

# Payden & Rygel

## QUARTERLY PORTFOLIO REVIEW

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### **Day to Day Fund** **3<sup>rd</sup> Quarter 2023**



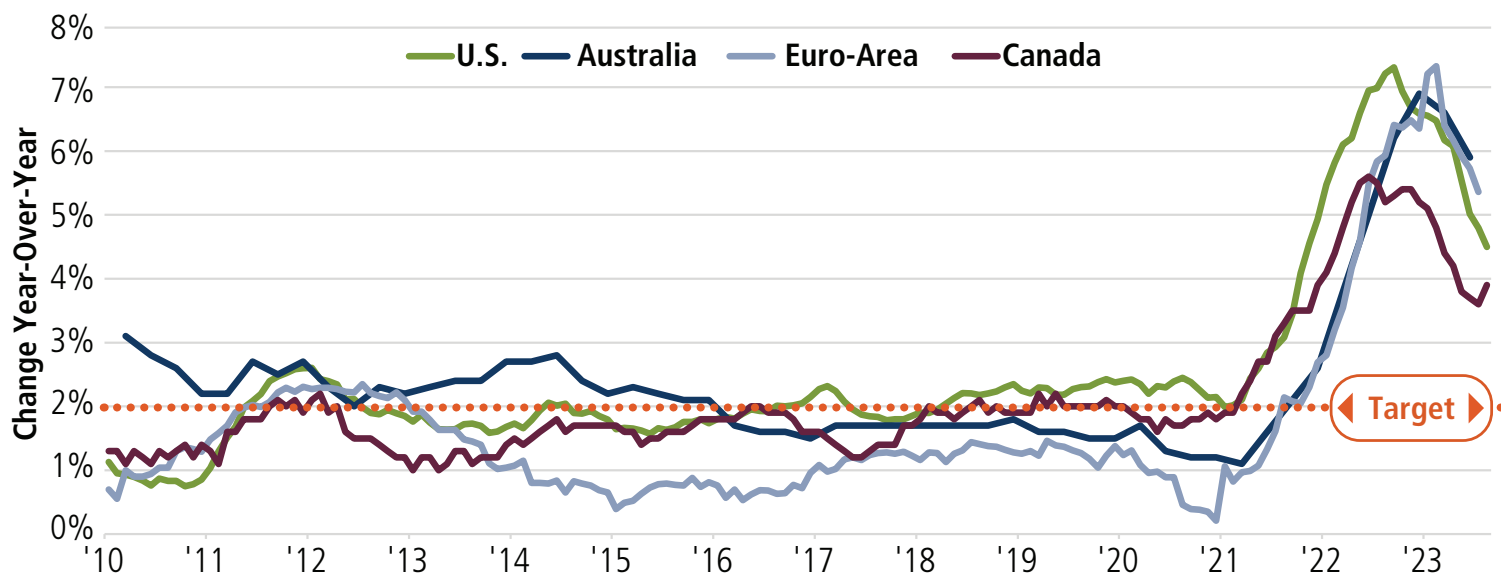
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*From the desk of Joan Payden:*

- » Three key themes drove financial markets in Q3: **global inflation cooled, the U.S. labor market remained resilient, and global economic growth diverged.**
- » First, the U.S. core personal consumption expenditures (PCE) **showed signs of progress this quarter**, down to 4.2% year-over-year but remaining well above the Fed’s target, as risks of inflation acceleration still loom. **Globally, trimmed-mean measures of inflation have slowed considerably** (chart below).
- » Second, **the U.S. economy proved surprisingly resilient** as consumer spending remains robust, and the unemployment rate remains low at 3.8%.
- » Third, **global economies are not sharing the U.S. soft landing prospects.** Euro area GDP contracted, with manufacturing PMI falling into negative territory, while China continues to face growth headwinds.

