

Payden & Rygel

QUARTERLY PORTFOLIO REVIEW

1st Quarter 2020

During these unprecedented times, our first concern is with the well-being of our staff, clients, and their families. I hope this finds you safe and in good health. Payden & Rygel's entire global team has been working from home since March 13th, but our business is otherwise operating as usual. Our success during this time is in large part due to the firm's collaborative and energetic culture and our consistent ownership and operating structure. These attributes have served us well since the firm's founding in 1983, and I am pleased that they continue to be a critical advantage during this period.

You will see we have updated the format and content of this quarterly report to focus on current conditions. All investment strategies have been impacted by recent market volatility and our comments on global markets include both our thoughts on near-term changes and observations about longer-term prospects. In particular, we highlight the important differences between today's environment and conditions during the 2008 crisis.

We will continue to be in touch with updates on the markets and your portfolio. Most importantly, we hope you stay healthy and safe over the coming weeks and we thank you for your continued trust and partnership with us.

My warmest regards to you and your family.

Sincerely,



Joan A. Payden

President & CEO



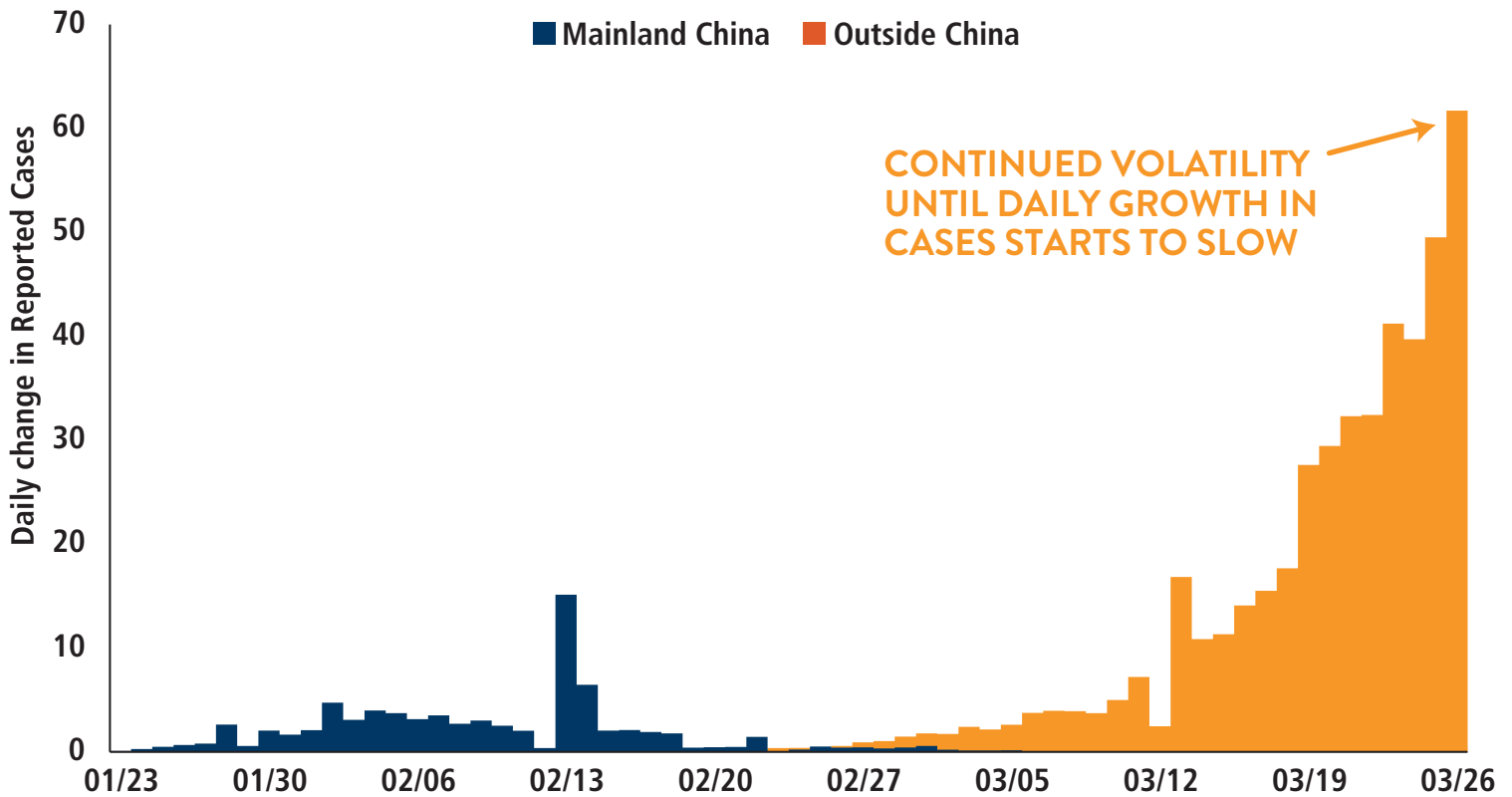
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A PERSPECTIVE ON THE CURRENT CRISIS



