Payden&Rygel

QUARTERLY PORTFOLIO REVIEW

FLORIDA LOCAL GOVERNMENT INVESTMENT TRUST

4th Quarter 2015
Day to Day Fund

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LETTER FROM THE CEO

January 2016

Dear Client,

As investment managers, we evaluate future trends in the economy and translate them into investment decisions for your portfolios. Over the past several years, low-interest rates and concerns about when interest rates might rise dominated discussions. Well, no longer as the Federal Reserve Board raised its overnight interest rate in December. However, deeper questions remain: how fast and how far will interest rates rise and what will be the impact on the global economy?

First, we think the Federal Reserve Board will move slowly and gradually. Remember, the much-anticipated rate hike was just ¼ of 1%. The US economy is not in perfect condition and inflation is still low, so there is no urgency for the Fed to move quickly. The broad consensus view is that short-term interest rates will end 2016 around 1%. Second, other global economies face a range of economic and political challenges and global central banks seem in no rush to raise interest rates. As a result, we think low-interest rates will continue to be a dominant global theme in 2016.

However, we believe there are reasons for optimism for our longer-term prospects. For example, the United States is a leader in innovation and things are changing quickly with breakthroughs like driverless cars, delivery drones, 3D printers and 4D movies. Ultimately, innovation will provide the seeds of future economic growth and employment, though the journey may be a difficult one for workers who will need to retool their skill sets for the 21st-century economy.

The most important message we can give our clients is that we are thinking about how these factors impact financial markets. Since the global economy is so interconnected, financial markets have also converged. Investors used to look only to bonds as their income source. Today, investors look to a variety of tools including stocks, and currencies as well as bonds, to find income opportunities. We expect this trend to continue in the years ahead.

We thank you for continuing to place your trust in us. Most important, we wish health and happiness for you and your families in the New Year.

Best wishes,

Joan A. Payden

President & CEO

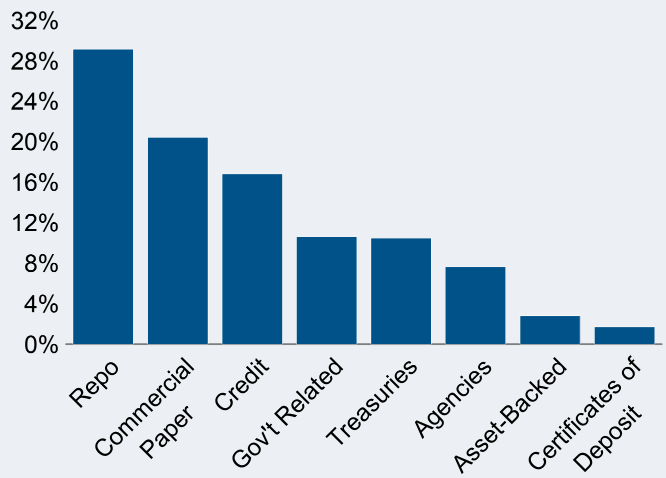
FLORIDA TRUST DAY TO DAY FUND

Portfolio Review and Market Update - 4th Quarter 2015

PORTFOLIO CHARACTERISTICS (As of 12/31/2015)

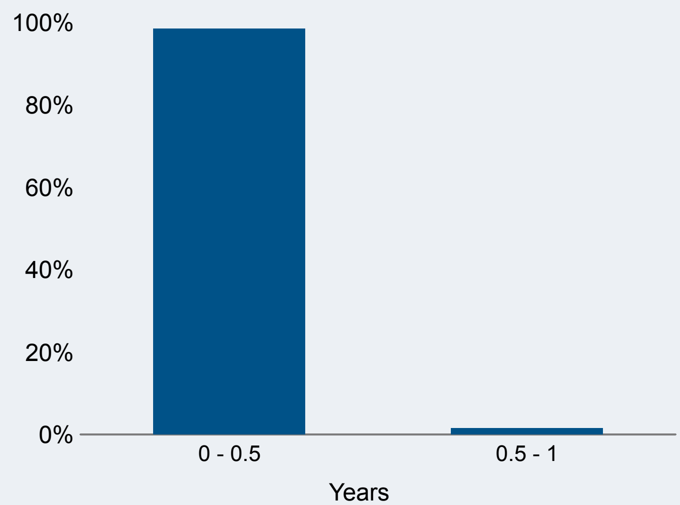
Portfolio Market Value	$524.6 million
Weighted Average Credit Quality	AAA
Weighted Average Duration	0.08 years
Weighted Average Days to Maturity	33.3 days
SEC 30-Day Yield (net)	0.20%