## GLOBALLY, UNDERLYING INFLATION REMAINS BROAD EVEN IF “THE WORST IS BEHIND US” TRIMMED-MEAN MEASURES OF INFLATION FOR U.S., EURO AREA, AUSTRALIA, AND CANADA



Source: Federal Reserve Bank of Cleveland, Australian Bureau of Statistics, Bloomberg Economics, Statistics Canada

### MARKET THEMES FOR Q3

- » Bond yields rose as the Federal Reserve communicated its policy rate may have to remain elevated for longer to combat inflation.
- » Despite robust domestic economic activity, credit spreads were mixed, and equity markets struggled as investors reassessed interest rate expectations.

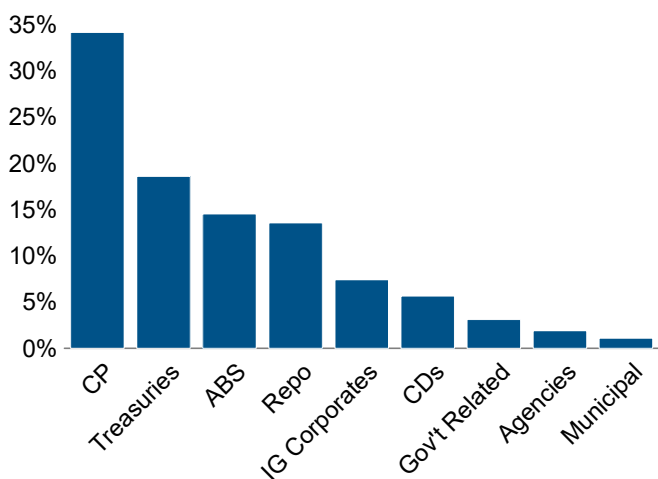
### OUTLOOK AND ACTIVITY

- » Looking ahead to 2024, we foresee modest GDP growth, a steady U.S. unemployment rate, and a slow descent in core inflation. Central banks will likely remain restrictive for longer.
- » Across strategies, we have modestly lengthened portfolio durations throughout the year. Sensitivity to credit has also broadly declined, as we maintain a preference towards quality and liquidity amid tight monetary conditions.

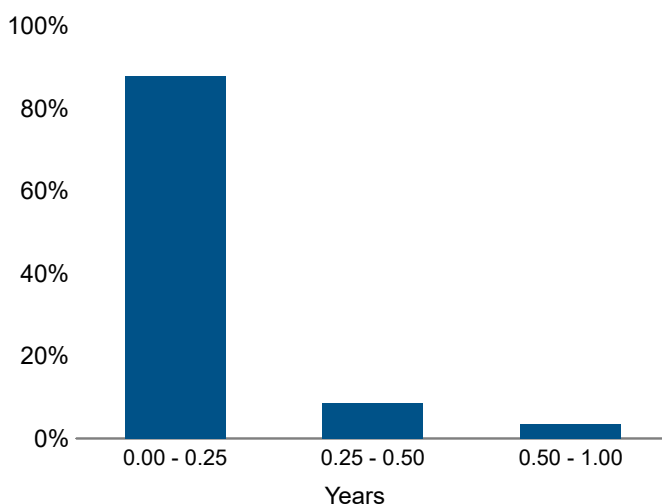
**PORTFOLIO CHARACTERISTICS (As of 9/30/2023)**

Portfolio Market Value	\$1,100.7 million
Fitch Rating	AAA mmf
Days to Maturity	38 days
SEC 7-Day Yield (net)	5.45%

**SECTOR ALLOCATION**



**DURATION DISTRIBUTION**



Government/Government-guaranteed: 37%

**PORTFOLIO RETURNS - Periods Ending 9/30/2023**

	3rd Quarter	2023 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/13/09)
<b>FLORIDA TRUST DAY TO DAY FUND (gross)</b>	<b>1.40%</b>	<b>3.85%</b>	<b>4.84%</b>	<b>1.88%</b>	<b>1.31%</b>	<b>0.98%</b>
FLORIDA TRUST DAY TO DAY FUND (net)*	1.34%	3.74%	4.65%	1.79%	1.21%	0.88%
ICE BofA US 3-Month Treasury Bill Index	1.31%	3.60%	4.47%	1.72%	1.11%	0.80%

*Periods over one year are annualized*

*\*Net of fee return calculated by custodian UMB.*



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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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