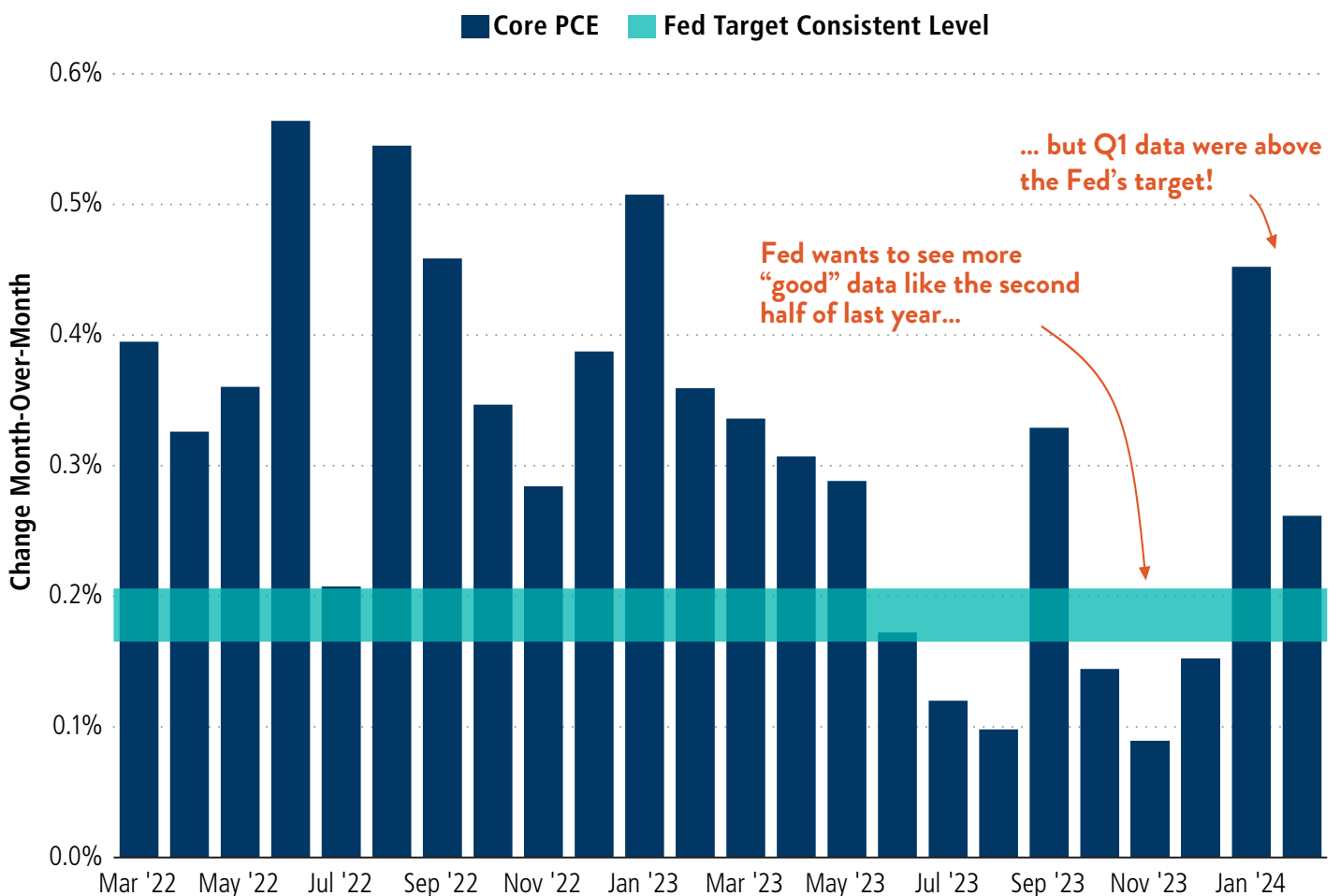

Short-Term Bond Fund

[1ST QUARTER 2024]

MARKET MEMO | FROM THE DESK OF JOAN PAYDEN

- ▶ U.S. core inflation demonstrated some resilience in Q1. Specifically, the core Personal Consumption Expenditures (PCE) Price Index increased at an average monthly rate of 0.3% from December to February. **If the current trend continues, core inflation will hover well above the Fed's projected 2.6% by year-end.**
- ▶ The U.S. unemployment rate ticked up to 3.9% in February, although strong job growth is more than enough to keep it stable below 4%. Monetary authorities are wary of maintaining restrictive policies for too long; but given strong labor market dynamics, **we won't be surprised if policy easing starts later and is less significant than market participants expect.**
- ▶ **Globally, economic growth is recovering after a sluggish Q4.** Services activity accelerated and manufacturing moved into expansionary territory for the first time in 17 months. Central banks maintained restrictive policy stances, but a pick-up in economic activity suggests policymakers are in no rush to cut rates.

