Payden&Rygel

Quarterly Portfolio Review

Florida Local Government Trust

3rd Quarter 2020

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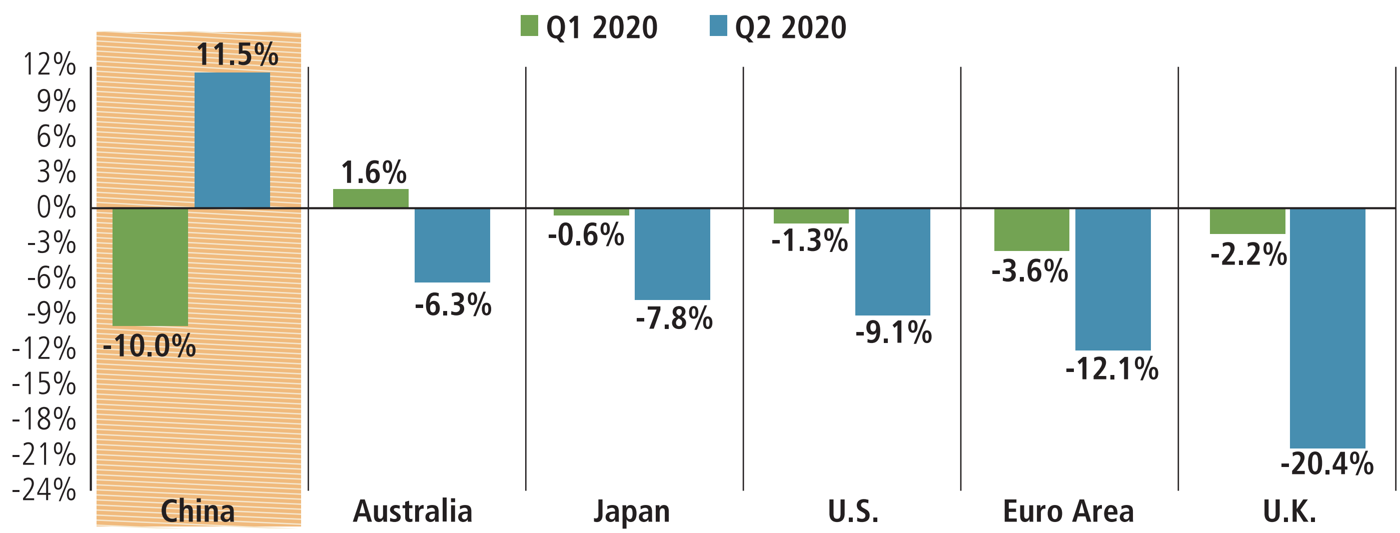
ECONOMIC REVIEW AND OUTLOOK

Six months into the pandemic that shook the global economy, financial markets have rebounded strongly. A sharp economic turnaround in Q3 followed the historic economic freefall experienced in Q2, due to unprecedented support from global central banks and fiscal authorities. Will the recovery continue?

