

Payden Global Income Opportunities Fund

November 2024

Fund Overview

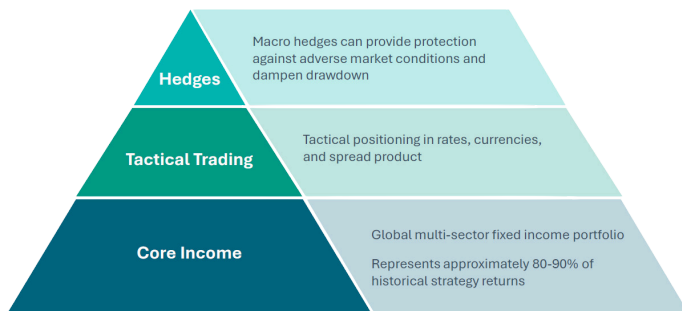
INVESTMENT PHILOSOPHY

- Produce Positive Returns** Staying true to the basic definition of “Absolute Return”, our strategy aims to produce positive returns with a performance objective of +2.5% above the benchmark over the medium term.
- Protect Downside Risk** Before we consider the direction of markets or the value opportunities that are presented, our first responsibility is to protect an investor’s principal against the potential for loss. Risk management is paramount.
- Capture “Smart” Yield** Benefitting from more than 36 years in fixed income management, the foundation of our strategy is a low duration fixed income portfolio where risk premia from global interest rate curves and credit markets provide dependable and repeatable returns.

INVESTMENT APPROACH

The Fund is managed using the Payden Absolute Return Investing – or PARI – strategy; the process focuses on constructing the portfolio from a top down view and emphasises income generation in its core positions.

Payden’s investment approach focuses on three areas:

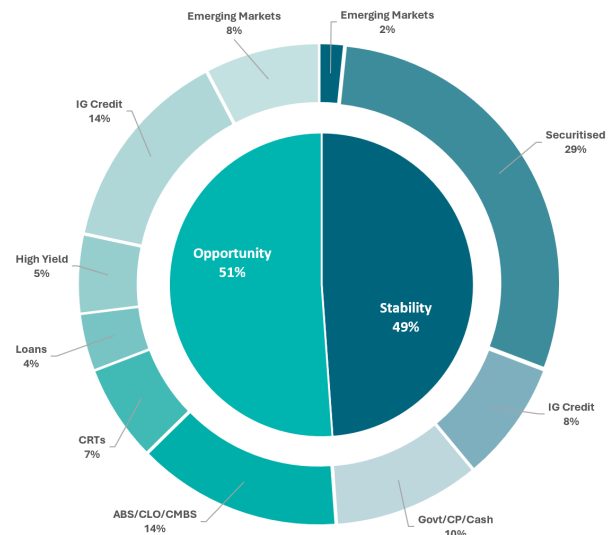


Fund Characteristics

SUMMARY DATA

Number of positions	205
Average rating	BAA1
Current Yield	5.25%
Duration	1.23
Spread Duration	2.78
Yield to Maturity	5.69%

SECTOR ALLOCATION



Source: Payden & Rygel

REGIONAL ALLOCATION

MidEast/Africa	3.1%
Asia/Oceania	0.8%
Europe	11.4%
Latin America	3.2%
North America	81.5%

Performance

as at 30 November 2024

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception % pa
Fund ²	0.33	1.04	5.32	1.81	1.41	1.79	2.39	2.73
Benchmark ³	0.36	1.10	4.46	3.07	1.92	1.87	1.93	2.10
Value Added	(0.03)	(0.06)	0.86	(1.26)	(0.51)	(0.08)	0.46	0.63

