

# Payden & Rygel

## QUARTERLY PORTFOLIO REVIEW

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### **Short Term Bond Fund** **4<sup>th</sup> Quarter 2022**



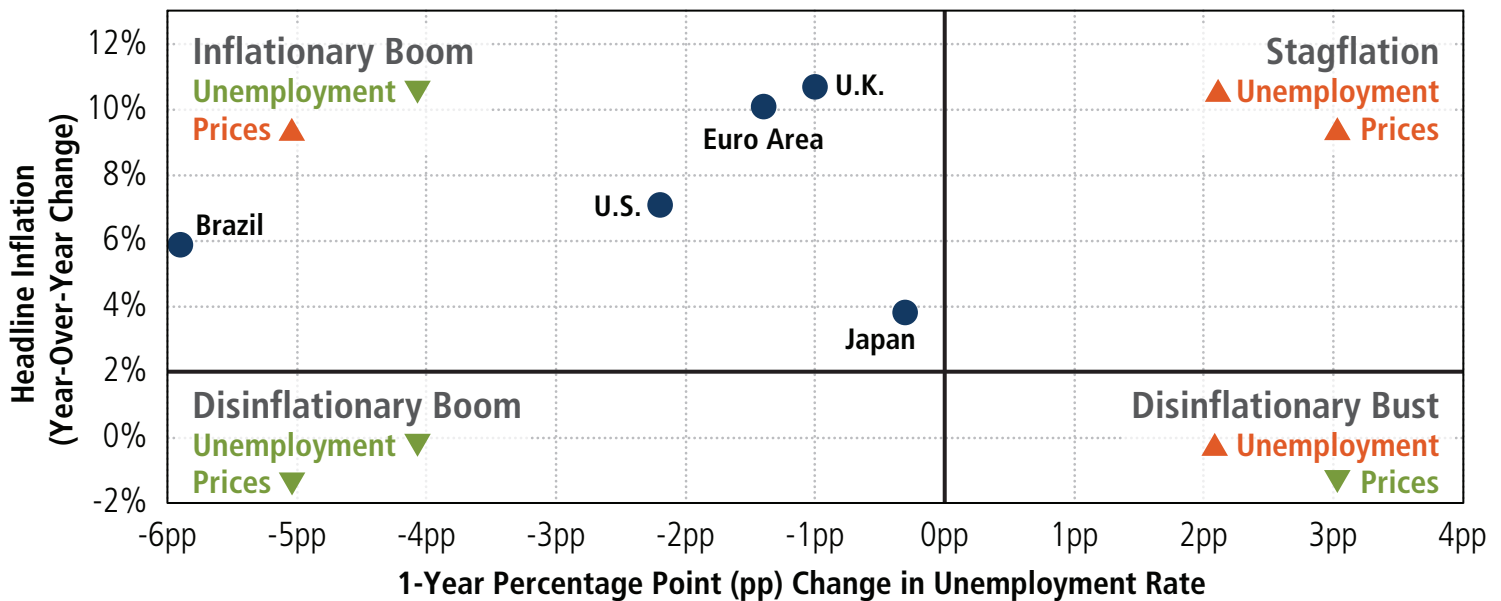
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*From the desk of Joan Payden:*

- » Inflation, central bank rate hikes, the Russia-Ukraine war, China’s zero-COVID policy, and recession fears played havoc on several asset classes in 2022, making it a difficult year for investors.
- » Central banks globally have tightened monetary policy due to rising inflation and a tight labor market (see chart below).
- » We took a cautious stance all through the year with our clients’ portfolios to soften the pain of rising interest rates and tenacious inflation.
- » We also turned towards higher quality holdings across portfolios given attractive valuations, elevated volatility and a heightened risk of an economic downturn.
- » As we look ahead to a new year, higher yields and more compelling valuations across both bonds and stocks may present attractive opportunities within client portfolios.