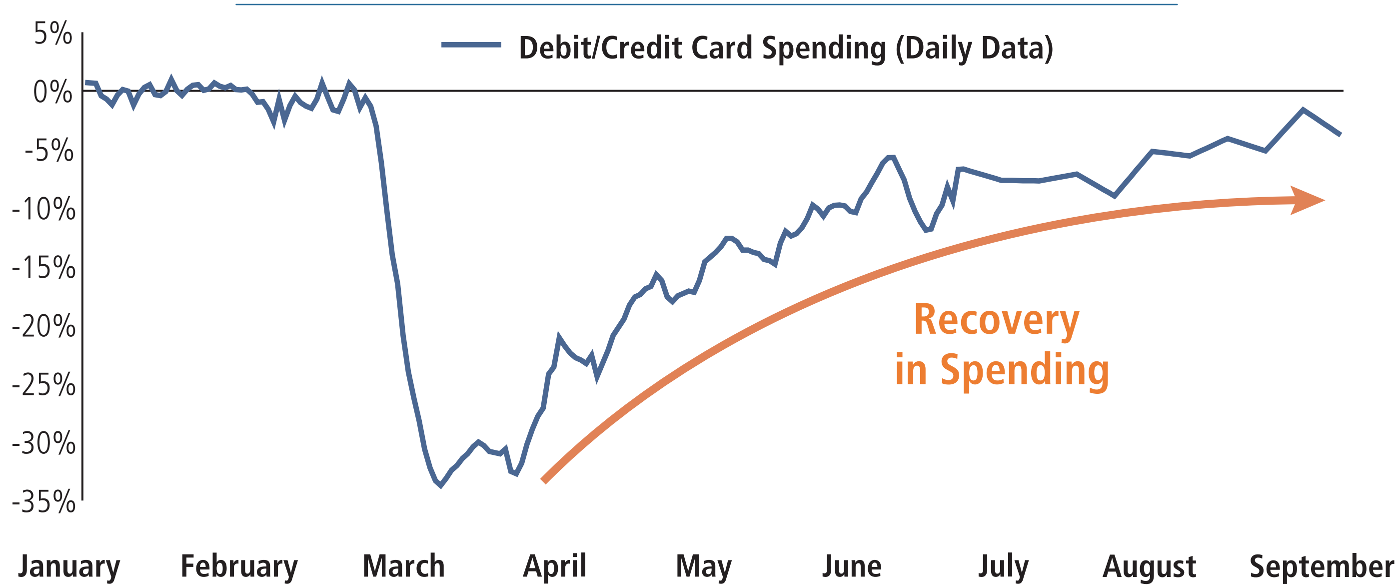
As shown by the second-quarter GDP data, the global economy experienced an unprecedented contraction due to COVID-19-related disruptions to global trade and everyday life. The U.K. economy contracted the most among global peers, due to the timing and severity of their shutdowns. Meanwhile, China's sharp Q2 rebound after a weak virus-related Q1 gives hope that the rest of the world will follow suit.

Change in Select Nations' GDP by Quarter-Over-Quarter (%)



While we await confirmation of the Q3 rebound in the traditional economic data, higher-frequency indicators show how the world is faring in near real-time. For example, daily debit and credit card spending data shows that U.S. consumer demand recovered strongly in Q3. Risks remain. The recovery in spending plateaued after enhanced unemployment benefits lapsed at the end of July. Still, stronger-than-expected labor market conditions have buoyed spending despite the lack of additional fiscal stimulus. As of mid-September, spending was just 3.8% below January levels, giving us hope the U.S. and global recovery will continue into Q4.

Change In U.S. Debit And Credit Card Spending Since January 2020



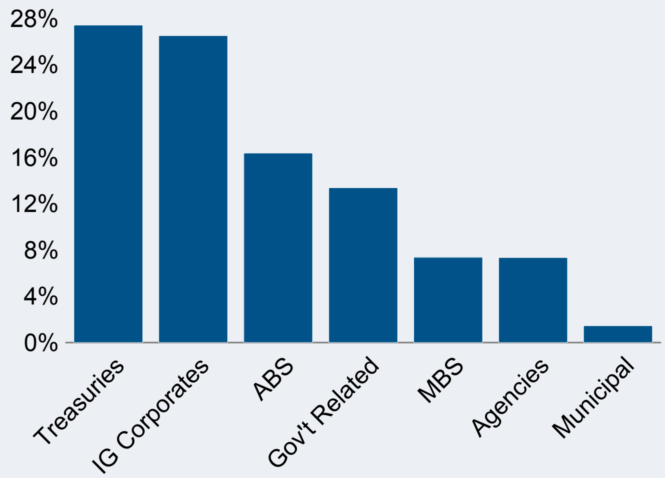
FLORIDA TRUST SHORT-TERM BOND FUND

Portfolio Review and Market Update - 3rd Quarter 2020

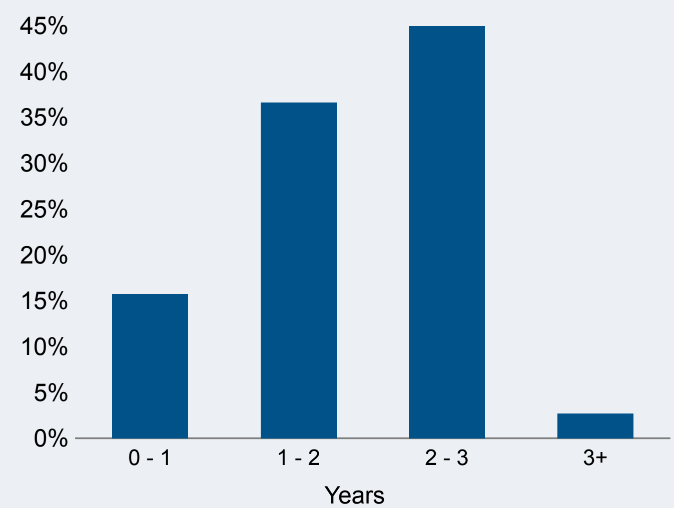
PORTFOLIO CHARACTERISTICS (As of 9/30/2020)

