
Short Term Bond Fund

[3RD QUARTER 2025]

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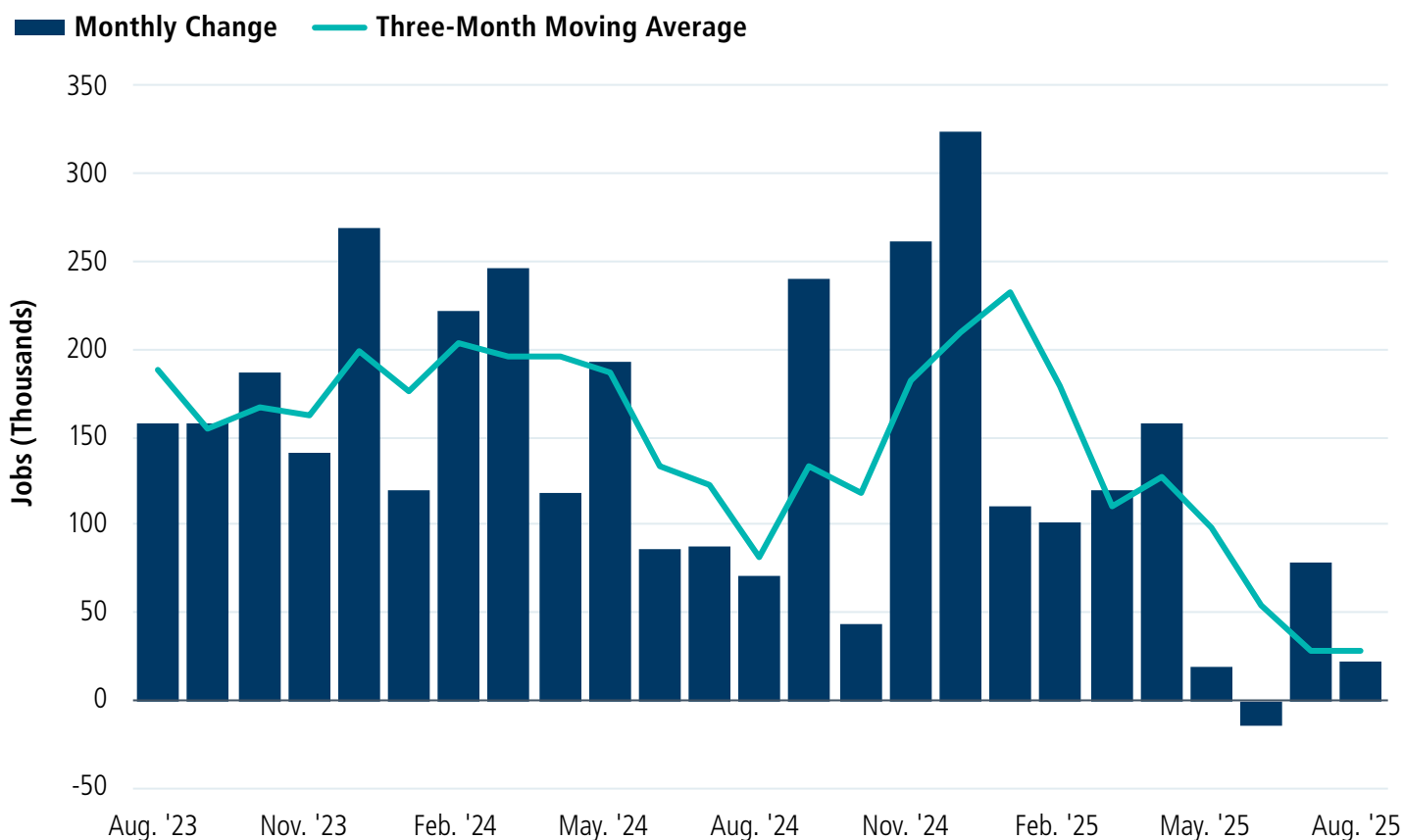
MARKET MEMO | FROM THE DESK OF JOAN PAYDEN

- » In the third quarter, **economic growth moderated, job growth slowed, and underlying inflation cooled.**
- » **Real U.S. GDP growth registered at 3.8%.** Despite this positive revision, **U.S. economic growth has halved** from a 3% pace in 2024 to a 1.6% annualized pace in the first two quarters of 2025.
- » The **three-month average pace of job growth has slowed to 29,000 jobs per month** in August. Meanwhile, **disinflation in services prices** has helped **offset** the recent **acceleration in goods prices** due to tariffs.
- » During the quarter, the **Fed, BoE, RBA, and BoC reduced rates** in response to weakening labor markets, while the ECB and BoJ held rates, awaiting additional inflation data.

