflation. There are three factors we believe will delay any significant inflationary impact. First, the decline in commodity prices we are experiencing may not show any significant upturn for some time, and second, a long lag time typically exists between increases in the fiscal deficit and the impact on inflation. Finally, the rising rate of unemployment in the US economy suggests we have plenty of resources – both labor as well as capital – to put back to productive use before inflation becomes a serious concern.

Are current recovery trends and rays of light in the housing and stock market sustainable? We believe that although we may not see the lows experienced earlier this year, it will be some time before a strong recovery trend is evidenced, possibly well into 2010.

Against this background, what do the capital markets provide for you and your portfolio? The current environment is providing opportunities, but we believe it is necessary to look at financial markets in a broader sense and not be confined to the traditional boundaries of stocks, bonds and foreign investments. There has been a significant convergence in markets and this is where we are finding opportunities, for example, favoring corporate credit over common stocks. Another area is sovereign debt where risk is migrating to G-8 countries from lesser developed countries, which in many instances are in better shape than the major economies. There are a number of other opportunities which we can tailor to your individual needs and tolerances. We want to assure you that we will continue to keep in close touch as to our outlook for global economies, as well as continually assess the risk/opportunity factor in your investment portfolio.

My very best wishes,

Joan A. Payden

President & CEO

Florida Trust Day to Day Fund

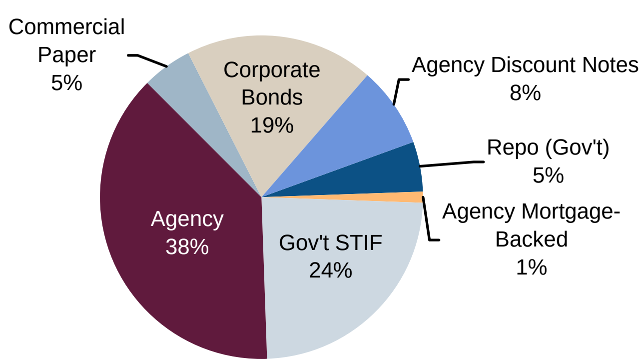
Portfolio Review – 2nd Quarter 2009

Portfolio Characteristics

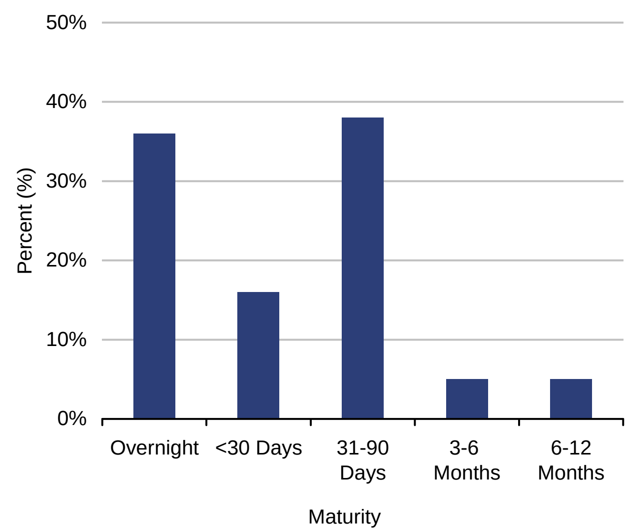
	6/30/09
Portfolio Market Value	$503.9 million
S&P Rating	AAA
Effective Duration	0.1 years
Days to Maturity	44 days
30-Day SEC Yield	0.49%

Sector Allocation

78% = Gov't /Gov't Guaranteed



Maturity Distribution



Portfolio Returns – Periods Ending 6/30/09

	2nd Qtr	Since Inception (1/13/09)
Portfolio NAV	**0.17%**	**0.21%**
3-Month Treasury Bill	0.04%	0.08%

Periods Over One Year Are Annualized

Florida Trust Day to Day Fund

Liquidity Strategy Overview – 2nd Quarter 2009

•“Green shoots” and “V-shaped Recovery” were the buzzwords of the second quarter as market sentiment improved and the pace of the economic decline slowed. Risk markets continued their rally from the 1st quarter and financial market liquidity increased. LIBOR, which is a measure of liquidity, declined during the quarter from 1.2% to 0.6%.

