



Payden & Rygel

Quarterly Portfolio Review

Florida Trust Day to Day Fund

2nd Quarter 2010



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Los Angeles | Boston | London | Frankfurt

July 2010

To Our Valued Clients,

As you are probably reading in the press today, financial markets remain volatile, as investors worry about European sovereign debt, increased financial regulation, and slow global economic growth. Everyone is asking what this means and if this is a trend.

One encouraging note is that investors have differentiated among markets so that contagions are being contained. This is particularly important in the globalization of markets. Greece was a very different situation from many of the emerging markets countries that had their houses in order.

We believe that there is no doubt that some markets got carried away during the first quarter of 2010. The question now on investors' minds is will there be a double dip recession. This terminology can be interpreted many different ways. Our position is that economic growth will be slower but positive over the next six to twelve months and that the temporary factors to stimulate growth during the first half of this year will be replaced by more sustainable factors such as increased business investment and favorable corporate profits. Although volatility will be with us for some time, we think there are both domestic and global opportunities, and have positioned portfolios to reflect this.

I would like to assure you that we have not wavered from the same principles that we have adhered to during the difficult period of 2007 – 2009. These principles stood us in good stead: focusing on cash markets rather than derivatives, avoiding leverage, diversifying names, and being extremely sensitive to maintain liquidity. During the financial crisis, a number of institutions failed to focus on these elements.

My very best wishes to you and your family for the summer.

Warmest regards,

A handwritten signature in black ink, reading "Joan A. Payden". The signature is fluid and cursive, with a large initial "J" and "A".

Joan A. Payden

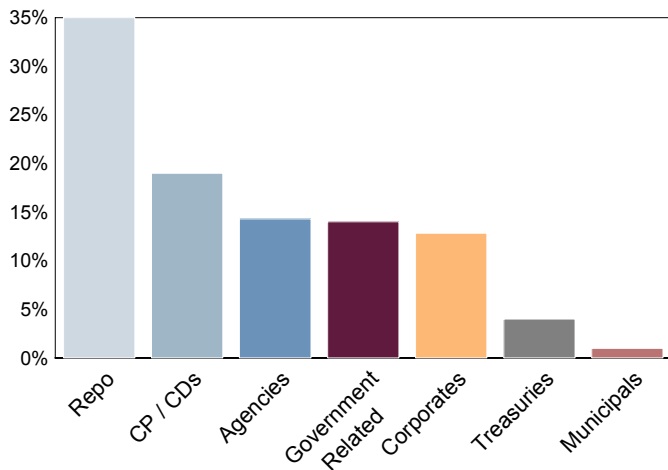
President & CEO

Portfolio Review - 2nd Quarter 2010

Portfolio Characteristics (6/30/2010)

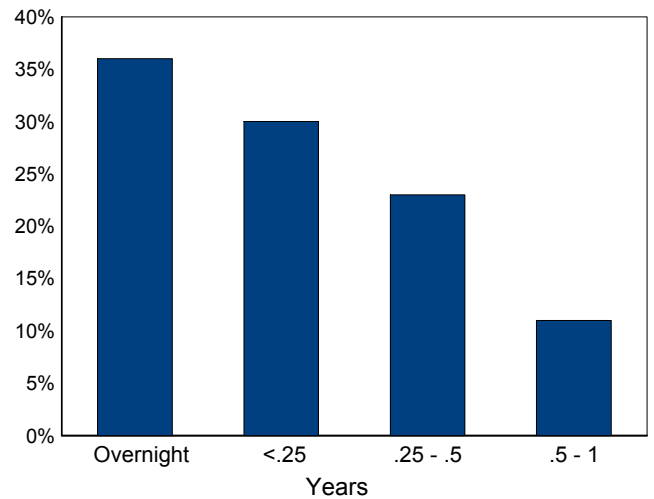
Portfolio Market Value	\$574.5 million
Weighted Average Credit Quality	AAA
Weighted Average Duration	0.1 years
Weighted Average Days to Maturity	45 days
30-day SEC Yield (net)	0.19%