DAILY GROWTH IN CASES



THE “PATIENT” (THE U.S. ECONOMY) WAS MUCH HEALTHIER BEFORE THE VIRUS OUTBREAK THAN IT WAS IN 2008

The U.S. Economy Is In Much Better Shape Going Into This Crisis Than It Was In 2008*

	November 2007	February 2020
Job Growth <i>3-Month Moving Average of Job Growth</i>	99K	243K
Initial Claims <i>% Change Year-Over-Year in Initial Claims for Unemployment Insurance</i>	7%	-6%
Housing Permits <i>% Change Year-Over-Year in Authorized Housing Permits</i>	-30%	13%
Household Debt <i>As % of Gross Domestic Product</i>	99%	76%

Source: Bureau of Labor Statistics, Dept. of Labor, Census Bureau, Federal Reserve, Payden Estimates
*Data on the eve of the 2008-2009 recession and financial crisis

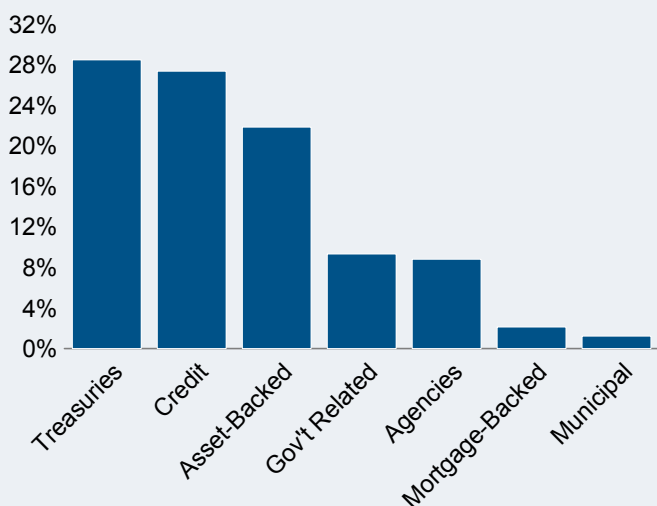
FLORIDA TRUST SHORT-TERM BOND FUND

Portfolio Review and Market Update - 1st Quarter 2020

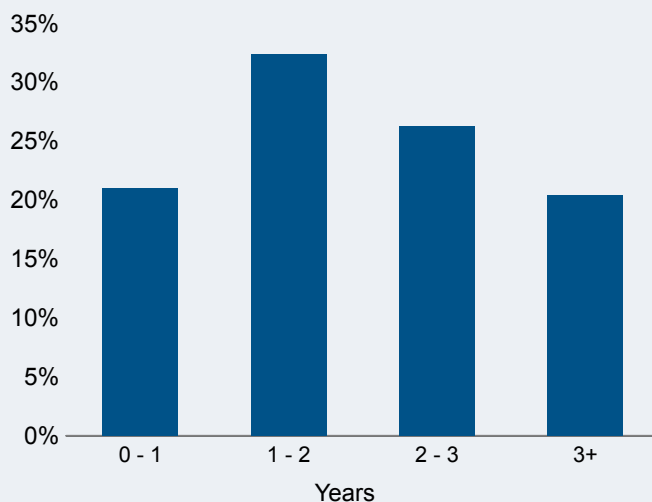
PORTFOLIO CHARACTERISTICS (As of 3/31/2020)

