

QUARTERLY PORTFOLIO REVIEW

Payden & Rygel

[2ND QUARTER 2024]

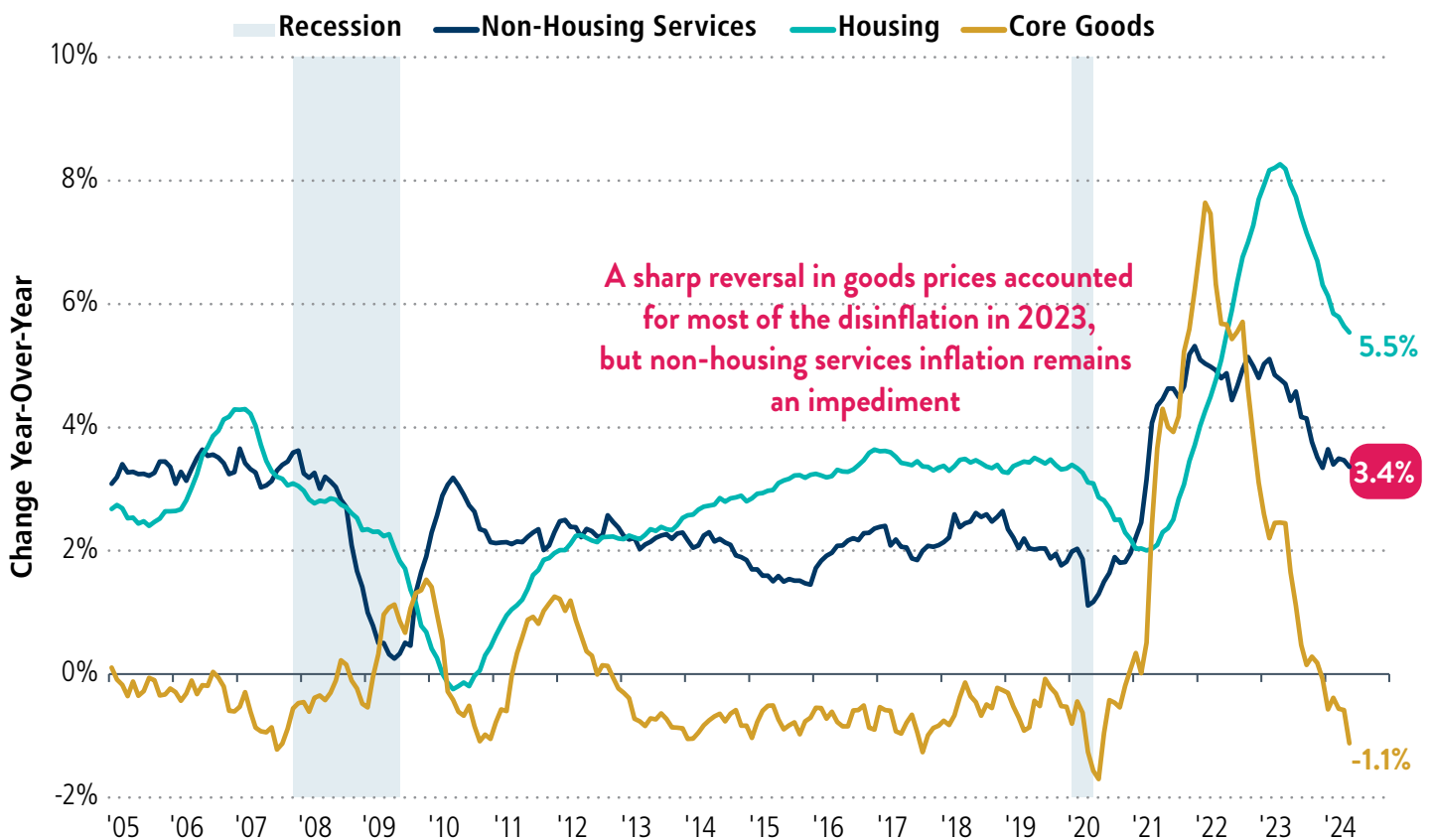
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MARKET MEMO | FROM THE DESK OF JOAN PAYDEN

Investors continue to assess the many crosscurrents in the global economy and capital markets.

- ▶ Although the **unemployment rate increased** to 4% in May, stellar payroll jobs growth at a three-month average pace of 249,000 per month indicates that the **U.S. labor market remains tight**.
- ▶ Meanwhile, **inflation made modest progress** in the second quarter. The core Personal Consumption Expenditures (PCE) Price Index increased at an average monthly rate of 0.23% from March to May. The year-over-year inflation reading slowed from 2.8% to 2.6% in May, but **unfavorable base effects could keep inflation readings near 3%**.
- ▶ The Fed communicated that the confidence to cut rates would necessitate **several months of target-consistent inflation readings**.
- ▶ Globally, the ECB and the BoC initiated their first rate cut in June as inflation returns to targets. Amid disparate inflation environments, **global policymakers have more room to diverge from the Fed**.

