

Payden & Rygel

QUARTERLY PORTFOLIO REVIEW

Short Term Bond Fund **1st Quarter 2023**



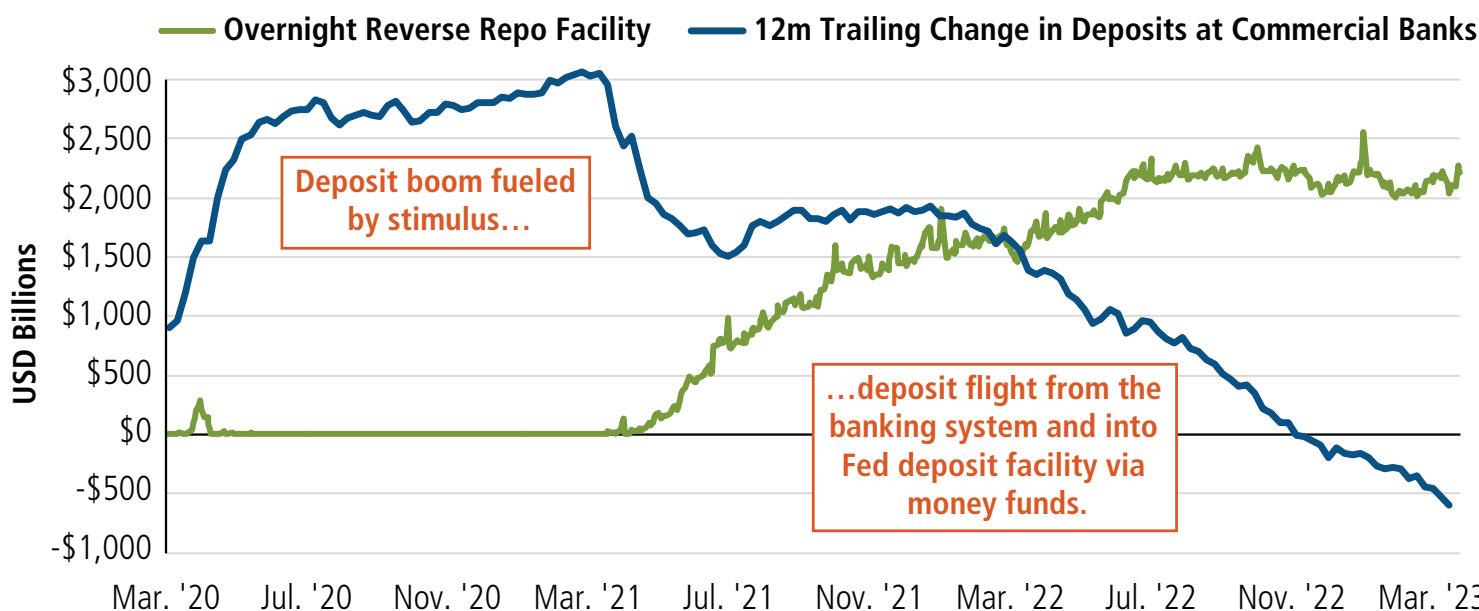
PAYDEN.COM
LOS ANGELES | BOSTON | LONDON | MILAN



From the desk of Joan Payden:

- » 2023 started on a positive note, as stocks and bonds recovered, inspired by China re-opening its economy after Covid and a resilient U.S. economy led by the stellar labor market data.
- » As a consequence, the U.S. central bank and its global peers continued to tighten monetary policy due to elevated inflation and a tight labor market during the first quarter.
- » However, a banking crisis—partly due to tighter financial conditions engendered by central banks—erupted during the quarter and upstaged many positive macro developments.
- » Unfortunately, despite the good news to start the year, banking crises typically have preceded slowdowns in economic growth, raising the probability of a recession. It is too soon to fully gauge the economic fallout from the bank failures seen in Q1, but small and medium-sized banks play a critical role in credit creation for the U.S. economy. As a result, we maintain a cautious stance with our client portfolios, focusing on higher quality holdings to help cushion against a potential recession in the next 12 months.

