

QUARTERLY PORTFOLIO REVIEW



Payden & Rygel

[1ST QUARTER 2025]

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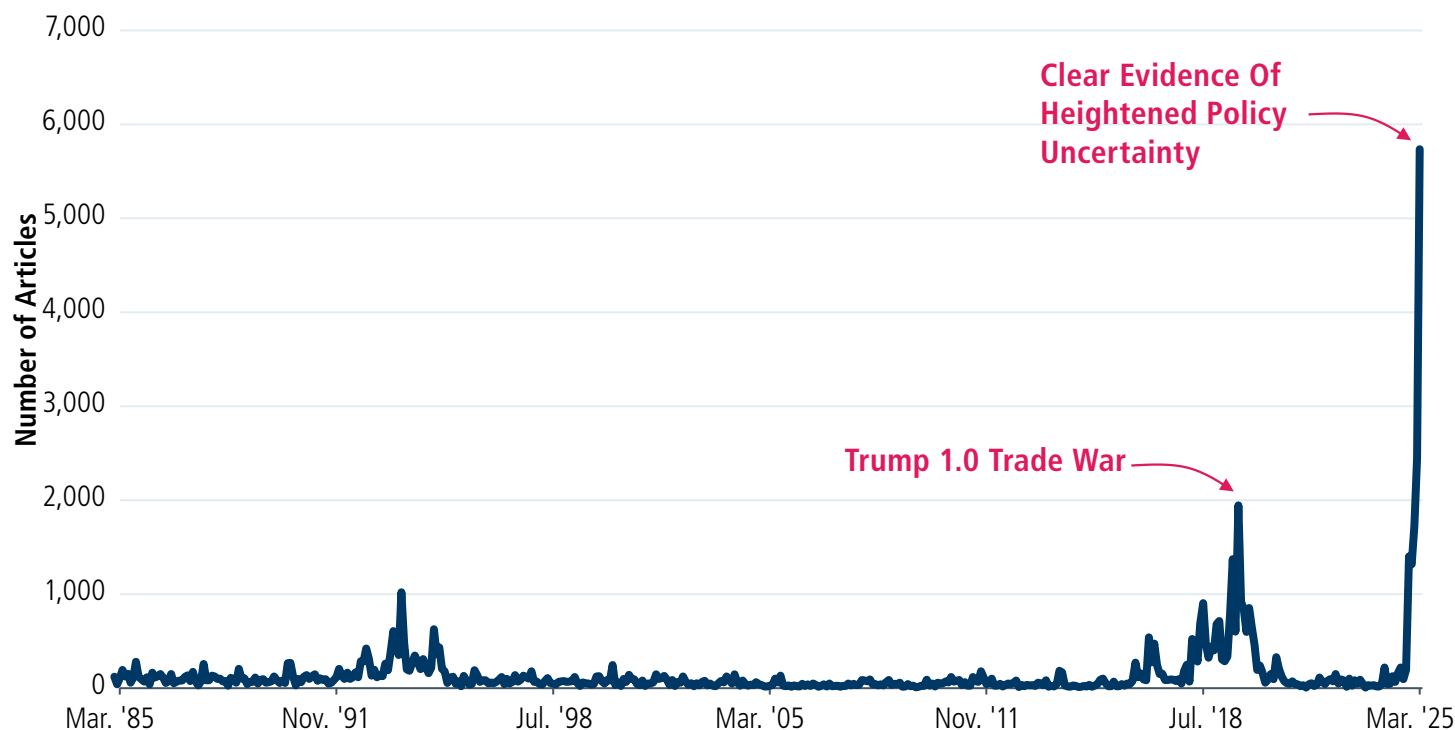
MARKET MEMO | FROM THE DESK OF JOAN PAYDEN

- » **Uncertainty has been the defining feature of 2025 thus far**, and we expect that to continue as the current U.S. administration overhauls trade and fiscal policy. **Heading into this period** of unprecedented policy uncertainty and market volatility, **the U.S. economy and consumers were at least on solid ground.**
- » In the first quarter, **nonfarm payroll job growth strengthened**, with the three-month average pace increasing from 182,000 in November to 200,000 per month in February. **The unemployment rate fell** from 4.2% to 4.1%.
- » While job growth improved, **inflation remained sticky. The core personal consumption expenditure (PCE) price index increased** at an average monthly rate of 0.34% in the first two months of the quarter, **above a rate** that would be consistent with the Fed's 2% target.
- » **Central bankers will likely continue their policy rate paths** to achieve stable prices and maximum employment goals, as uncertainty alone will not dissuade policymakers.
- » **The ECB, BoC, RBA, and BoE all reduced rates** during the quarter to support labor markets and growth. Conversely, the **Fed held rates steady, and the BoJ hiked rates** as policymakers here look for further progress on inflation.