**STAGFLATION? NOT YET! CHANGE IN INFLATION VS CHANGE IN THE UNEMPLOYMENT RATE**



Source: Bloomberg, National Statistical Agencies, Payden Calculations (December 2022)

**MARKET THEMES FOR Q4**

- » Interest rates fell and the U.S. dollar weakened in the fourth quarter as investors interpreted a slowdown in the pace of central bank policy hikes as a sign that monetary policy tightening would soon end.
- » Risk markets, including equities, emerging markets debt, and high yield were among the best performing sectors for the quarter.

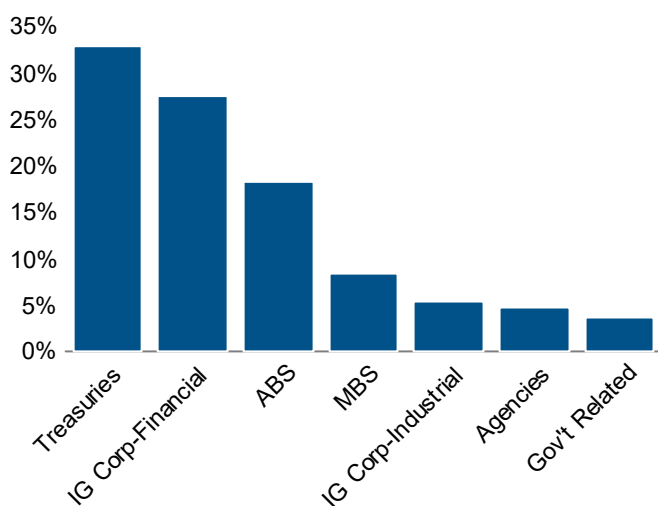
**OUTLOOK**

- » We remain cautious going into 2023 as elevated inflation and continued Fed tightening impact corporate fundamentals and economic growth in the second half of the year.
- » With recession risks looming over the global economy and volatility likely remaining elevated, we remain focused on quality.

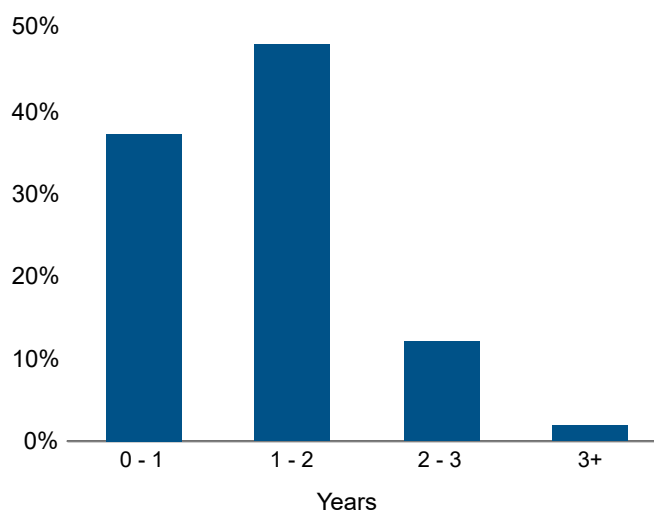
### PORTFOLIO CHARACTERISTICS (As of 12/31/2022)

Portfolio Market Value	\$765.5 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.22 years
SEC 30-Day Yield (net)	3.93%

### SECTOR ALLOCATION



### DURATION DISTRIBUTION



### PORTFOLIO RETURNS - Periods Ending 12/31/2022

	4th Quarter	2022	Trailing 3 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
<b>FLORIDA TRUST S-T BOND FUND (gross)</b>	<b>0.99%</b>	<b>-2.13%</b>	<b>0.35%</b>	<b>1.37%</b>	<b>1.15%</b>	<b>3.46%</b>
FLORIDA TRUST S-T BOND FUND (NAV)*	0.93%	-2.38%	0.10%	1.10%	0.89%	3.14%
ICE BofA 1-3 Year US Treasury Index**	0.74%	-3.65%	-0.40%	0.77%	0.67%	2.98%

Periods over one year are annualized

\*Net Asset Value data provided by custodian UMB. Net of fees.

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



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## OUR STRATEGIES

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### 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

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#### 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