Portfolio Market Value	$925.2 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.93 years
SEC 30-Day Yield (net)	0.43%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 9/30/2020

	3rd Quarter	2020 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
SHORT-TERM BOND FUND (gross)	**0.36%**	**3.31%**	**3.88%**	**2.27%**	**1.74%**	**3.81%**
SHORT-TERM BOND FUND (NAV)*	0.30%	3.12%	3.59%	2.00%	1.47%	3.49%
ICE BofA 1-3 Year US Treasury Index**	0.10%	3.05%	3.58%	1.80%	1.28%	3.37%

Periods over one year are annualized

**Net Asset Value data provided by custodian UMB.*
***Taxable money market funds average prior to 02/2000.*

MARKET THEMES

Covid-19 continued to dominate headlines as global cases exceeded 33 million, with the U.S., Brazil, and India experiencing the highest case counts. Despite this, the global economy showed signs of improvement in the third quarter as continued business reopenings drove an increase in economic activity. Data surprised to the upside, with the Bloomberg Economic Surprise Index, which measures the difference between actual data and expectations, near all-time highs, and the global composite Purchasing Managers' Index rebounding to 52.4, a 17-month high. In addition, the impact of global monetary and fiscal stimulus has been substantial. Real yields in the U.S. have moved deeply into negative territory, converging with those of Europe. At the same time, interest rate volatility fell to all-time lows, which was supportive for fixed income assets broadly.

STRATEGY

- The portfolio continues to hold a diversified mix of non-government sectors for income generation. We continue to utilize corporates, asset-backed securities (ABS) and mortgage-backed securities (MBS) as diversified sources of high-quality income.
- We remain constructive on short-dated credit, as yield will likely be a key driver of total return going forward. While all-in yields are low, incremental yield from spreads remain attractive. We also see strong technical support for short-dated credit from lower new issue supply and the Federal Reserve's quantitative easing and 13(3) credit facilities.
- We maintained a market neutral to slightly long duration positioning over the quarter.

INTEREST RATES

The Federal Reserve has continued its quantitative easing program at a pace of approximately $120 billion per month ($80 billion in U.S. Treasuries and $40 billion in agency MBS). Rates in the front-end remain pinned near zero, a direct result of the Fed's commitment to keep rates low for an extended period.

- U.S. Treasury yields remain range bound and ended the quarter slightly lower with the one-year yield at 0.12% and the two-year at 0.13%.
- LIBOR was relatively stable over the quarter. One-month LIBOR remained at 0.15% and three-month LIBOR decreased by 0.06% to 0.24%.
- Despite our neutral headline duration, curve positioning contributed positively to performance.

SECTORS

Credit markets continued to retrace the spread widening from earlier in the year, with short-dated corporate and ABS spreads tightening approximately 20 basis points and outperforming Treasuries, which remained muted. All credit sectors added to performance over the quarter. Yields for corporates and securitized sectors have reached all-time lows, while spreads remain 20-30 basis points above historical tights.

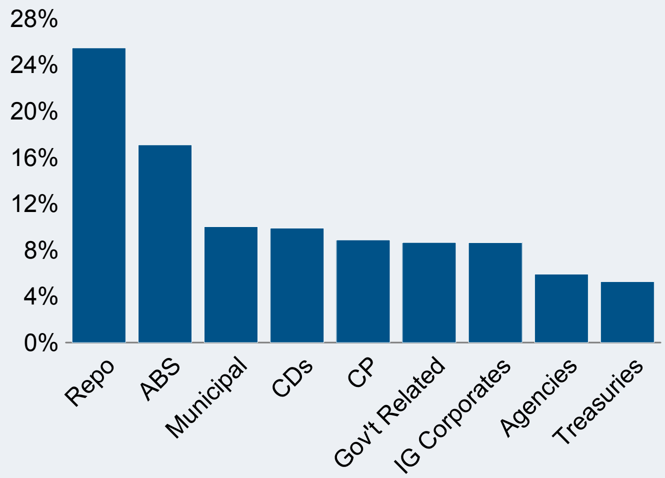
FLORIDA TRUST DAY TO DAY FUND

Portfolio Review and Market Update - 3rd Quarter 2020

PORTFOLIO CHARACTERISTICS (As of 9/30/2020)