U.S. JOB GROWTH HAS DETERIORATED TO LEVELS RARELY SEEN OUTSIDE OF A RECESSION:

NONFARM PAYROLL EMPLOYMENT CHANGE

MONTHLY CHANGE AND THREE-MONTH MOVING AVERAGE

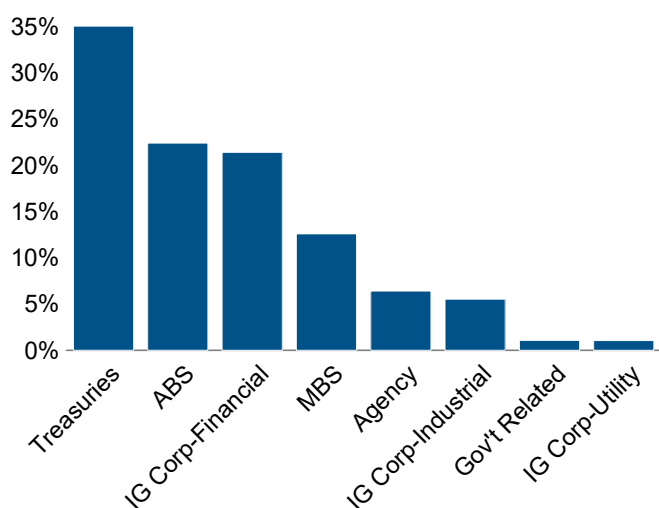


Source: Bureau of Labor Statistics

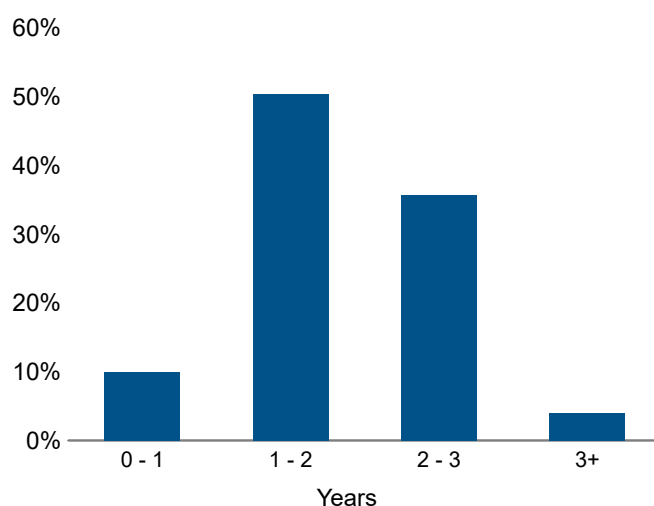
PORTFOLIO CHARACTERISTICS (As of 9/30/2025)

Portfolio Market Value	\$679.4 million
Fitch Rating	AAAf/S1
Weighted Average Duration	1.89 years
SEC 30-Day Yield (net)	3.98%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 9/30/2025

	3rd Quarter	2025 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/1/92)
FLORIDA TRUST S-T BOND FUND (gross)	1.38%	4.57%	4.80%	2.54%	2.41%	3.62%
FLORIDA TRUST S-T BOND FUND (NAV)*	1.29%	4.35%	4.55%	2.26%	2.13%	3.30%
ICE BofA 1-3 Year US Treasury Index**	1.12%	3.93%	3.87%	1.57%	1.69%	3.10%

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

Market expectations for Fed rate cuts converged with our forecast during the quarter as the Fed cut rates for their first time in 2025. Fixed income returns have been strong across rate- and credit-sensitive sectors. We are mindful of valuations as we close out the year with a weakening labor market here in the U.S. and inflation that is closer, but still above, the Fed's target.

Investment Grade Corporates:

CREDIT SELECTION IN FOCUS

- » Robust issuance continues to be met with strong investor appetite, with primary issuance currently ahead of last year's pace.
- » Investment Grade Corporate bonds likely remain supported through the end of the year by a strong technical bid for credit as investors seek to secure attractive yields ahead of further Fed rate cuts.
- » Fundamentals remain generally sound; however, we are closely monitoring potential risks such as margin pressure from tariffs, making careful credit selection essential.

High Yield and Loans:

A DESIRE TO LOCK IN YIELDS

- » Investors sought to capture elevated yields before anticipated rate cuts, which, coupled with strong corporate fundamentals, continues to drive demand for high yield bonds.
- » Disciplined management teams have kept leverage in check and cash flow ratios healthy, resulting in a high credit quality for the universe overall.
- » All-in yields in the high 6% area remain attractive, with opportunities for active managers.

Emerging Markets:

TAILWINDS AND RENEWED INTEREST

- » EM economies have navigated the U.S. trade policy upheaval relatively well, negotiating more reasonable tariff levels and pivoting to alternative trade routes where tariff policy has been non-negotiable.
- » We continue to see value in EM sectors. Yields are compelling relative to other credit sectors, and fundamentals continue to improve in the space. Long-term demographic trends and a broadening range of investment opportunities will buoy the asset class in the future.

Securitized Sectors:

DIVERSIFIED LEADER

- » Securitized sectors put in a strong performance during the quarter and have been some of the strongest performers in the fixed income universe in 2025.
- » The primary market for securitized products has been very strong, with the investment in U.S. digital infrastructure providing an additional source of supply.
- » In the mortgage-backed space, improvements in the commercial real estate space are evident, but selectivity remains key given valuation and performance dispersion.

Equities:

FAVORABLE VALUATIONS WITH A STABLER PROFILE

- » The equity market fully shrugged off the Liberation Day tariff shock quickly and steamed ahead, with many U.S. indices continuing to reach new highs.
- » Despite growth stocks leading once again, value-oriented stocks still delivered solid gains. The rally was supported by improving sentiment and expectations of a resumption of Fed cuts, of which the first was delivered toward the end of the quarter.
- » Even amid macro uncertainties, a focus on rotation into undervalued, strong balance sheet names with growing dividend payouts will continue to add value as broader market strength continues.



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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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