SECTOR ALLOCATION



Government/Government-guaranteed: 58%

DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 12/31/2015

	4th Quarter	2015	Trailing 3 Yrs	Trailing 5 Yrs	Since Inception (1/13/09)
FLORIDA TRUST DAY TO DAY FUND (gross)	**0.06%**	**0.23%**	**0.20%**	**0.23%**	**0.26%**
FLORIDA TRUST DAY TO DAY FUND (net)	0.04%	0.14%	0.10%	0.12%	0.15%
3-month U.S. Treasury Bill	0.00%	0.03%	0.04%	0.06%	0.08%

Periods over one year annualized

MARKET THEMES

The Federal Reserve increased the overnight lending rate for the first time since 2006. Their decision to move rates higher by 0.25% in December was based on strength in the labor market and improvement in household spending, business investment, and housing market conditions. The yield curve flattened with shorter-maturity bond yields increasing more than longer-maturity bond yields. Credit markets were able to absorb higher rates and robust new issuance with spreads tightening modestly. However, persistent commodity weakness and increased geo-political tensions limited credit performance.

STRATEGY

- The portfolio holds a diversified mix of credit sectors for income generation and was positioned in anticipation of rising short-term interest rates, including our expectation of a hike in the Federal Funds rate before year-end. After the mid-December rate hike, we began to invest in higher yielding securities. We will continue to look for opportunity to extend weighted average days to maturity to capture the higher yields now available.
- Corporate bonds remain attractive, and we anticipate maintaining our exposure through the purchase of bonds in the new issue market. Within the corporate sector, we maintained our floating-rate exposure to help mitigate interest rate risk.
- We maintain our allocation to high-quality asset-backed securities (ABS) with short duration profiles for their yield and diversification benefits.

INTEREST RATES

- Treasury returns fell as short-maturity bonds rose 38 basis points on average during the quarter, with most of the move happening in November on the heels of strong employment data.
- The portfolio's duration position was a modest performance negative, as yields rose across the curve.
- The longer-maturity corporate positions contributed positively as price appreciation from the modest spread tightening and the higher income outweighed the negative price return from rising yields.

SECTORS

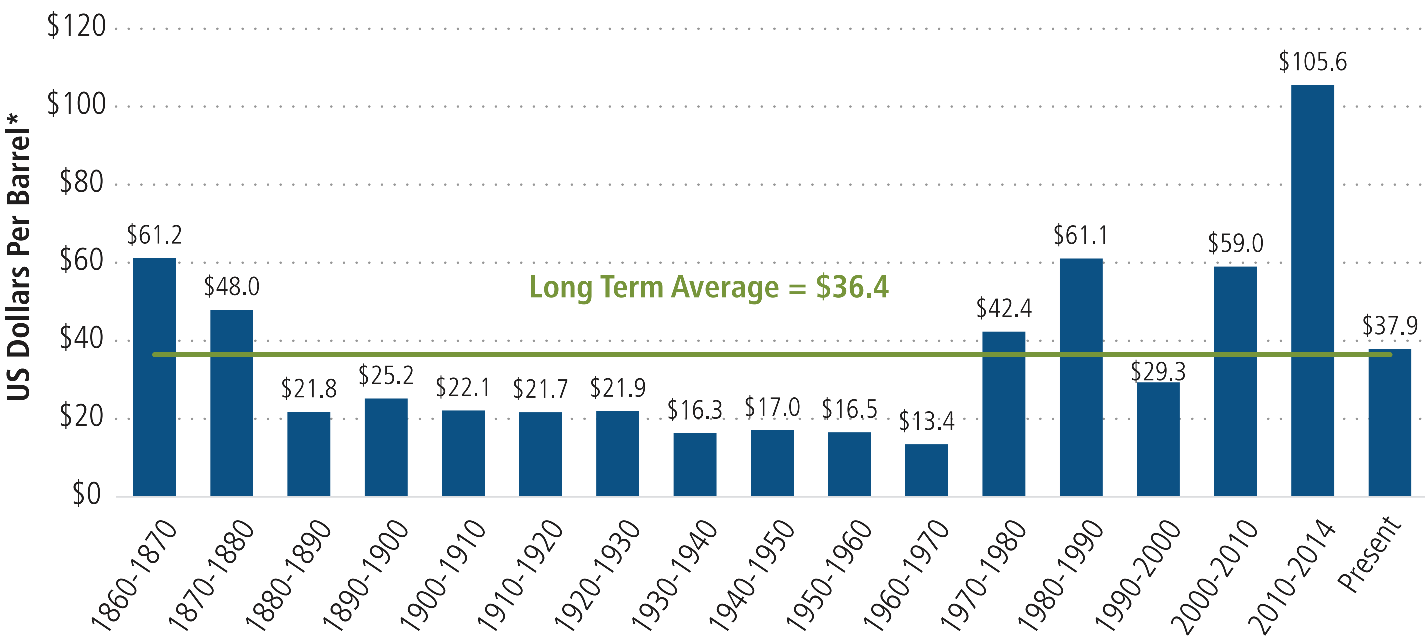
- Credit spreads tightened led by financial and auto companies as the Federal Reserve displayed confidence in the economy by raising rates. The portfolio's overweight to credit and our security selection added to performance.
- ABS spreads were mixed while the performance impact was positive due to the higher yields over Treasuries.

