Payden&Rygel

Quarterly Portfolio Review

Florida Local Government Trust

4th Quarter 2021

PAYDEN.COM
LOS ANGELES | BOSTON | LONDON | MILAN

LETTER FROM THE CEO

January 2022

Dear Client,

As we complete another year and are still under the restrictions and challenges of Covid-19, we want to share with you the "state of the firm." Since the firm's inception 38 years ago, we have maintained a consistent ownership structure and culture, where competition is external and not internal. We are very pleased to report that this consistency has resulted in the firm's most successful year, both from the standpoint of clients and internally, since our inception.

Turning now to the U.S. and global economies, coronavirus disruptions have led to a change in consumer behavior that has exacerbated inflationary pressures worldwide. The situation has led to labor shortages and higher prices that central banks can no longer ignore. The Federal Reserve has accelerated the pace of tapering and signaled it would no longer wait for maximum employment before hiking interest rates. As a result, we expect to see three rate hikes this year, with the initial liftoff coming in June. On the other hand, the European Central Bank will be slower to move on interest rate policy as inflation readings in the region are primarily driven by energy-related commodities and have not had a significant impact on inflation expectations.

We want to assure you that your portfolio has weathered these conditions as, over the last two years, lower interest rates and record fiscal stimulus have been crucial to investment results.

Looking ahead, new variants of the virus and the gradual removal of central bank accommodation will continue to cause volatility in the markets. Against this background, we want to assure you that your portfolio is positioned to have liquidity for any unexpected conditions.

As always, we are available to answer any questions or concerns. But, most importantly, our very best wishes for your health and safety in this new year.

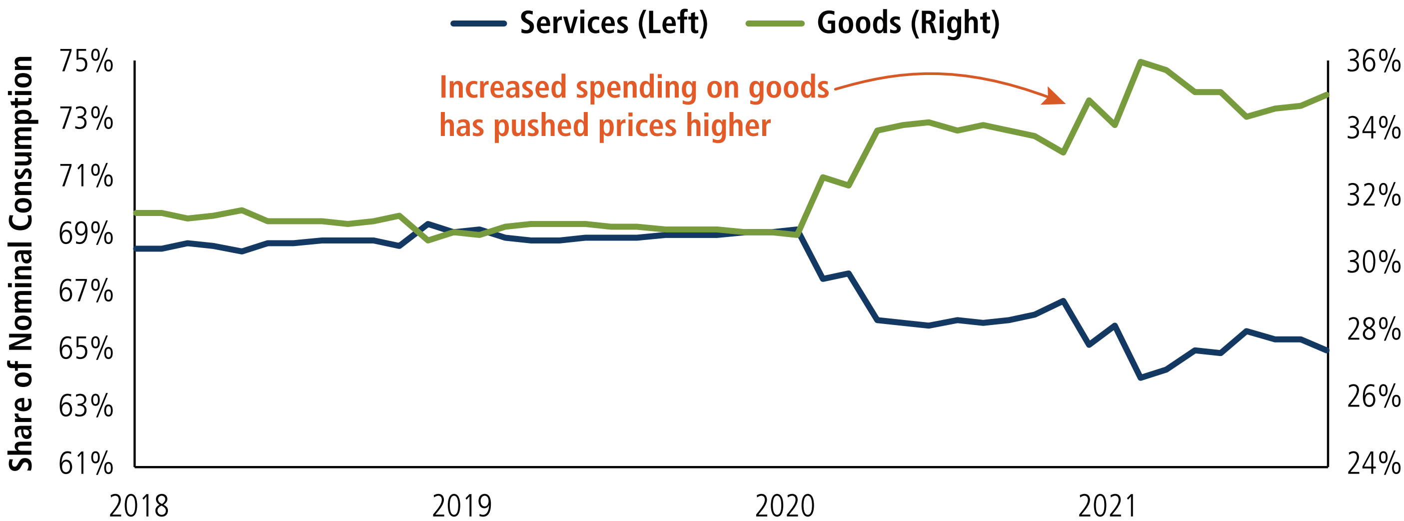
Warmest regards,

Joan A. Payden

President & CEO

During the pandemic, many consumers have shifted their spending away from services towards goods. This shift in consumer behavior has been responsible for many economic woes, most notably inflation. Why? Some goods, particularly durable goods, take longer to create, meaning that the supply is relatively inelastic compared to demand. Add to that a shortage of port and warehouse workers around the world due to rolling waves of the virus, and you've got one big mess. The key question moving forward is whether this change in consumer behavior will be more persistent or whether we'll see a return to services just as delayed goods producers' supply catches up.