Sector Allocation



Government/Government-guaranteed: 67%

Duration Distribution



Portfolio Returns - Periods Ending 6/30/2010

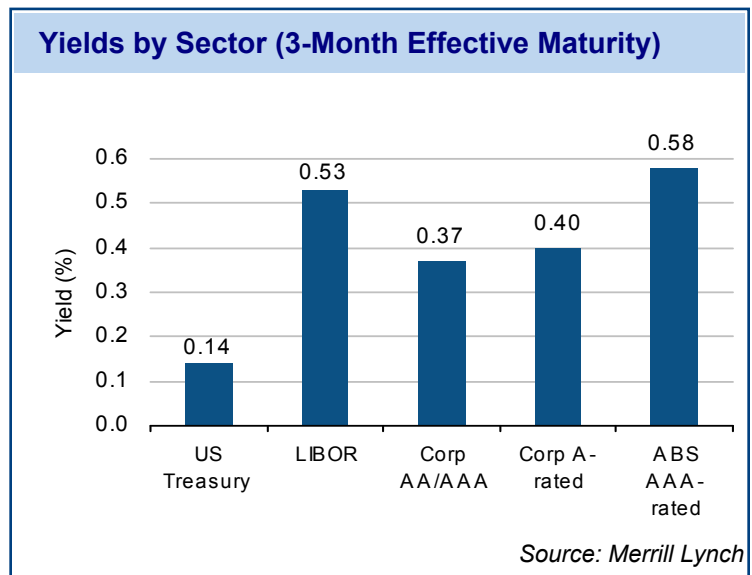
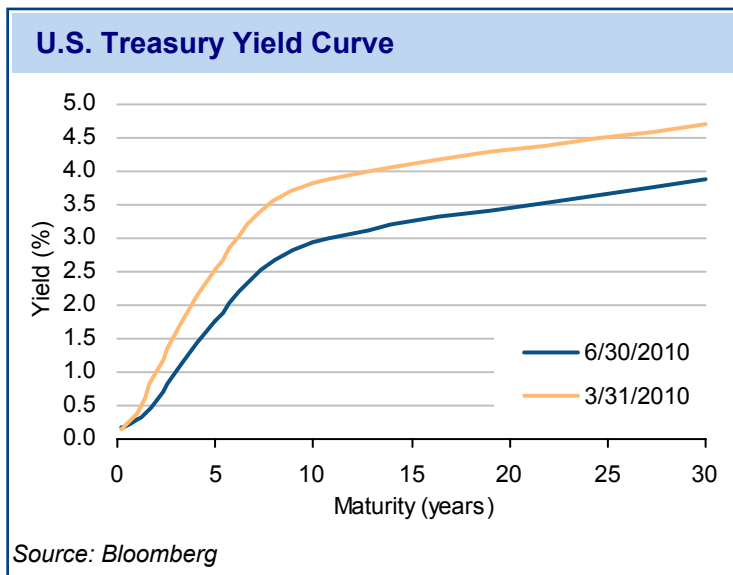
	2nd Qtr	Trailing 1 Yr	Since Inception 1/13/09
Portfolio Performance (net of expenses)	0.06%	0.26%	0.32%
3-month Treasury Bill	0.04%	0.13%	0.14%

Periods over one year annualized



The first half of the second quarter was marked by improving economic data and optimism regarding a sustained global economic recovery. However, the optimism diminished as investors digested the financial situation in Europe, the implications of domestic financial reform, and the potential impact of the largest oil spill in US history. Treasuries and the US dollar rallied sharply as investors sought safety in high quality US assets. US Treasuries were the best performing sector, as 2-year Treasury yields declined to levels not seen since December of 2008. The yield curve flattened as the potential for disinflation resurfaced and future global growth estimates were downgraded. The promise by G-20 nations of significant deficit reduction by the end of 2013 and the potential for a double dip in the US real estate market remain a concern. Investment-grade corporate bonds and mortgage-backed securities provided positive returns, but their performance lagged equivalent duration Treasuries.