SERVICES PRICES REMAIN THE KEY BARRIER TO FURTHER PROGRESS ON INFLATION

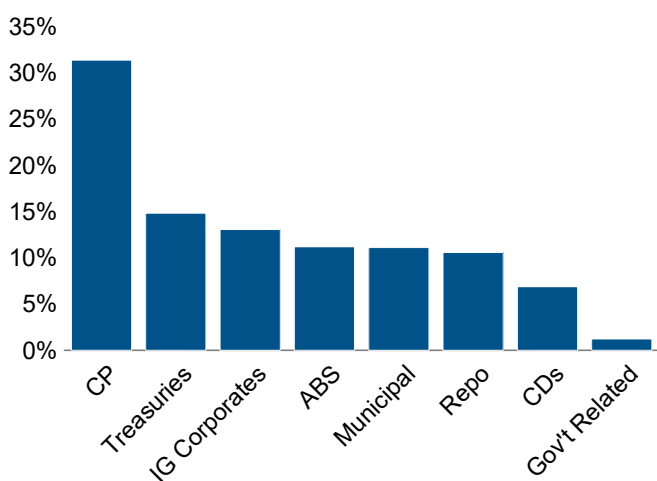


Source: Bureau of Economic Analysis

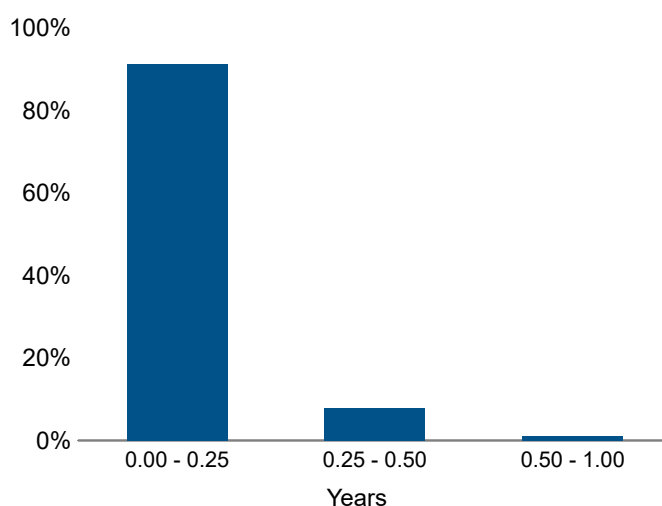
PORTFOLIO CHARACTERISTICS (As of 6/30/2024)

Portfolio Market Value	\$1,412.1 million
Fitch Rating	AAA mmf
Days to Maturity	22 days
SEC 7-Day Yield (net)	5.46%

SECTOR ALLOCATION



DURATION DISTRIBUTION



Government/Government-guaranteed: 27%

PORTFOLIO RETURNS - Periods Ending 6/30/2024

	2nd Quarter	2024 YTD	Trailing 1 Yr	Trailing 5 Yr	Trailing 10 Yr	Since Inception (1/13/09)
FLORIDA TRUST DAY TO DAY FUND (gross)	1.38%	2.80%	5.72%	2.34%	1.72%	1.21%
FLORIDA TRUST DAY TO DAY FUND (net)*	1.36%	2.75%	5.56%	2.24%	1.62%	1.10%
ICE BofA US 3-Month Treasury Bill Index	1.32%	2.63%	5.40%	2.15%	1.51%	1.02%

Periods over one year are annualized

*Net of fee return calculated by custodian UMB.

[Q2] SECTOR OUTLOOKS:

THOUGHTS FROM OUR STRATEGISTS

Though markets welcomed recent cooling inflation data, **we remain cautious as to whether that progress can be sustained.** Our GDP growth expectations remains strong, driven by the resilient labor market and a U.S. consumer that, while not perfect, remains fundamentally sound. Market pricing indicates two rate cuts by year-end versus our one.

Equities:

THINKING OUTSIDE THE MAGNIFICENT SEVEN

- » Fundamentals remain positive, but above-average valuations suggest return expectations in 2H24 may be more muted.
- » Lesser-known avenues to express the artificial intelligence theme in portfolios exist in select utilities, automation companies, data centers, and semiconductors.
- » In a concentrated market, active management emphasizing cash flow generation and balance sheet strength is crucial.

High Yield and Loans:

POSITIVE FUNDAMENTAL BACKDROP UNDERPINNING RETURN POTENTIAL

- » Robust growth prospects and earnings have allowed high yield companies to refinance and extend maturities, improving credit fundamentals.
- » Energy remains attractive, as high oil prices have allowed companies to generate significant free cash flow.
- » High coupons bolstered 1H24 performance for bank loans; we remain selective in lower quality issues.

Investment Grade Corporates :

ATTRACTIVE INCOME GENERATION

- » All-in yields near 5.5%, though below their recent peak, still deliver attractive income.
- » We like areas poised to benefit from the constructive macroeconomic outlook and trading at compelling valuations, such as BBB technology, autos, REITs, and insurance.
- » Risk-adjusted return prospects remain compelling given healthy coupons and potential price upside from possible rate cuts.

Emerging Markets:

FOCUS ON STRUCTURAL GROWTH

- » Economic activity has been resilient in EM countries, with stable growth, lower inflation, and solid external accounts.
- » We are most interested in countries benefiting from longer term secular growth trends, particularly in Latin America.
- » Within EM corporates, we have the highest conviction in companies generating consistent cash flows, operating in fiscally and economically resilient countries, and boasting robust competitive advantages.

Securitized Sectors:

RESILIENT CONSUMER SUPPORTING SECURITIZED CREDIT

- » Consumer ABS near-term collateral performance is expected to be within manageable ranges, with structures designed to delever bonds and mitigate against credit deterioration.
- » Digital infrastructure sectors within commercial ABS provide ample investment opportunities at attractive spreads.
- » Commercial CMBS requires a keen eye on deal selection.



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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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