U.S. CORE INFLATION REACCELERATED IN Q1



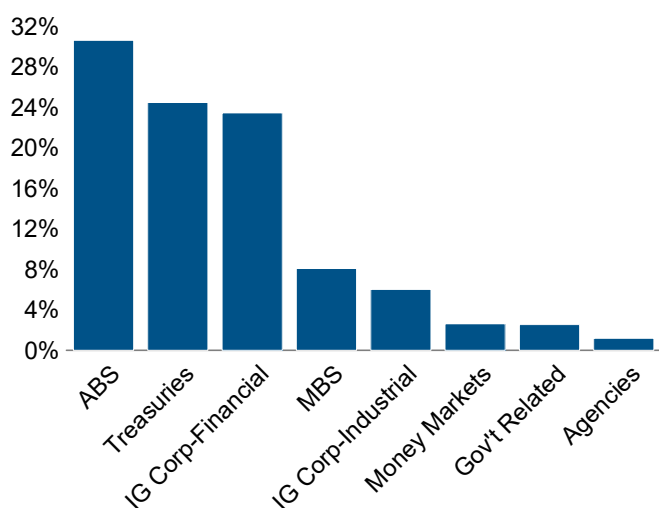
*Core Personal Consumption Expenditures (PCE) Price Index Month-Over-Month Change

Source: Bureau of Economic Analysis, Payden Calculations

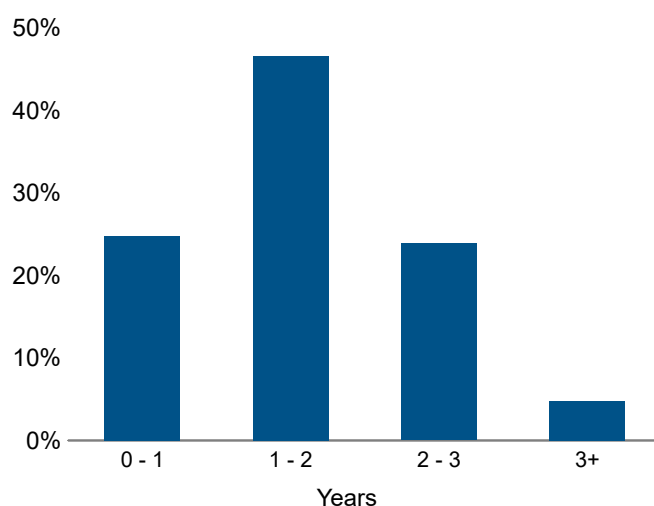
PORTFOLIO CHARACTERISTICS (As of 3/31/2024)

Portfolio Market Value	\$747.3 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.61 years
SEC 30-Day Yield (net)	4.51%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 3/31/2024

	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)	0.86%	4.83%	1.28%	2.02%	1.69%	3.52%
FLORIDA TRUST S-T BOND FUND (NAV)*	0.82%	4.63%	1.01%	1.75%	1.42%	3.20%
ICE BofA 1-3 Year US Treasury Index**	0.30%	2.97%	0.08%	1.16%	1.07%	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.

[Q1] SECTOR OUTLOOKS:

THOUGHTS FROM OUR STRATEGISTS

Fixed income sectors continue to boast compelling all-in yields and the potential for price appreciation if the Fed does lower interest rates. Our focus on credit selection is paramount in an environment of corporate and securitized spreads grinding tighter. ***Against this backdrop, how are we thinking about different sectors?***

Investment Grade Corporates :

ALL-IN YIELDS STILL ATTRACTIVE

- » Bonds have rallied in recent months on the back of solid earnings reports.
- » But all-in yields are still attractive given that underlying US Treasury rates are higher than recent years.
- » We are not afraid of dipping into the lowest investment grade ratings in the BBB area and feel that these companies have extra incentive to protect their ratings.

High Yield and Loans:

ADD EXTRA YIELD WITH A THOUGHTFUL APPROACH

- » A key metric for high yield health is leverage – and these levels are well below historical averages.
- » This means we can allocate to high yield and pick up extra yield without the imminent concern of default levels rising.
- » The energy sector is particularly compelling with oil prices staying higher.

Securitized Sectors:

STRONG LABOR MARKETS EQUALS STRONG CONSUMER CREDIT

- » The strong labor market is offering support to consumer credit fundamentals which helps to stabilize consumer-backed debt.
- » Issuers of securitized bonds, namely banks, are turning to the securitized market to address their regulatory capital needs and will want to make sure the sector remains healthy to attract demand.
- » Our outlook for stable interest rates also enhances the stability of securitized bonds which can otherwise be subjected to cash flow uncertainty.

Emerging Markets:

DON'T FORGET ABOUT CORPORATES

- » EM central banks are beginning their shift to easier monetary policy which can be stimulative to local economic growth.
- » Our focus continues to be on the use of EM corporate bonds where we can analyze company fundamentals, their systemic importance within the country infrastructure and attractive debt loads.

Equities:

IS THE TIME NOW FOR VALUE?

- » Though growth stocks have dominated market leadership, we see signs of the market rally broadening to value-oriented stocks.
- » Energy is an area of interest given high oil prices leading to robust free cash flow.
- » A keen eye on cash flow generation and strong balance sheets is necessary to navigate the current environment.



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UNWAVERING COMMITMENT
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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

Payden & Rygel

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