Payden&Rygel

Quarterly Portfolio Review

FLORIDA LOCAL GOVERNMENT INVESTMENT TRUST

3rd Quarter 2017
Day to Day Fund

PAYDEN.COM

LOS ANGELES | BOSTON | LONDON | PARIS

LETTER FROM THE CEO

October 2017

As we enter the fourth quarter, we look back at our remarks at the start of the year. What was our outlook then? In January our assessment of the U.S. and the global economy was positive, and we looked for a modest acceleration of growth. Our projection against this forecast was for a slight increase in the federal funds rate.

Here we are at the beginning of the fourth quarter, and the picture is not much different. Some things have been clarified. For example, the recent remarks of Federal Reserve Chair Janet Yellen indicated that, along with the two interest rate increases in the first and second quarter, there might be a third rate hike before Christmas. Meanwhile, growth in the euro area, Japan, and Canada has rebounded putting the global economy on a course to outperform.

How does this outlook impact the management of your funds? We have positioned most accounts to withstand a modest rise in government bond yields. On the other hand, we think that as long as economic growth persists, worldwide demand for credit will remain a powerful force, and this is reflected in an overweight position to corporate credit versus government bonds in our portfolios where these types of securities are permitted.

In the equity market, one thing on people's minds is the strength of stock prices. Are they too high? In our opinion, corporate balance sheets appear healthy, and the continued demand for goods and services globally is better than we have seen in the last four or five years. Yes, one could argue that stocks are expensive on a historical basis, but our research analysts focus on bottom-up analysis rather than wholesale cutbacks in the equity portion of portfolios. Again, the time to get much more cautious is when the end of the cycle is near and growth slows. We are not there yet.

We would like to close by providing updates on the company. A few weeks ago the firm celebrated its 34th birthday. For more than three decades we have maintained the same independent ownership and governance structure, which is rather unusual in the investment management industry. Our sole source of revenue continues to be from our management of portfolios, which eliminates many conflicts of interest.

We very much appreciate your continued confidence in us. Our very best wishes for the coming months to you and your family.

Sincerely,

Joan A. Payden

President & CEO

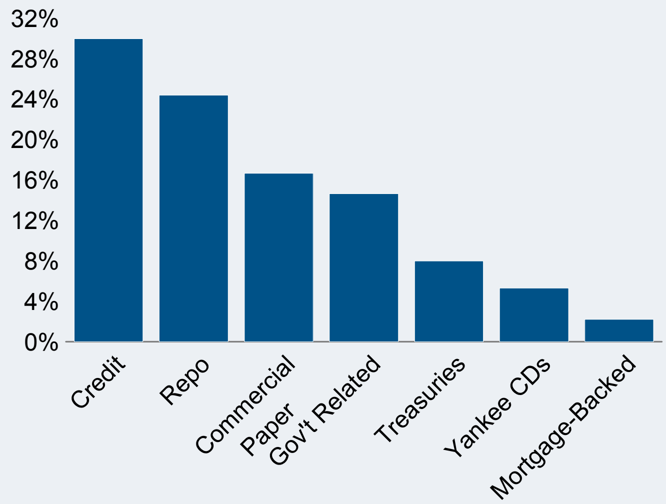
FLORIDA TRUST DAY TO DAY FUND

Portfolio Review and Market Update - 3rd Quarter 2017

PORTFOLIO CHARACTERISTICS (As of 9/30/2017)

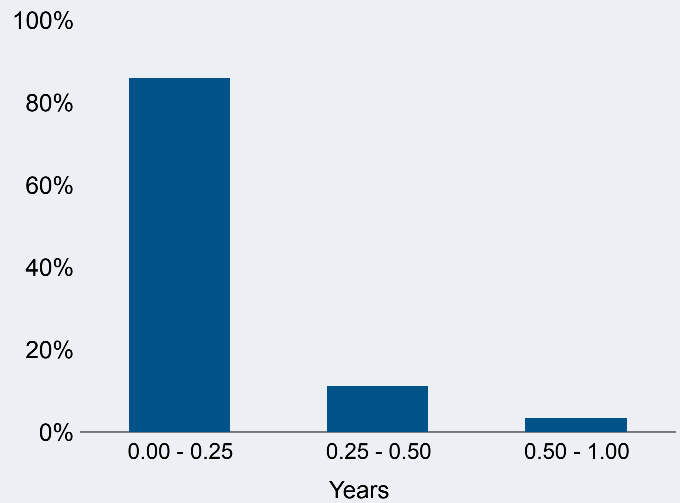
Portfolio Market Value	$438.5 million
Fund Rating (S&P)	AAAm
Weighted Average Days to Maturity	45 days
SEC 30-Day Yield (net)	1.15%