So Much for that Peak Oil Theory

The price of a barrel of oil tumbled to an 11 year low of $34 in December, and oil's plunge impacted global markets in 2015. First we will look at the reasons behind the price decline and then we will address the market impact.

Both lower demand and excess supply drove the decline in oil. Lower demand was driven by lackluster global economic growth with the sum of goods and services rising just over 2% in 2015. A key reason for the slowdown in global growth was China. Economic output rose less than 7% in China (after years of growth rates closer to 10%) as the country attempted to realign its economy away from manufacturing and toward domestic consumption. From a supply perspective, the US and other oil producers continued to generate large quantities of oil and inventories of unsold production remained large. All things considered, and with the benefit of hindsight, lower oil prices make sense.

History of the Price of Oil on Global Markets



Sources: BP Statistical Review of Energy, Bloomberg, Payden Calculations
** Decade averages: Inflation adjusted in 2014 dollars*

But an important question remains: what is a "normal" price for oil? Many investors seem to think low oil prices are somehow abnormal. We have a different point of view. One of our favorite charts of 2015 (above) puts the dramatic oil price decline in proper perspective. Stripping out inflation, the real price of a barrel of oil simply returned to its long-term average since 1860 of $36.40. Did the early part of this decade constitute an anomaly? We think so.

Oil's price decline goes a long way to explaining lackluster 2015 returns in both stocks and bonds. The S&P 500 index return was a modest 1.4% for the year, dragged down by the energy sector which has fallen more than 20%. Globally, equity markets of countries that import energy fared far better than those that export energy. For example, Japan's Nikkei did better than the MSCI Latin America index.

US DOMICILED MUTUAL FUNDS

CASH BALANCE
Payden/Kravitz Cash Balance Plan Fund

EQUITY
Equity Income Fund

GLOBAL FIXED INCOME
Emerging Markets Bond Fund
Emerging Markets Corporate Bond Fund
Emerging Markets Local Bond Fund
Global Fixed Income Fund
Global Low Duration Fund

TAX-EXEMPT FIXED INCOME
California Municipal Income Fund

US FIXED INCOME
Absolute Return Bond Fund
Cash Reserves Money Market Fund
Core Bond Fund
Corporate Bond Fund
Floating Rate Fund
GNMA Fund
High Income Fund
Limited Maturity Fund
Low Duration Fund
Strategic Income Fund
US Government Fund

DUBLIN DOMICILED UCITS FUNDS

EQUITY
World Equity Fund

FIXED INCOME
Absolute Return Bond Fund
Global Emerging Markets Bond Fund
Global Emerging Markets Corporate Bond Fund
Global Government Bond Index Fund
Global High Yield Bond Fund
Global Inflation-Linked Bond Fund
Global Bond Fund
Global Short Bond Fund
Sterling Corporate Bond Fund – Investment Grade
US Core Bond Fund
USD Low Duration Credit Fund

LIQUIDITY FUNDS
Euro Liquidity Fund
Sterling Reserve Fund
US Dollar Liquidity Fund

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