

## Payden Global Income Opportunities Fund

December 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:

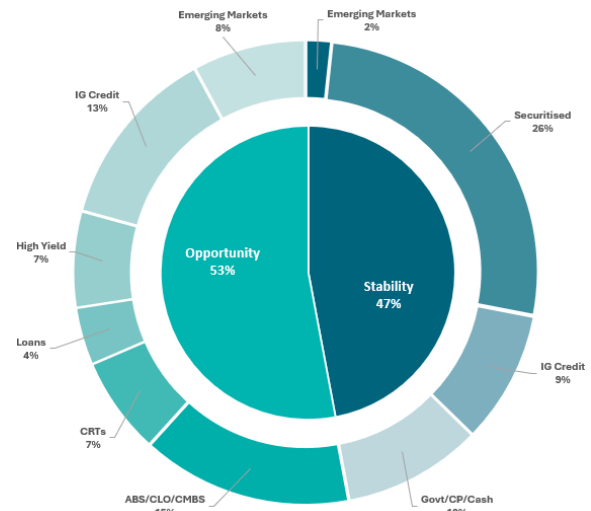


### Fund Characteristics

#### SUMMARY DATA

Number of positions	205
Average rating	BAA1
Current Yield	4.61%
Duration	2.50
Spread Duration	2.88
Yield to Maturity	5.81%

#### SECTOR ALLOCATION



Source: Payden & Rygel

#### REGIONAL ALLOCATION

MidEast/Africa	3.0%
Asia/Oceania	0.7%
Europe	10.9%
Latin America	3.3%
North America	82.1%

### Performance

as at 31 December 2024

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception % pa
Fund <sup>2</sup>	0.54	1.10	5.31	1.91	1.51	1.83	2.45	2.75
Benchmark <sup>3</sup>	0.36	1.10	4.46	3.19	1.98	1.90	1.95	2.12
Value Added	0.18	0.00	0.85	(1.28)	(0.47)	(0.07)	0.50	0.63

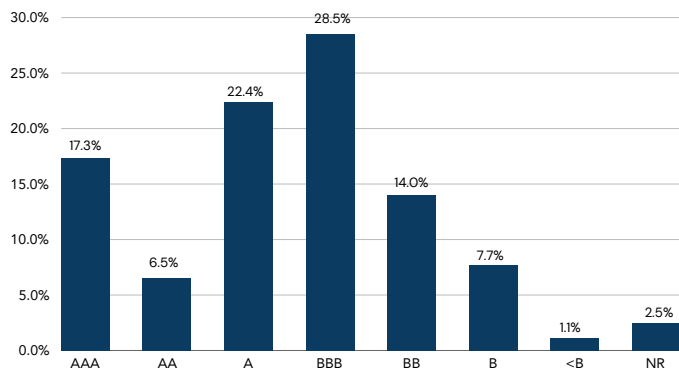
1. Inception date: 18 September 2012

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

3. Bloomberg AusBond Bank Bill Index

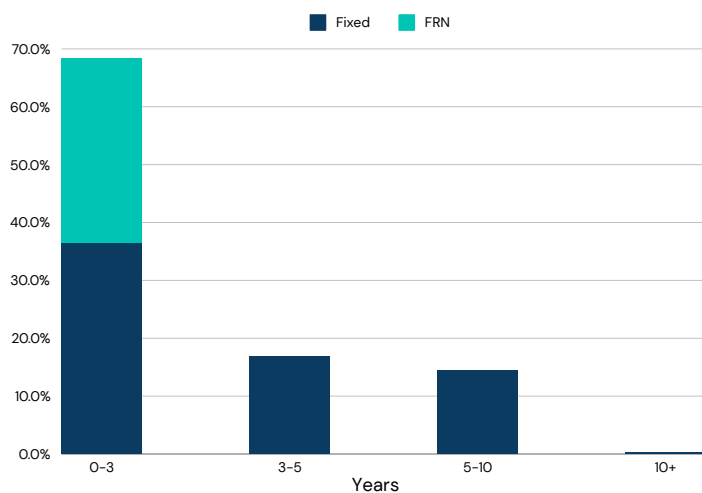
Past performance is not a guide to future performance

## RATING



Source: Payden & Rygel

## DURATION



Source: Payden & Rygel

## Manager Commentary

Global fixed income markets faced significant challenges throughout the month, driven by rising interest rates and shifting central bank policies. In the U.S., the Federal Reserve (Fed) reduced the federal funds rate by 25 basis points to a target range of 4.25% to 4.5%, marking the third consecutive rate cut. Despite this monetary easing, U.S. Treasury yields climbed, with the 10-year yield reaching approximately 4.56% by year-end. This increase reflected investor concerns about potential inflationary pressures stemming from anticipated fiscal policies under the incoming administration. Similarly, global bond yields faced upward pressure, driven by higher U.S. interest rates. Even countries with growth and inflation profiles differing from the U.S. couldn't maintain the divergence they exhibited in November.

## Performance

Despite the backdrop of rising rates, the Fund delivered positive absolute returns, largely supported by allocations to less rate-sensitive sectors such as securitised credit. These sectors benefited from their floating-rate nature, which provided resilience in a challenging environment. Conversely, investment-grade credit detracted from performance due to its fixed-rate structure, which made it more vulnerable to rising yields. By mid-December, a shift in Fed posturing, combined with an increase in yields, prompted the team to close the short position in the long end of the yield curve and increase front-end duration exposure. Furthermore, the Fund maintained allocations to more opportunistic sectors, including high-yield bonds, loans, emerging market debt, and down-the-stack collateralized loan obligations.

## Outlook

Looking ahead to 2025, broad market consensus points to continued economic growth, limited forward-looking interest rate cuts, and a constructive credit environment. However, the Fund team is more sceptical, noting that market performance may not align with consensus expectations or the relative calm of the prior twelve months. As such, the Fund is positioned to perform well across a variety of market environments by maintaining elevated front-end duration and liquidity, while also delivering an attractive running yield in the event of sustained market stability in the months ahead.

## Distributions

The Fund aims to pay distributions on a quarterly basis. A distribution of 2.7725 cents per unit will be paid for the quarter ended 31 December 2024.

## 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](http://gsfm.com.au).

**See [gsfm.com.au](http://gsfm.com.au) for more information about the Payden Global Income Opportunities Fund.**

## FUND FACTS

<b>INVESTMENT MANAGER</b> Payden & Rygel	<b>RESPONSIBLE ENTITY</b> GSFM Responsible Entity Services Limited
<b>MFUND CODE</b> GSF08	<b>APIR CODE</b> GSFOO08AU
<b>DISTRIBUTIONS</b> Quarterly	<b>MANAGEMENT FEE</b> 0.70% P.A.
<b>INCEPTION DATE</b> 18 September 2012	<b>BUY / SELL SPREAD</b> Buy +0.10% / Sell -0.10%

## Important Information

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GSFM Responsible Entity Services Pty Limited ABN 48 129 256 104 AFSL 321517 (GRES) is the responsible entity of the Payden Global Income Opportunities Fund ARSN 130 353 310 (Fund) and is the issuer of this information. This information has been prepared without taking account of the objectives, financial situation or needs of individuals. Before making an investment decision in relation to the Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the product disclosure statement for the Fund (PDS) and the Additional Information to the Product Disclosure Statement which can be obtained from [www.gsfm.com.au](http://www.gsfm.com.au) or by calling 1300 133 451.

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](http://www.gsfm.com.au)

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