SECTOR ALLOCATION



Government/Government-guaranteed: 46%

DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 9/30/2017

	3rd Quarter	2017 YTD	Trailing 1 Yr	Trailing 3 Yr	Trailing 5 Yr	Since Inception (1/13/09)
FLORIDA TRUST DAY TO DAY FUND (gross)	**0.32%**	**0.82%**	**1.01%**	**0.58%**	**0.43%**	**0.37%**
FLORIDA TRUST DAY TO DAY FUND (net)	0.29%	0.73%	0.90%	0.47%	0.32%	0.27%
BAML 3 Month US Treasury Bill	0.27%	0.57%	0.65%	0.32%	0.22%	0.18%

MARKET THEMES

The third quarter was a tug-of-war between resilient economic data and rising geopolitical risk across the globe. Tailwinds in both employment and growth helped balance the volatility caused by North Korean tension and hurricanes in the U.S. Specifically, the unemployment rate in the U.K. declined to 4.4% during the quarter, the lowest level since 1975. The annual Central Bank Jackson Hole Summit came and went with Janet Yellen's speech sticking to conventional topics, with no formal mention of rate hikes or inflation concerns. Conversely, the European Central Bank indicated its intention to curtail asset purchases based on better economic prospects, which boosted the euro against most global currencies, notably against a weaker U.S. dollar. All in all, it was a constructive period for risk assets, as global yields moved sideways, commodity prices recovered, and global equity prices increased.

STRATEGY

- The portfolio holds just under 50% in government and government-guaranteed securities, as well as a diversified mix of credit sectors to enhance income generation.
- Corporate bond yield premiums remain attractive, and we expect to maintain our exposure through the purchase of bonds in the new issue and secondary markets.
- We maintain a significant allocation to floating rate securities as we expect LIBOR to remain elevated as the Fed normalizes interest rates.

INTEREST RATES

- U.S. Treasury yields across the curve moved higher, with the two-year up 0.10% while the five-year was higher by 0.05%. The slope of the yield curve between six-month and two-year maturities reached its lowest point since 2013 before bouncing back to the highs of the quarter.
- The longer curve exposure added to relative performance from the flattening of the yield curve. However, this was offset by the overweight duration posture.
- Three-month LIBOR rose slightly to end the quarter at 1.33%. LIBOR outperformed front-end Treasury yields, which made the allocation to floating rate notes beneficial.