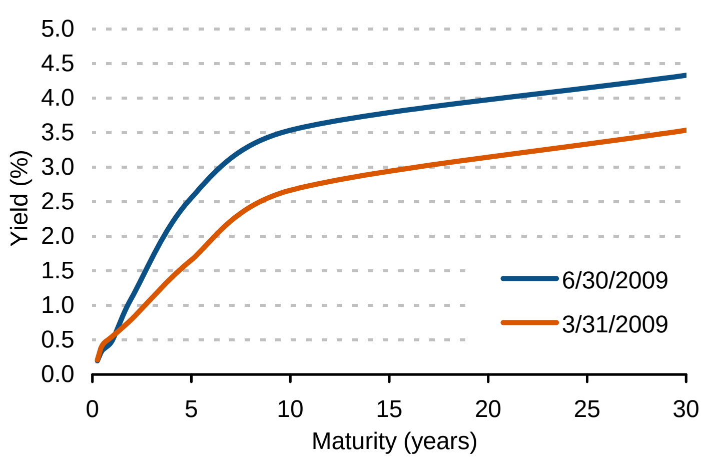
•Interest rates across developed countries increased due to improving economic data and reemergence of risk appetite. The 2-year Treasury experienced one of the largest negative price moves in history following a better than anticipated US job loss of 345,000 (May) versus an expected 520,000.

•While longer-term yields rose, short-term government yields remained low due to the Federal Reserve’s zero interest rate policy. Government liquidity programs also aided in suppressing yields of short-maturity instruments.

•The Federal Reserve maintained the overnight target between 0.00% and 0.25%, keeping all money market rates low. As bonds with higher yields matured, we invested the cash into higher yielding Agency and Corporate floating rate notes.

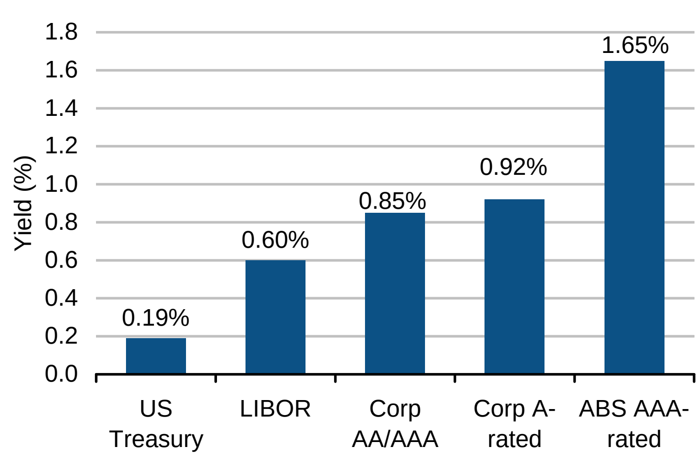
•The Day to Day fund’s assets more than tripled, rising from $119.6 million at the end of Q1 2009 to $503.9 million at the end of Q2 2009, as new investors joined the fund.

U. S. Treasury Yield Curve



Source: Bloomberg

Yield by Sector (3-Month Effective Maturity)



As of 06/30/09

The Global Recession Appears to Be Easing

The World Bank estimates that the global economy will contract 2.9% in 2009, its worst performance since the 1930s. The good news is that the pace of decline is already beginning to moderate and a global economic recovery is forecast to take hold in 2010. Global investors are busy trying to gauge which economies will recover first in order to take advantage of investment opportunities in these financial markets.

