Florida Trust Short Term Bond Fund ("STBF") Review as of August 31, 2022

Year-to-Date Economic and Market Recap

Year-to-date, historic inflation prints led to a rapid change in interest rate expectations and, combined with rhetoric from the Fed, resulted in short-term interest rates moving up significantly (e.g., 6-month and 12-month Treasuries up 315 and 311 basis points, respectively). The increase in yields has equated to negative performance for most fixed income, including shorter maturities, year-to-date, among most other asset classes. Further exacerbating the negative returns were the historically low yields to start 2022 which were not sufficient to offset negative price performance.

The Federal Open Market Committee hiked rates aggressively in the second and start of the third quarter, raising the Federal Funds Rate ("FFR") by 50 basis points ("bps") in May and by 75 bps in both June and July. The target range for the FFR now sits at 2.25-2.50%, with the FOMC's own estimate reaching 3.25-3.50% by year end. At the annual Jackson Hole symposium in August, Chair Powell strongly hinted at another 75 bps rate rise in September emphasizing the Fed's "focus right now is to bring inflation back down to our 2 percent goal." While markets now anticipate the FFR to peak at 3.50% - 3.75% in December, we continue to believe the FFR likely needs to get to at least 4% and remain there for some time so the Fed can reassess the growth and inflation backdrop before making its next move.

Positioning and Actions Taken in August

Given a still uncertain interest rate trajectory, we continue to maintain a lower duration profile in the STBF portfolio to help mitigate exposure to rising interest rates and market volatility. We believe maintaining conservatism, staying short duration, and allowing the income (i.e., yield) of the portfolio to be earned is the appropriate strategy in this environment. The duration (interest rate risk) of the STBF was 1.19 years as of 8/31, compared to 1.86 for the benchmark index. This defensive interest rate posture has helped in minimizing unrealized losses in the STBF. We maintain an emphasis on quality and diversification and continue to hold a broad mix of credit sectors to increase portfolio income. In August we rotated out of some credits in favor of highly liquid agency discount notes which out-yield short Treasuries. The portfolio remains highly liquid and devoid of any serious fundamental credit risk.

August Performance

The STBF had a -0.31% gross return for August, compared to the benchmark ICE BofA 1-3 Year US Treasury index of -0.72%. Comparable sector and index returns are shown below. The net 30-Day SEC Yield for the Short-Term Bond Fund rose from 2.48% at the end of July to 2.60% by August month end.

US Short Sector and Index Returns	August	QTD	FYTD
Treasury Bills (0-1 year)	0.09%	0.20%	-0.17%
1 Year Treasury	-0.23%	-0.06%	-1.52%
2 Year Treasury	-0.78%	-0.53%	-3.99%
1-3 Year Treasury*	-0.72%	-0.39%	-3.73%
1-3 Year Investment Grade Corporates	-0.70%	0.18%	-3.80%
STBF (gross return)	**-0.31%**	**0.08%**	**-2.88%**
STBF (NAV return)	**-0.31%**	**0.04%**	**-3.09%**

**Benchmark*
Source: Payden & Rygel and Bloomberg

Year to date, the Price Return of the STBF has overwhelmed the Income Return, due lower starting yields, and large increases in market yields over a short time.

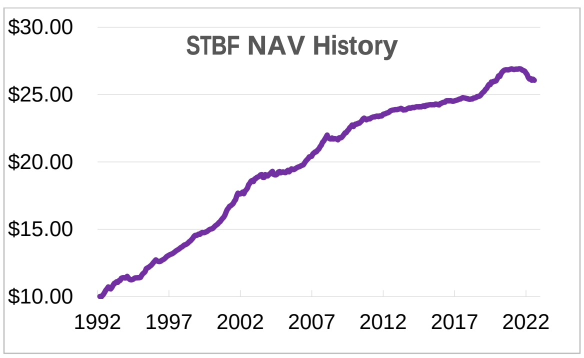
Price Change + Income earned = Total Return

Negative Price performance "cures" itself over time as Income return (i.e., yield) accumulates and offsets losses. Higher interest rates allow more income (i.e., yield) to be earned and reinvested in the portfolio at higher prevailing rates.

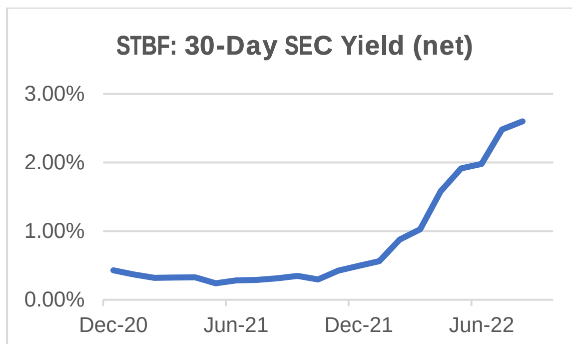
Looking Ahead

We do not expect the STBF to have positive performance results for the 2022 fiscal year. Note these results reflect short-term unrealized losses, though if a participant withdraws funds prior to the "curing" process is complete, losses would be realized. Over longer time periods, the combination of income-earned and active total return management should result in returns outperforming the yield of the portfolio, 2.60% as of 8/31 (30-day net-yield), up from 0.49% at 2021 year-end.

The STBF is earning over 0.21% monthly in income, or over seven times the amount as of 9/30/2021, when income was less than 0.03% monthly with the 30-day SEC yield only 0.35%.



NAV increases over time



Monthly income opportunity (i.e., yield) has increased significantly as US interest rates have risen YTD

Over longer time periods and under more normalized interest rate environments, the NAV is expected to rise, resulting in positive performance.