SECTORS

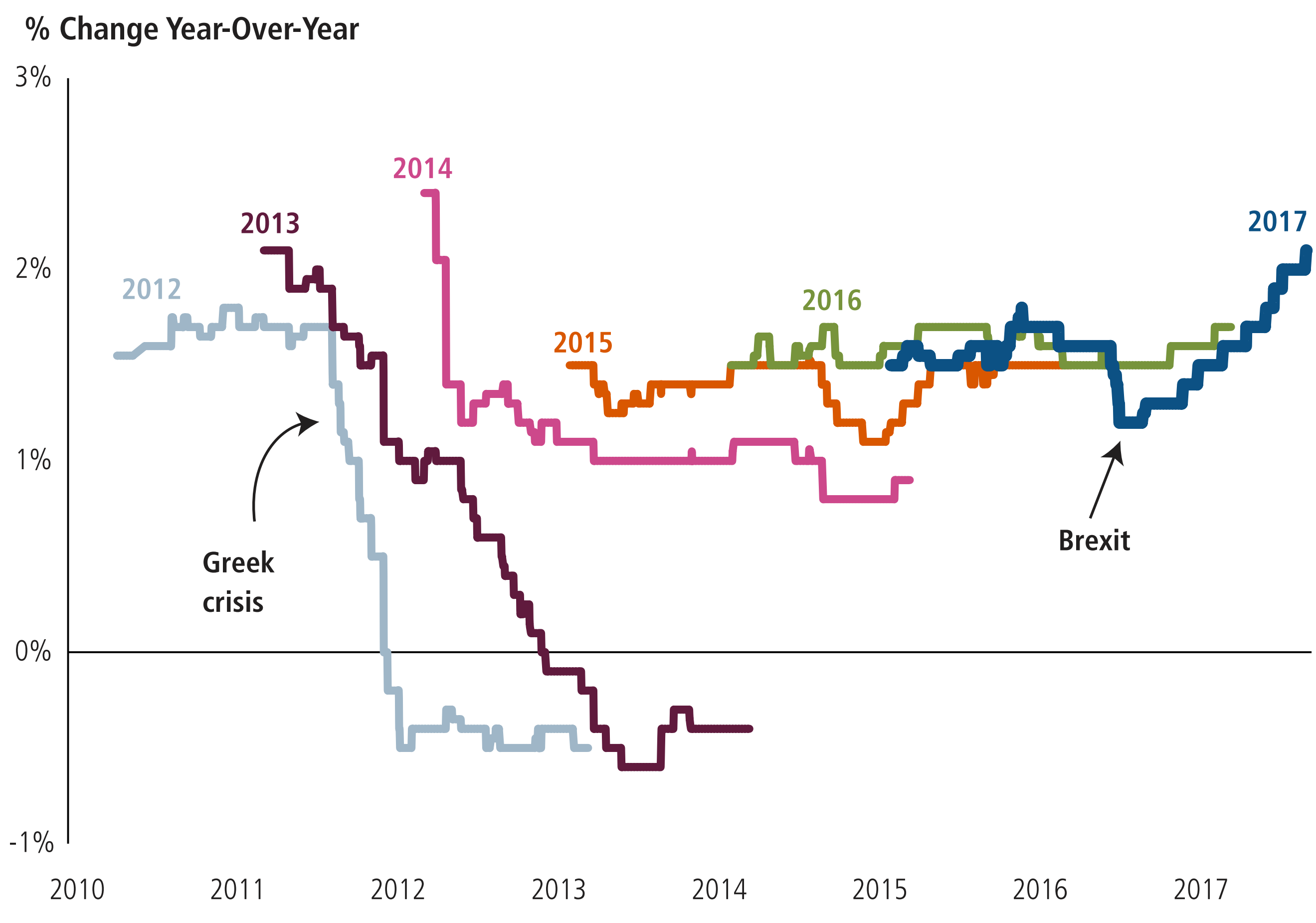
- The overweight allocation to corporate securities contributed to performance. In particular, the weighting to investment-grade financial sector bonds was beneficial.
- We continue to hold Yankee CDs and commercial paper with favorable coupons.
- We hold SSAs (Supranational/Sovereign/Agency) securities as spread product, and a diversifier from US government securities.

Guess Who's Back?

The euro area had no trouble finding the "exits." Whether it was "Grexit" or "Brexit," prognosticators and investors have feared the worst for the common currency countries. At the start of this year, worry regarding euro area growth stemmed from the uncertainty of elections and potential Brexit fallout. We advised investors to ignore politics and focus on the underlying fundamentals. This quarter, we saw euro area unemployment fall to 9.1%, its lowest level since the start of 2009. GDP data released in September for Q2 2017 showed the euro area growing at 2.3% year-over-year, its fastest annual growth pace since Q1 2011. Measures of manufacturing, business sentiment and consumer confidence all point to a continued pick-up in growth in 2017 and beyond.

Forecasters have finally taken note of the positive data. As the chart below shows, after slashing 2017 forecasts post-Brexit, forecasters realized that the political negotiation and noise was, in the words of the great English playwright Shakespeare, "much ado about nothing." Notably, 2017 is the first year where forecasters have continually upgraded their growth predictions as the year progresses. This is in sharp contrast to prior years when the euro area seemed to always find a way to disappoint. 2017's progress means Europe is back.

Evolution of Bloomberg Consensus Year-End Forecasts for Euro Area Real GDP Growth By Year



Source: Bloomberg

U.S. 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

U.S. 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
U.S. Government Fund

DUBLIN DOMICILED UCITS FUNDS

EQUITY

Global Equity Income

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
U.S. Core Bond Fund
USD Low Duration Credit Fund

LIQUIDITY FUNDS

Euro Liquidity Fund
Sterling Reserve Fund
U.S. Dollar Liquidity Fund

For more information about Payden & Rygel, contact us at a location listed below.

Payden&Rygel

LOS ANGELES
333 South Grand Avenue
Los Angeles, California 90071
213 625-1900

BOSTON
265 Franklin Street
Boston, Massachusetts 02110
617 807-1990

LONDON
1 Bartholmew Lane
London EC2N 2AX
United Kingdom
+ 44 (0) 20-7621-3000

PARIS
Representative Office
54, 56 Avenue Hoche
75008 Paris, France
+ 33-607-604-441