Economic Highlights

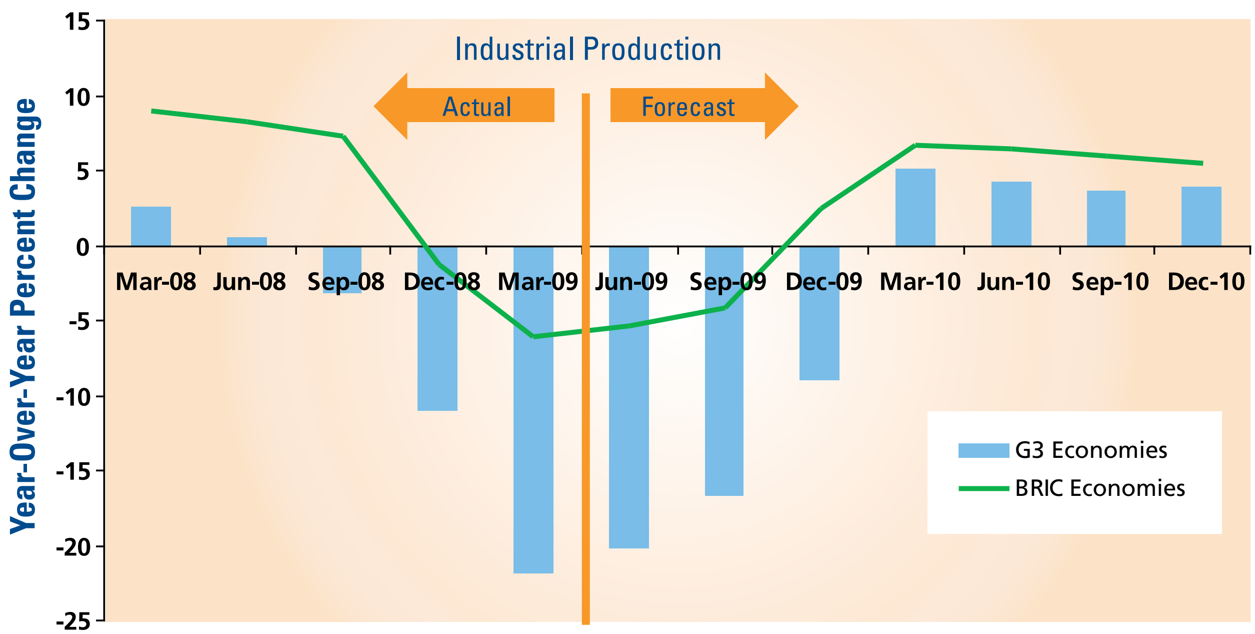
Emerging Markets Lead…

There is a strong case to be made that some of the larger emerging market economies, including Brazil, China, and India, will lead the way out of the global recession. These countries have relatively strong macroeconomic fundamentals and millions of domestic consumers which they can rely on in the face of weak domestic demand. Emerging markets have been playing an increasingly important role in the global economy in recent years. In fact, developing markets comprised 45% of world GDP in 2008 compared to 37% in 2000.

Industrialized Economies Lag…

In contrast, economic growth in the industrialized world will remain subpar due to deleveraging and high debt burdens. Consumers, primarily in the United States and United Kingdom, are overextended and will be forced to rebuild savings and pay down debt over the next few years. This suggests the trajectory of economic growth in developed economies will be lower than it has been in past recoveries and that unemployment will remain higher. Perhaps the greatest risk to a sustained economic expansion is a policy mistake in which legislators or central bankers remove stimulus too soon.

Emerging Markets Expected to Lead Global Recovery



Sources: JP Morgan and Global Insight
G3 include the United States, euro zone, and Japan; BRICs include Brazil, Russia, India, and China

Searching for Value in Global Credit Markets

Conditions in global credit markets have improved dramatically since policymakers stepped in to stabilize financial markets in the aftermath of the Lehman Brothers' bankruptcy last fall. No longer faced with the prospect of a systemic meltdown, both corporate bond issuers and investors have become cautiously optimistic about the outlook. Although corporate bond yields have dipped, they remain at historically high levels relative to government bonds, and therefore, continue to offer compelling value.