Portfolio Market Value	\$819.9 million
Fund Rating (Fitch)	AAAf/S1
Weighted Average Duration	1.80 years
SEC 30-Day Yield (net)	1.26%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 3/31/2020

	1st Quarter	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
SHORT-TERM BOND FUND (gross)	1.28%	4.08%	1.95%	1.72%	3.81%
SHORT-TERM BOND FUND (NAV)	1.22%	3.80%	1.69%	1.45%	3.48%
ICE BofA 1-3 Year US Treasury Index*	2.81%	5.42%	1.85%	1.43%	3.42%

Periods over one year are annualized

* Taxable money market funds average prior to 02/2000.





Waiting for a Recovery

Entering the year, we expected a moderate rebound in the global economy, but the spread of COVID-19 effectively halted global growth and rattled financial markets. **The 11-year bull market, the longest in history, ended abruptly**, morphing into a bear market in the shortest time ever. U.S. Treasury bond yields fell to all-time lows. **Just months after breaking the record for the longest economic expansion in U.S. history, we now appear to be heading into a recession in the second quarter.**

Fixed income market behavior in March was driven by the need for liquidity. Selling pressure from de-risking and collateral and margin calls strained bank balance sheets and created a massive divergence between bond prices and intrinsic value. **The Fed has stepped in to cut rates to nearly zero and purchase bonds on an unprecedented scale to stabilize the market.**

Corporate bond prices fell over the quarter - **energy, autos, and airline/travel bonds were hit hardest by the drop in economic activity.** Mortgage-backed, asset-backed, and municipal bonds also experienced negative returns. However, a flight to quality drove U.S. Treasury prices higher, up 8.8%, the best quarterly performance since Q4 2008.

Equities fell 20-30%, as companies took action to preserve capital by slashing spending, suspending share buybacks and dividends, and implementing layoffs. Energy stocks were the hardest hit, down 50%, as per barrel oil prices plummeted into the low \$20's. Technology stocks with strong balance sheets and wide profit margins were the best performers, down 12% for the quarter. Like the Fed, **the U.S. government responded aggressively to prevent the markets and the economy from plummeting even more by passing the \$2 trillion CARES Act, the largest stimulus package ever**, to support both companies and individuals.

Looking ahead, **we know that the markets will move beyond COVID-19 eventually, but when is anyone's guess.** We should remember that **near-term uncertainty can create long-term opportunities**, supported by the aggressive and decisive moves by the Fed and Congress, low oil prices and a historically resilient economy. In the past, pandemic-driven recessions have been relatively short and the economy has experienced a quick recovery. In contrast to the Global Financial Crisis, this is an exogenous shock. As always, **we will maintain a flexible but disciplined approach in this fluid environment** and will rely on our firmwide collaboration, innovative thinking and global perspective to serve our clients well through this challenging time.



**OVER 35 YEARS OF INSPIRING
CONFIDENCE WITH AN
UNWAVERING COMMITMENT
TO OUR CLIENTS' NEEDS.**

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OUR STRATEGIES

Multi-Sector

Short Maturity Bonds

U.S. Core Bond

Absolute Return Fixed Income

Strategic Income

Global Fixed Income

Liability Driven Investing

Sector-Specific

Emerging Markets Debt

Government/Sovereign

High Yield Bonds & Loans

Inflation-Linked/TIPS

Investment Grade Corporate Bonds

Municipal Bonds (U.S.)

Securitized Bonds

Income-Focused Equities

Equity Income

Available in:

Separate Accounts – Mutual Funds (U.S. and UCITS)

Collective Trusts (“CITs”) – Customized Solutions

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

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