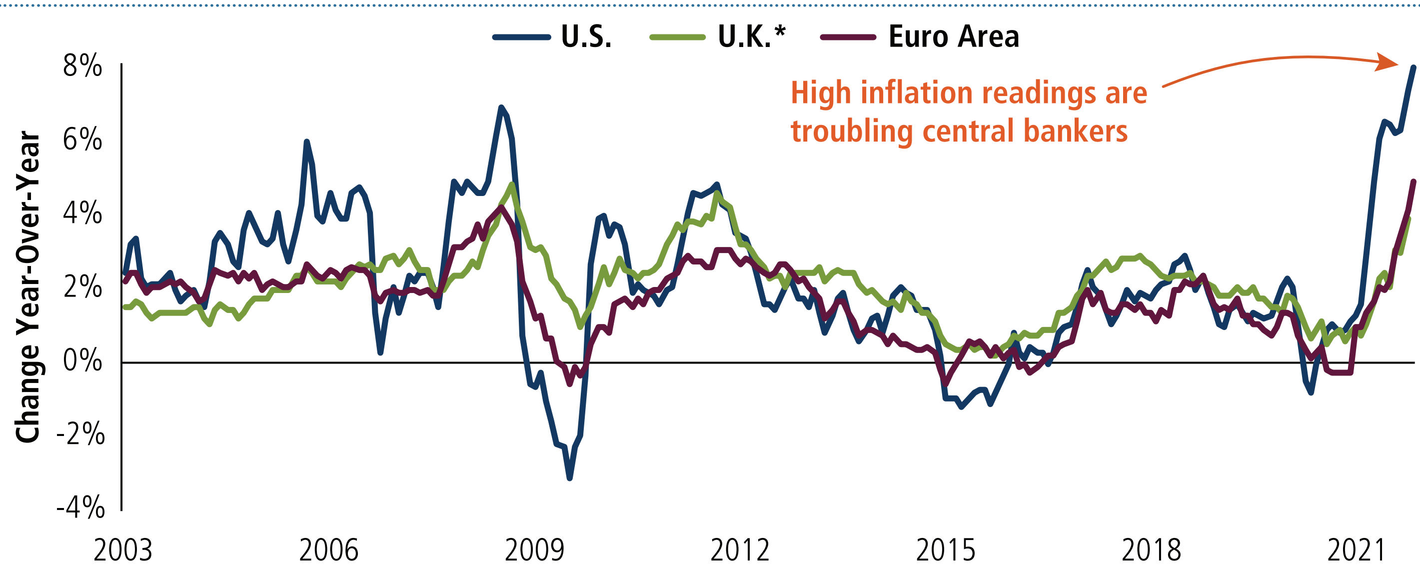
CONSUMERS HAVE SHIFTED AWAY FROM SERVICES TOWARDS GOODS



Source: U.S. Bureau of Economic Analysis

In response to the highest inflation readings in decades due in part to these consumer shifts, global central banks have pivoted to a more hawkish tone. U.S. central bankers accelerated the pace of tapering and signaled they would be open to hiking interest rates before the labor market reaches "maximum employment." The median member of the Federal Open Market Committee now expects to hike rates three times before year-end 2022, up from just one hike at the September meeting. U.K. policymakers surprised markets as well by initiating a rates liftoff at their December meeting. The European Central Bank (ECB) announced it would halt its Pandemic Emergency Purchase Programme in March 2022, but is unlikely to hike next year as President Lagarde believes the ECB was "really making progress" toward hitting their 2% inflation target. Investors are watching these moves closely and and pulling forward interest rate hike expectations.

HIGH INFLATION READINGS ARE A GLOBAL PHENOMENON



Source: Eurostat, Organization for Economic Co-operation and Development

**U.K. data represent CPI instead of HCIP readings*

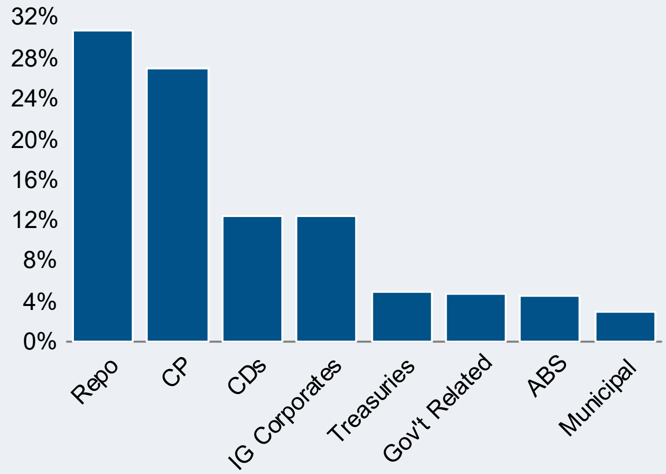
FLORIDA TRUST DAY TO DAY FUND

Portfolio Review and Market Update - 4th Quarter 2021

PORTFOLIO CHARACTERISTICS (As of 12/31/2021)