UNCERTAINTY HAS RISEN SHARPLY:

TRADE POLICY UNCERTAINTY

NUMBER OF NEWS ARTICLES ON TRADE POLICY UNCERTAINTY

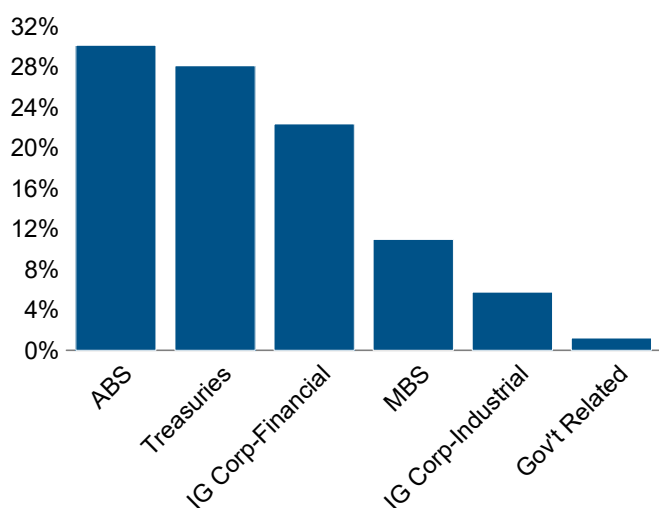


Source: Baker, Bloom and Davis

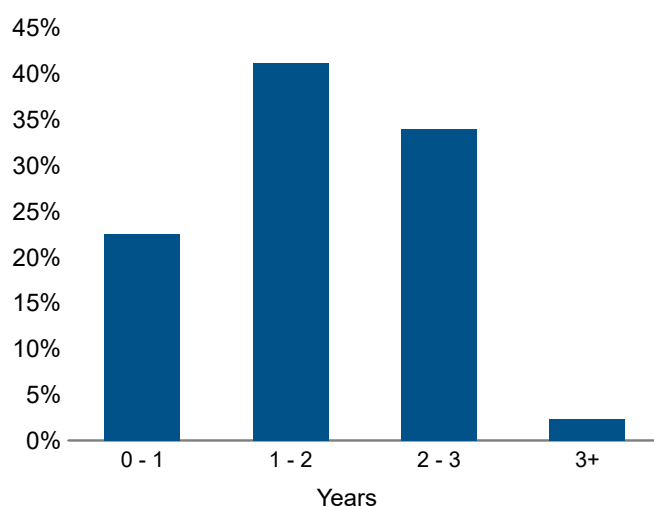
PORTFOLIO CHARACTERISTICS (As of 3/31/2025)

Portfolio Market Value	\$601.2 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.66 years
SEC 30-Day Yield (net)	4.22%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 3/31/2025

	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)	1.67%	5.90%	3.92%	2.37%	2.16%	3.59%
FLORIDA TRUST S-T BOND FUND (NAV)*	1.56%	5.56%	3.61%	2.09%	1.89%	3.27%
ICE BofA 1-3 Year US Treasury Index**	1.59%	5.43%	2.84%	1.16%	1.50%	3.08%

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.

SECTOR OUTLOOKS:

THOUGHTS FROM OUR STRATEGISTS

Uncertainty has gripped financial markets in the wake of increased protectionism and potential trade wars. Weakening sentiment could prove a drag on GDP growth in 2025, and near-term inflationary pressures may ultimately dissipate, leaving the Fed room to ease policy rates further.

Investment Grade Corporates:

CREDIT SELECTION REMAINS PARAMOUNT

- » Rates have been volatile as market participants seek clarity on U.S. fiscal and foreign policy. Investors have demanded higher risk premiums as corporates continue to issue.
- » Constructive on credit but place a greater emphasis on selection over beta amid heightened volatility and growing dispersion.

High Yield and Loans:

HEALTHY FUNDAMENTAL BACKDROP MEETS POLICY UNCERTAINTY

- » High yield issuers continue to deliver solid earnings growth as disciplined management teams have kept leverage in check.
- » Spreads have widened since the end of 2024, but all-in yields remain attractive. Opportunities for active managers remain abundant.
- » Bank loans continue to benefit from a supportive economy and adequate yield cushion to weather volatility. Selection will continue to prove the greatest differentiator.

Emerging Markets:

TAKING ADVANTAGE OF THE UNCROWDED TRADE

- » We anticipate “winners” and “losers” of increasing protectionism, requiring rigorous fundamental analysis to navigate.
- » Evolving perceptions around “U.S. exceptionalism” and “European stagnation” may continue to shift currency markets, with many EM currencies rallying versus the U.S. dollar.
- » Lower-rated sovereigns and select EM corporates with significant carry present compelling opportunities. We see room for price appreciation in local markets where EM central banks continue to lower policy rates.

Securitized Sectors:

NORMALIZING FUNDAMENTALS AND EBBING TECHNICALS PRESENT OPPORTUNITIES

- » High-quality opportunities with attractive entry points exist in both residential (such as Non-QM) and commercial (CRE CLO) mortgages.
- » The slow pace of new loans is keeping CLO supply contained, providing a technical tailwind.
- » ABS sectors serve as effective diversification tools, with consumer credit fundamentals expected to remain relatively stable. Commercial ABS in data centers and equipment provide robust credit enhancements and benefit from structural tailwinds.

Equities:

SEEKING DIVIDEND INCOME

- » Broad-based corporate earnings growth underpins solid return potential for equities but following a strong year for technology stocks and with tariff threats casting a pall, security selection is paramount.
- » With uncertainty reigning supreme in the global macroeconomic outlook, we favor higher quality, defensively oriented stocks that trade at reasonable valuations. We remain focused on capturing a premium dividend yield to provide ballast for weathering volatility.



**OVER 40 YEARS OF INSPIRING
CONFIDENCE WITH AN
UNWAVERING COMMITMENT TO
OUR CLIENTS' NEEDS.**

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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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