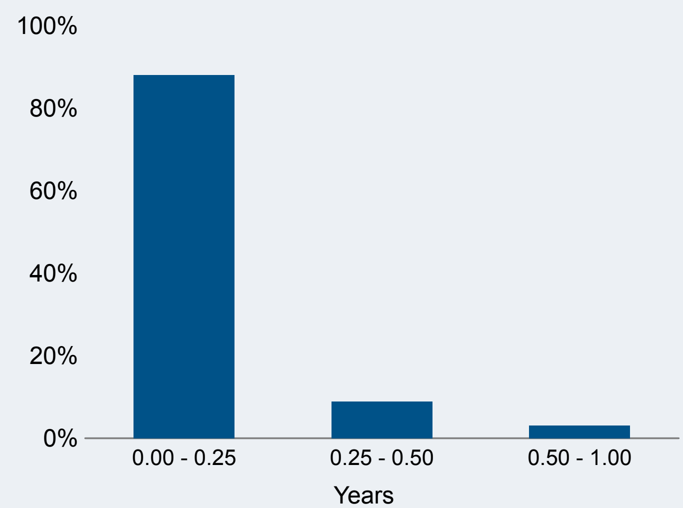
Portfolio Market Value	$762.1 million
Fitch Rating	AAA mmf
Days to Maturity	27 days
SEC 7-Day Yield (net)	0.16%

SECTOR ALLOCATION



Government/Government-guaranteed: 45%

DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 9/30/2020

	3rd Quarter	2020 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/13/09)
FLORIDA TRUST DAY TO DAY FUND (gross)	**0.07%**	**0.70%**	**1.20%**	**1.41%**	**0.82%**	**0.75%**
FLORIDA TRUST DAY TO DAY FUND (net)*	0.06%	0.60%	1.07%	1.30%	0.71%	0.64%
ICE BofA US 3-Month Treasury Bill Index	0.04%	0.64%	1.10%	1.20%	0.64%	0.57%

Periods over one year are annualized

**Represents income-only return from UMB.*

MARKET THEMES

Covid-19 continued to dominate headlines as global cases exceeded 33 million, with the U.S., Brazil, and India experiencing the highest case counts. Despite this, the global economy showed signs of improvement in the third quarter as continued business reopenings drove an increase in economic activity. Data surprised to the upside, with the Bloomberg Economic Surprise Index, which measures the difference between actual data and expectations, near all-time highs, and the global composite Purchasing Managers' Index rebounding to 52.4, a 17-month high. In addition, the impact of global monetary and fiscal stimulus has been substantial. Real yields in the U.S. have moved deeply into negative territory, converging with those of Europe. At the same time, interest rate volatility fell to all-time lows, which was supportive for fixed income assets broadly.

STRATEGY

- The portfolio continues to hold a diversified mix of non-government sectors for income generation. We continue to utilize corporates, asset-backed securities (ABS) and mortgage-backed securities (MBS) as diversified sources of high-quality income. Liquidity is achieved with 45% allocation to government and government-guaranteed securities.
- We remain constructive on short-dated credit, as yield will likely be a key driver of total return going forward. While all-in yields are low, incremental yield from spreads remain attractive. We also see strong technical support for short-dated credit from lower new issue supply and the Federal Reserve's quantitative easing and 13(3) credit facilities.

INTEREST RATES

The Federal Reserve has continued its quantitative easing program at a pace of approximately $120 billion per month ($80 billion in U.S. Treasuries and $40 billion in agency MBS). Rates in the front-end remain pinned near zero, a direct result of the Fed's commitment to keep rates low for an extended period.

- U.S. Treasury yields were slightly lower over the quarter, with the three-month bill down 0.04% to 0.09% and the one-year yield lower 0.03% to 0.12%.
- LIBOR was relatively stable over the quarter. One-month LIBOR remained at 0.15% and three-month LIBOR decreased by 0.06% to 0.24%.

SECTORS

Credit markets continued to retrace the spread widening from earlier in the year and outperformed Treasuries, which remained muted. All credit sectors added to performance over the quarter. Yields for corporates and securitized sectors have reached all-time lows, while spreads remain slightly above historical tights.

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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