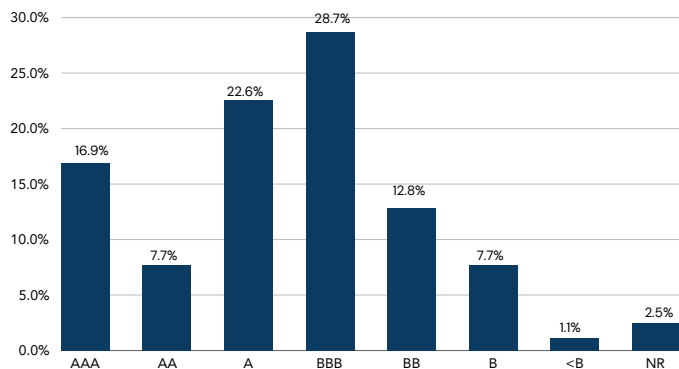
1. Inception date: 18 September 2012

2. Fund returns are calculated net of management fees and assuming all distributions are reinvested

3. Bloomberg AusBond Bank Bill Index

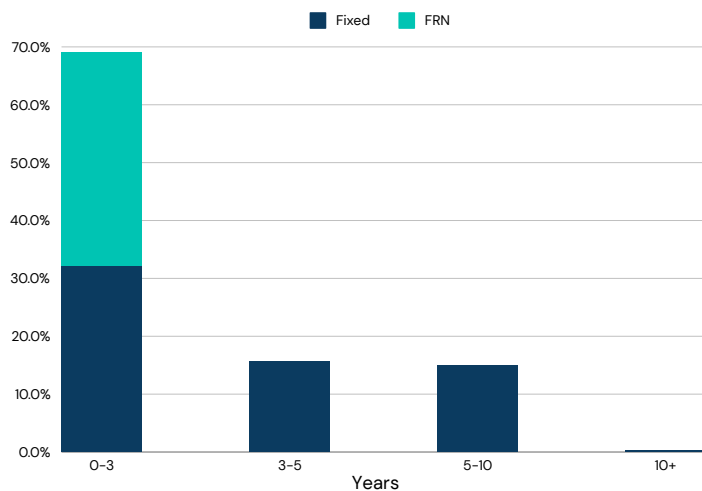
Past performance is not a guide to future performance

RATING



Source: Payden & Rygel

DURATION



Source: Payden & Rygel

Manager Commentary

Two significant events dominated November headlines: the 2024 US presidential election and the November Federal Open Market Committee (FOMC) meeting. Details of any changes in economic policy due to the election may not arrive until mid-to-late 2025. Additionally, proposals include expansionary (tax cuts) and restrictive (tariffs) policies, so the net impact of the fiscal agenda is still unclear. Furthermore, we view tariffs as a tax on consumers, which raises the prices of certain goods, but not a driver of inflation, which is the rise in the general level of prices. As a result, investors may be overestimating the impact of tariffs on inflation, as evidenced by bond investors pricing fewer Federal Reserve (Fed) rate cuts in the year ahead.

Performance

Fixed income returns were broadly positive across asset classes in the month of November, largely driven by tighter spreads (which lifted bond prices) and decreasing yields. Spread tightening was supported by favourable economic data, signs of easing inflation, and likely from a more dovish Fed. IG credit was the largest contributor to positive performance given the asset class benefitted from both decreasing rates and tighter spreads. Residential mortgage credit also contributed positively to performance due to strong technicals pushing spreads tighter, primarily less supply and greater investor demand as year-end approaches.

The Fed's dovish tone from the FOMC meeting reinforced strong economic underpinnings since their first cut in September, in our opinion likely increasing the probability of volatility in the long end of the bond market, and consequently the probability of a policy error. The team anticipates that such a policy error could lead to heightened bond market volatility, tighter financial conditions, weaker risk assets, lowered growth expectations, and labour market deterioration. Consequently, the probability of a recession may rise, prompting further rate cuts by the Fed. As a result, the team increased headline duration by 1 year via US 2s, while also initiating a US 2s30s steepener. The team believes adding duration in the front-end serves as a hedge to credit exposure given the Fed controls the front-end of the curve. In credit, the team reduced headline risk given the view that dovish Fed policy increases the probability of policy error. The team believes there is limited cost to being underweight credit relative to the broad corporate universe given absolute spread levels are at historic tights.

Outlook

Going forward, the team prefers to maintain moderate credit risk exposure, given the elevated risk of a policy error, and adopt modest front-end interest rate risk. Since the Fed directly controls the short end of the yield curve, these positions could act as hedges within the Fund if a policy error materialises.

FUND DISCLOSURE

The Fund has certain regular reporting and continuous disclosure obligations pursuant to the Corporations Act. All continuous disclosure notices are available at gsfm.com.au.

See gsfm.com.au for more information about the Payden Global Income Opportunities Fund.

FUND FACTS

INVESTMENT MANAGER Payden & Rygel	RESPONSIBLE ENTITY GSFM Responsible Entity Services Limited
MFUND CODE GSF08	APIR CODE GSFOO8AU
DISTRIBUTIONS Quarterly	MANAGEMENT FEE 0.70% P.A.
INCEPTION DATE 18 September 2012	BUY / SELL SPREAD Buy +0.10% / Sell -0.10%

Important Information

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GSFM Responsible Entity Services has produced a Target Market Determination (TMD) in relation to the Payden Global Income Opportunities Fund. The TMD sets out the class of persons who comprise the target market for the Payden Global Income Opportunities Fund and is available at www.gsfm.com.au

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. None of GRES, its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Fund or any particular returns from the Fund. No representation or warranty is made concerning the accuracy of any data contained in this document. This document is issued on 12 December 2024.