

Payden & Rygel

QUARTERLY PORTFOLIO REVIEW

Short Term Bond Fund **3rd Quarter 2023**



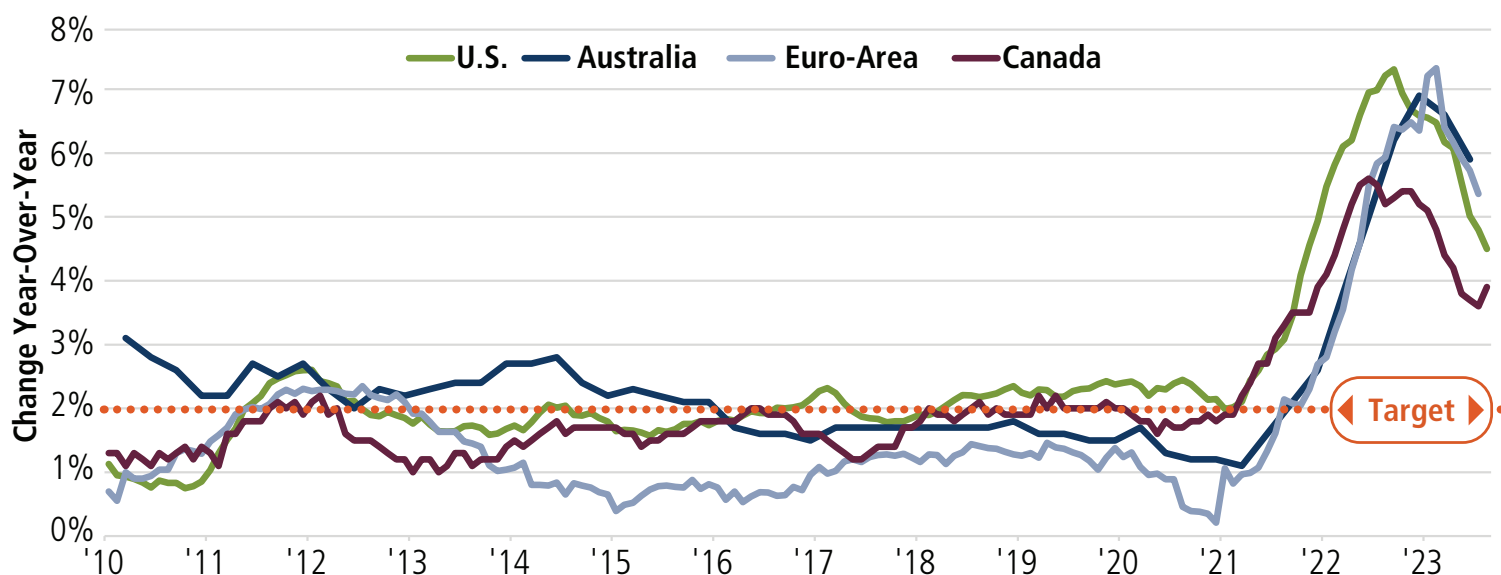
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From the desk of Joan Payden:

- » 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.

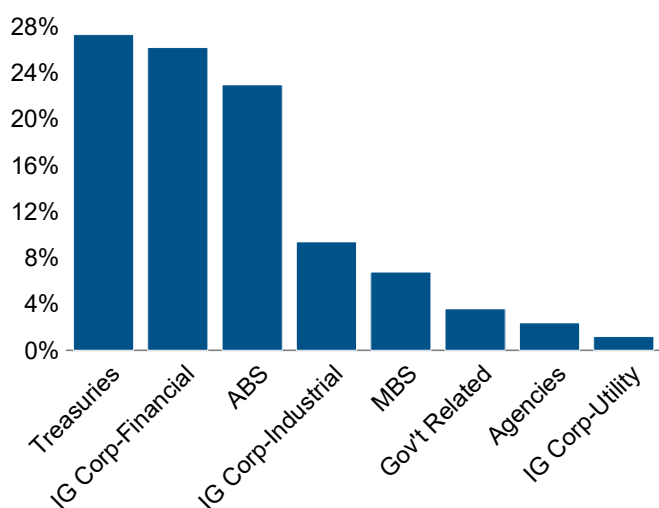
OUTLOOK AND ACTIVITY

- » 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.

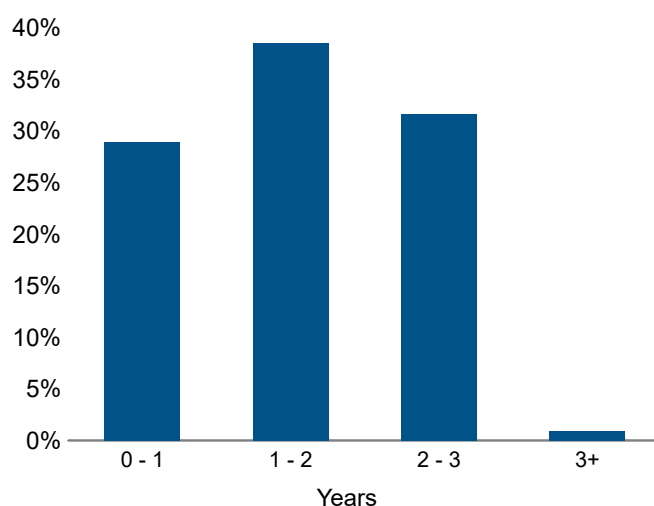
PORTFOLIO CHARACTERISTICS (As of 9/30/2023)

Portfolio Market Value	\$740.5 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.46 years
SEC 30-Day Yield (net)	4.72%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 9/30/2023

	3rd Quarter	2023 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
FLORIDA TRUST S-T BOND FUND (gross)	1.13%	2.82%	3.88%	1.78%	1.39%	3.47%
FLORIDA TRUST S-T BOND FUND (NAV)*	1.10%	2.62%	3.56%	1.51%	1.13%	3.14%
ICE BofA 1-3 Year US Treasury Index**	0.74%	1.72%	2.47%	1.06%	0.81%	2.97%

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

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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