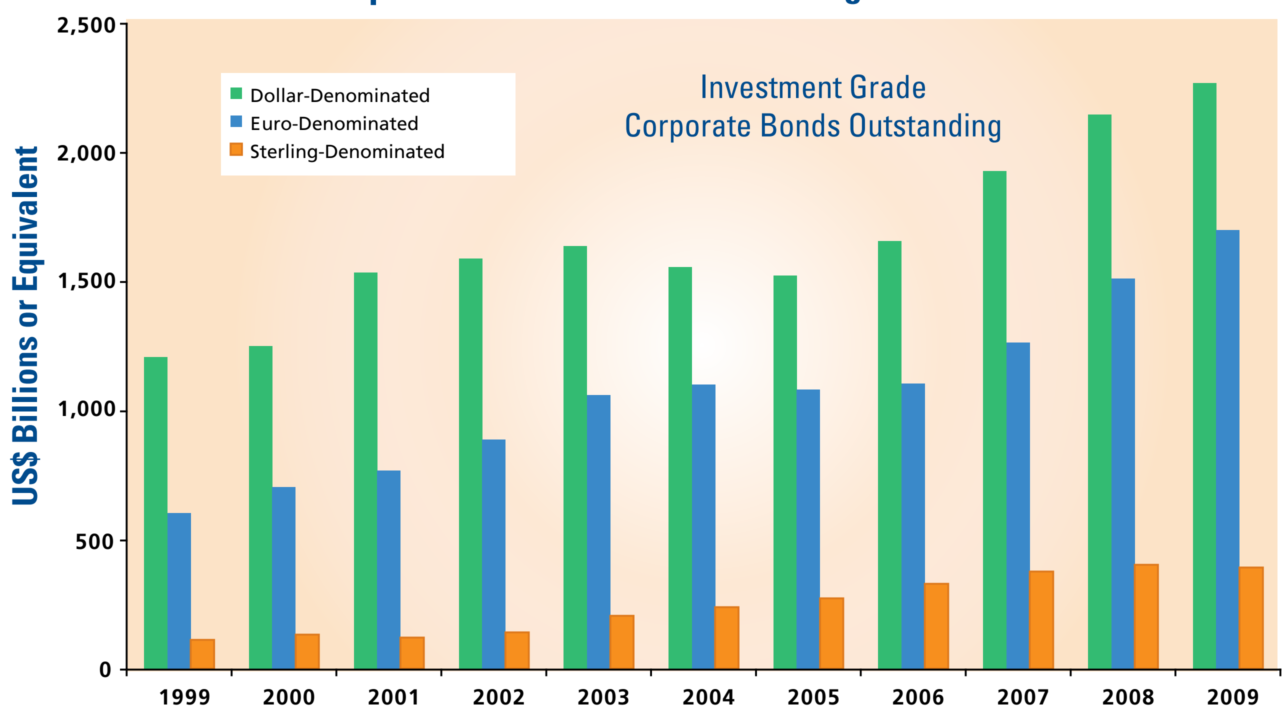
One of the most important developments in global credit markets over the past decade has been the emergence of the European corporate bond market as an alternative and complement to the US market. While the European corporate bond market is less mature and more homogenous than its US counterpart, its recent growth and absolute size provide a unique investment opportunity.

Investment grade European corporate bonds outstanding were approximately 58% the size of the US in 1999, whereas today they are approximately 92%. For the globally oriented investor, exposure to both US and European markets offers the potential for higher risk adjusted returns than limiting exposure to only one region.

Sterling Investment Grade Corporates Are Attractive

Investment Grade Corporates	Yields	Spread Over Government Bond Yields
Euro Corporate Bonds	5.44%	2.90%
Sterling Corporate Bonds	7.64%	4.12%
US Dollar Corporate Bonds	6.01%	3.11%

European Credit Markets are Gaining on the US



Source: Barclays Capital