DEPOSIT BOOM TURNED INTO A FLIGHT; THE DEPOSIT DRAWDOWN WILL CONTINUE TO STRESS BANKS



Source: Federal Reserve *reports loans that were extended to depository institutions established by the Federal Deposit Insurance Corporation (FDIC)

MARKET THEMES FOR Q1

- » Interest rates fell, and the U.S. dollar weakened in the first quarter as investors interpreted the banking issues as signs that the Fed would soon pause its rate hikes and maybe even reverse course. Given how far inflation hovers above the central bank's target, we remain skeptical about rate cuts, though we acknowledge the end of hiking is approaching.
- » Risk markets, including equities, emerging markets debt, and high yield, were among the best-performing sectors for the quarter.

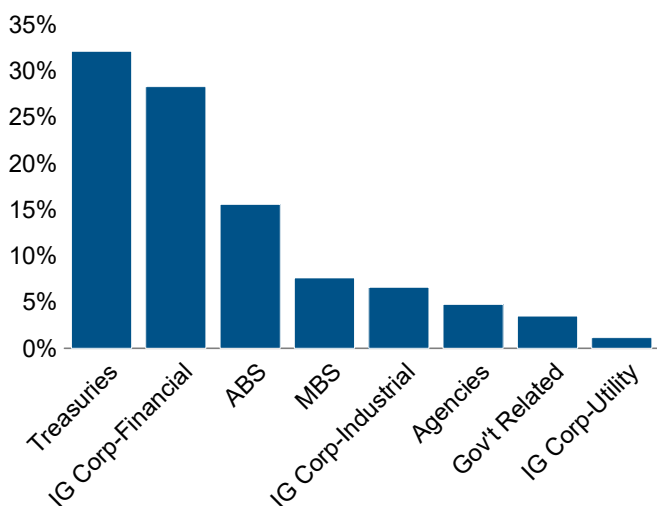
OUTLOOK

- » We will remain cautious in Q2 as elevated inflation will keep monetary policy restrictive while the knock-on effects of the banking crisis have yet to be felt.
- » Since banking contractions usually precede recessions, recession risks will keep us neutral on duration and focused on portfolio quality.

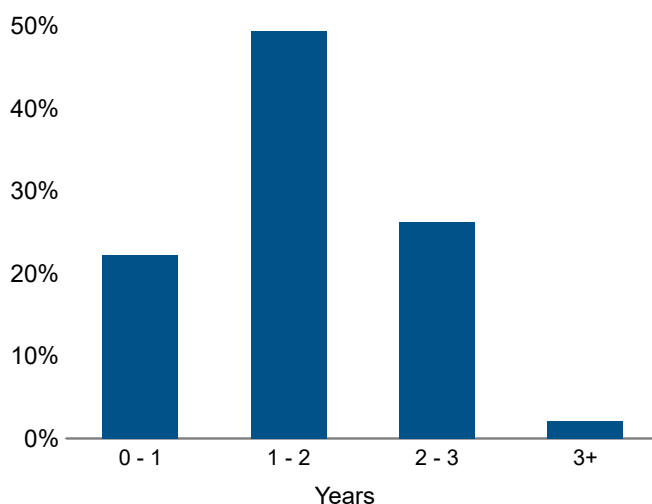
PORTFOLIO CHARACTERISTICS (As of 3/31/2023)

Portfolio Market Value	\$775.0 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.48 yrs
SEC 30-Day Yield (net)	4.38%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 3/31/2023

	1st Quarter	Trailing 1 Yr	Trailing 3 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
FLORIDA TRUST S-T BOND FUND (gross)	1.50%	1.12%	0.43%	1.69%	1.27%	3.48%
FLORIDA TRUST S-T BOND FUND (NAV)*	1.36%	0.74%	0.14%	1.40%	1.01%	3.16%
ICE BofA 1-3 Year US Treasury Index**	1.55%	0.20%	-0.81%	1.11%	0.81%	3.01%

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.



**40 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

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