	Payden & Rygel View	Payden & Rygel Action	Portfolio Impact
Economic Environment	Economic growth and the sustainability of the recovery would be tested as stimulus abated, and investors remain apprehensive about the global situation. Interest rates would remain low.	We maintained the weighted average days to maturity modestly long (45-48 days) relative to the 50-day maximum during the quarter.	Positive: Domestic interest rates declined during the quarter, which benefitted the portfolio given the longer duration exposure.
Credit	Corporations would benefit from improved access to capital and stronger balance sheets. Uncertainty surrounding US banking reform would bring volatility to the Finance sector.	We reduced financial and energy-related exposure by reinvesting maturities into defensive sectors such as consumer staples.	Positive: Investment-grade corporate debt had a positive total return, though it underperformed US government-related debt.
Structured-Product Securities	High quality mortgage-backed securities (MBS) provide an attractive yield relative to government securities.	We maintained our exposure to agency mortgage pass-through holdings.	Positive: MBS provided positive return as rates reached all-time lows and investors preferred less risky agency MBS over credit.



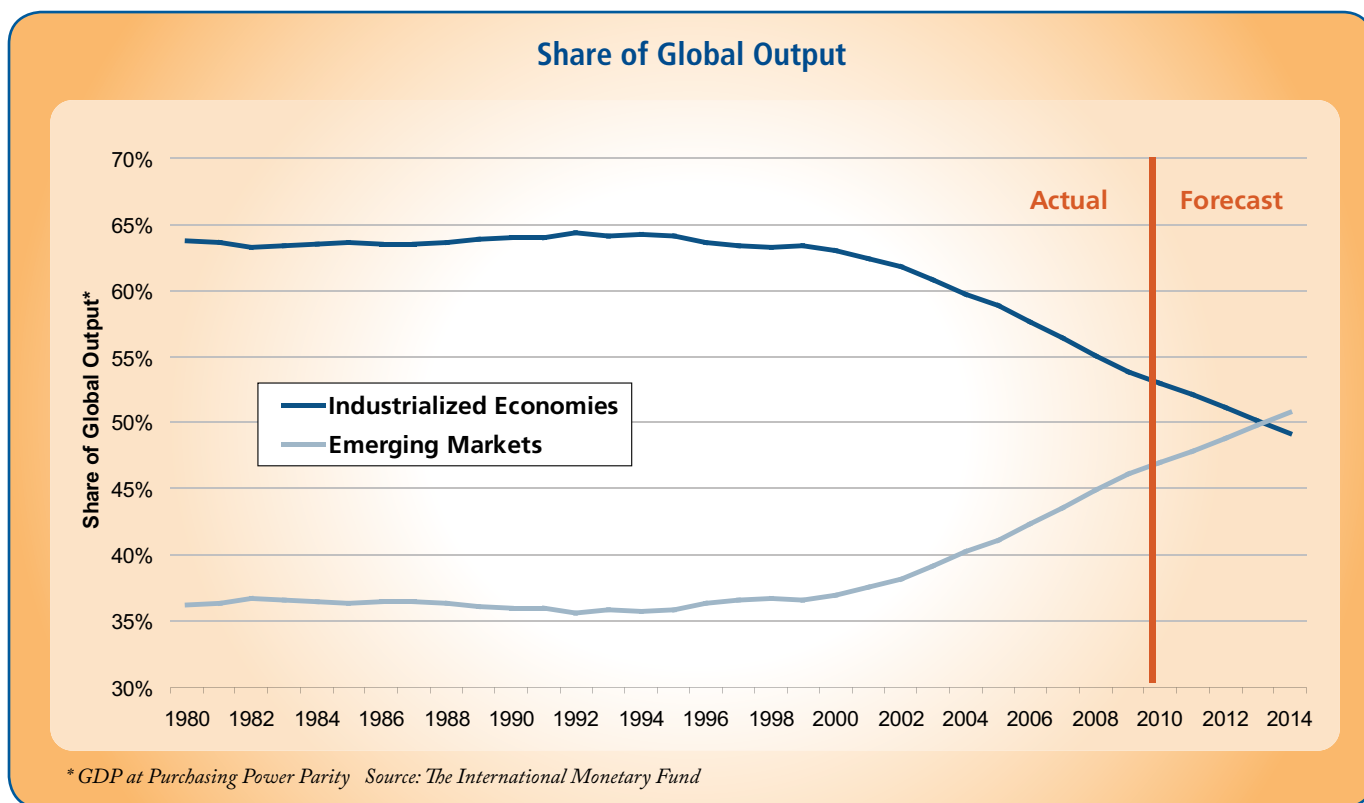
A Two Speed Global Recovery – Emerging Markets vs Industrial Nations