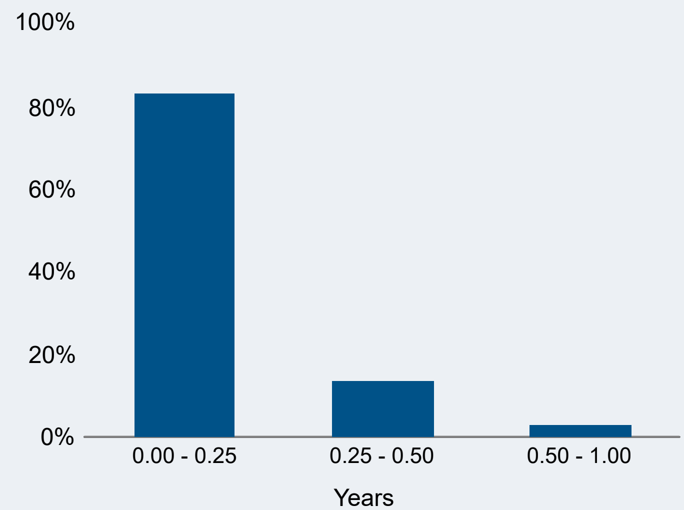
Portfolio Market Value	$1,074.6 million
Fitch Rating	AAA mmf
Days to Maturity	43 days
SEC 7-Day Yield (net)	0.11%

SECTOR ALLOCATION



Government/Government-guaranteed: 41%

DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 12/31/2021

	4th Quarter	2021	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/13/09)
FLORIDA TRUST DAY TO DAY FUND (gross)	**0.02%**	**0.13%**	**1.30%**	**0.81%**	**0.69%**
FLORIDA TRUST DAY TO DAY FUND (net)*	0.01%	0.04%	1.20%	0.70%	0.58%
ICE BofA US 3-Month Treasury Bill Index	0.01%	0.05%	1.14%	0.63%	0.52%

Periods over one year are annualized

**Represents income-only return from UMB.*

MARKET THEMES

Volatility increased across equity and bond markets in the last quarter of 2021. Covid-19's newest variant, Omicron, spread rapidly across the globe and brought fresh doubts as to the likelihood of a global economic recovery, with countries re-imposing lockdowns and restrictions. In the U.S., inflation hit a 39-year high, pushing the Fed to initiate, and then speed up, the pace of its asset purchase "taper." In addition, the median policy rate projection from the Fed increased to three hikes for 2022. As a result, the U.S. Treasury curve had a pronounced flattening over the quarter, with 1 to 5-year yields moving notably higher, while 10 to 30-year rates were relatively unchanged.

STRATEGY

- We continue to emphasize a balance between credit diversification and quality using corporates and asset-backed securities (ABS) to maintain various sources of high-quality income.
- We utilized corporate issuance to optimize positioning and allocate to floating-rate securities to generate portfolio income without extending duration.
- We were reticent to add to higher-yielding, longer-maturity assets as we anticipated additional increases in short-term rates.

INTEREST RATES

U.S. Treasury yields across the 1 to 5-year part of the curve rose dramatically during the quarter, as market participants expected tighter monetary policy and a more aggressive path of rate hikes - a view that was eventually confirmed by the Fed in December. As market pricing of the hiking cycle was pulled forward, the short part of the curve steepened, while the long end flattened. Continued strong demand for ultra-short maturity fixed income outweighed the impacts of tapering and increased bill supply.

- The one-year U.S. Treasury bill moved up 31 basis points over the quarter to 0.38%, while two and three-year yields increased 45 bps to 0.73% and 0.96%, respectively.
- One-month LIBOR rose 2 bps to 0.10%, while three-month LIBOR was higher by 8 bps to 0.21%. The SOFR overnight rate finished the quarter unchanged at 0.05%, after moving down one basis point to 0.04%.

SECTORS

We remain overweight, balanced, and diversified within credit sectors. Spreads across all credit sectors widened modestly during the quarter, which detracted from performance. Wider credit spreads were largely driven by increased supply but were also influenced by widespread market volatility. Floating-rate securities outperformed as rates rose and the yield curve steepened. Broad credit positioning was additive to performance for 2021. Ultra-low yield levels mean even modest rises in yields erode positive return on a short-term basis. However, over longer time periods, the combination of both income and active total return management should result in outperforming the yield of the portfolio. With higher yields, income earned in the portfolio gets reinvested at more favorable rates.

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

LOS ANGELES | BOSTON | LONDON | MILAN

PAYDEN.COM

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.

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 UK
+44 (0) 20-7621-3000

MILAN
Corso Matteotti, 1
20121 Milan, Italy
+39 02 76067111