

Media Release

25 November 2024

GSFM fund manager partner, Payden & Rygel, awarded \$700 million mandate

A \$34 billion Australian superannuation fund has awarded a \$700 million mandate to GSFM fund manager partner Payden & Rygel. The mandate funded in Q4 2023 at \$400 million, with two additional contributions to the portfolio in 2024.

GSFM head of institutional business, Charles Levinge, said the super fund was looking for a diversified credit portfolio to complement its high-grade bond exposure, and the Payden Multi Asset Credit (PMAC) strategy was a good fit.

"This mandate is a reflection of the continued interest we're seeing in strategies offering high yield-like return, with lower volatility, giving investors an attractive risk-adjusted option, within public fixed income," Mr Levinge said.

"The strategy invests in a multi-sector portfolio of global government, corporate, securitised, and emerging market debt. It takes an active approach and moves dynamically across sectors and individual securities with the aim of achieving its return objective of overnight deposit rates plus 3-to-5 per cent."

The strategy takes advantage of Payden's broad investment resources by incorporating the most compelling risk-adjusted opportunities from each sector team.

Mr Levinge said the strategy is appropriate for those who are seeking to diversify away from traditional fixed income investments, and who are looking for diversified sources of income-producing assets.

"The strategy's portfolio managers have the ability to opportunistically rotate in and out of sectors to capture compelling yield, optimal relative value, and potential price performance. They also take advantage of select and targeted opportunities with an overall credit quality below investment grade, to help achieve the return objective."

Payden & Rygel portfolio manager, Eric Souders, said the mandate had been awarded at a time when investors are increasingly required to question what worked in the past, and whether other opportunities should be considered.



“The past few years have been unprecedented in terms of outcomes that should cause investors to ask questions about processes, behavioural biases, and lessons learned. Three distinct experiences that most investors have never experienced in their lifetime, let alone career, are: a global pandemic, developed market inflation approaching double digits, and developed market central banks increasing interest rates by hundreds of basis points within a 12-month time horizon.”

During this time, Mr. Souders said, the portfolio management team has learned that a repeatable and reasonably simple process is the ballast to consistent and informed outcomes.

“Understanding all positions in a portfolio and being able to remain flexible and adjust when currents change is key to mitigating downside and capitalising on opportunities. But perhaps most importantly, reflection on experiences, both good and bad, including honest evaluation of what is working well and what can be done better, is key. This includes a sober reflection on roles that asset classes play, behavioural tendencies, and reducing the proclivity for group think.”

“This is Payden & Rygel’s sixth mandate in the Australian market,” Mr Levinge said.

Payden & Rygel has A\$236 billion in assets under management for clients around the world (at 30 September 2024).

-oOo-



About GSFM

GSFM was established in 2007 as a subsidiary of the Grant Samuel Group. In 2016 Canadian wealth manager CI Financial Corp, which oversees more than C\$518.1 bn in funds under management (at 30 September 2024), acquired a majority stake in the business, previously held by Grant Samuel.

GSFM delivers comprehensive responsible entity services, operational support, commercialisation assistance, and expert distribution and marketing for funds managed by leading local and international investment managers, serving both Australian and New Zealand institutional investors as well as Australian retail investors. It has partnered with nine specialist investment managers, who collectively manage more than A\$1.035 trillion.

- Epoch Investment Partners: Based in the financial heart of New York, Epoch Investment Partners specializes in global equity investing focused on free cash flow as the primary driver of returns.
- Payden & Rygel: This independent investment management firm, headquartered in Los Angeles, is renowned for its fixed-income expertise and a commitment to delivering client-focused investment strategies for over three decades.
- Munro Partners: An independent global equity manager from Melbourne, Munro Partners is recognised for its forward-thinking approach, actively investing in innovative and growth-oriented businesses worldwide.
- Man Group: A London-based leader in alternative investments, Man Group brings together cutting-edge technology and deep market insights to deliver diverse strategies across global markets.
- Tanarra Credit Partners: Specialising in private credit instruments, Australian-based Tanarra Credit Partners is dedicated to creating tailored credit solutions, offering unique investment opportunities in niche credit markets.
- Access Capital Partners: This European independent private asset manager is focused on private equity, private debt, and infrastructure, providing investors with access to diversified private markets.
- Eastspring Investments: As a global asset manager based in Singapore, Eastspring brings deep insights and a disciplined approach to investments across Asia, catering to a wide array of asset classes.
- Alantra: With a strong presence in Europe, Alantra specializes in small and mid-cap investments, leveraging local knowledge to drive growth in niche markets.
- Australian Entertainment Partners (AEP): Creators of the AEP Screen Fund, this investment vehicle is dedicated to supporting Australian film and television projects, backing local talent and boosting the creative industry.

GSFM currently manages approx. \$9.83 billion funds under management (at 31 October 2024).

For more information about GSFM please visit: www.gsfm.com.au