The Great Recession of 2008-09 marked the deepest synchronized contraction in the world economy since the 1930s. Few countries were immune to the downturn, though some weathered the storm better than others. Emerging Markets were among the first to turn around as world trade volumes normalized with the return of export financing around the middle of last year. The recovery eventually spread to Group of Seven (G-7) major industrialized nations with the support of massive fiscal and monetary intervention.

Looking ahead, we expect the global recovery to proceed at varying speeds. The G-7 economies are in the early stages of a deleveraging process that will involve rebuilding savings

and paying down debt. The situation is complicated by concerns about fiscal sustainability, particularly in the euro zone. The result is likely to be slower economic growth and higher levels of unemployment for much of the next decade. In contrast, emerging markets stand to gain ground and may even experience upside surprises as they are able to use their ample savings to finance investment and consumption.

These trends have implications for investments and currencies. Sounder economic fundamentals in emerging markets most likely mean better financial market performance and appreciating currencies for many of these countries. The reverse may be true for some of the G-7 economies.



At the turn of the century, industrialized economies accounted for roughly 63% of world output compared to 37% for emerging markets. However, emerging markets have made impressive strides on closing the development gap and the global financial crisis has accelerated the process. By 2014, emerging markets are expected to account for more than half of global output.

Headlines From Around the Globe

The New York Times

May 16, 2010

"Fears Intensify That Euro Crisis Could Snowball"

Despite the European Central Bank's announcement of a €750 billion (\$955 billion) bailout plan to contain the sovereign debt crisis in Europe, global stock markets fell on concerns that the package will be insufficient. The ECB simultaneously unveiled a plan to purchase public and private debt to "ensure depth and liquidity in those market segments which are dysfunctional." The bailout package gave countries like Greece three years to make progress on reducing public deficits. Unfortunately, the plan is thin on details and implementation is dependent on individual parliamentary approvals.

Global equities have lost more than \$7 trillion in value since their April 15 peak on concerns that the global economic recovery is losing steam. In particular, investors focused on risks surrounding the sovereign debt crisis in Europe and slower growth in China. 10-year Treasuries dropped below 3.00% for the first time in 14 months as investors sought safety.

THE WALL STREET JOURNAL

May 20, 2010

"US Stocks Down Sharply Amid Global Selloff"

Bloomberg

May 21, 2010

"Senate Passes Bill Designed to Prevent Worst U.S. Collapse"

Congress is working on a sweeping financial regulatory reform bill that will address some of the worst problems leading to the financial crisis in 2008. The bill restricts proprietary trading for banks (the so-called Volcker rule) and creates an independent consumer protection agency that will oversee financial regulation. It also requires firms to reduce the amount of debt they hold and keep more capital in reserve, providing a larger cushion in a downturn. Final passage of the bill, however, is not expected until the week of July 12th.

Following heavy international pressure, The People's Bank of China (PBoC) announced that they would gradually release the renminbi's informal peg to the US dollar and "enhance the RMB exchange rate flexibility." Analysts were hopeful that this would aid efforts to rebalance the global economy and cool domestic inflationary pressure in China. However, the PBoC said that "the basis for a large-scale appreciation of the renminbi exchange rate does not exist," implying that exchange rate policy will remain little changed in the near term.

THE WALL STREET JOURNAL

June 20, 2010

"Amid Pressure, China Eases Currency Peg"

The Economist

June 22, 2010

"Britain's Emergency Budget: Ouch!"

Britain's new Coalition government passed an emergency budget to address the record deficit. Cuts in spending will make up 74% of the fiscal consolidation, while tax hikes will account for 26%. Government expenditures will be cut by 25% across the board, except for the protected healthcare sector, and salaries for public-sector workers will be frozen for two years. Furthermore, the value added tax (VAT) on consumption will rise to 20% from 17.5%, bringing it in line with the rest of Europe.