

June 2019

## Performance

As at 30 June 2019

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception <sup>1</sup> % pa
Fund <sup>2</sup>	0.72	1.68	4.26	3.35	3.57	3.77
Benchmark <sup>3</sup>	0.13	0.45	1.97	1.86	2.08	2.30
Value added	0.59	1.23	2.29	1.49	1.49	1.47

1. Inception Date: 18 September 2012

2. Fund returns are calculated net of management fees

3. Bloomberg AusBond Bank Bill Index

Past performance is not a guide to future performance

## Fund characteristics

at 30 June 2019

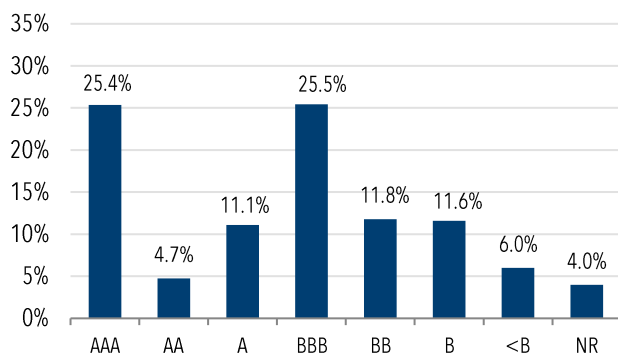
Number of positions	240
Average rating	BAA2
Price	99.15
Current yield	3.74%
Duration	1.81
Spread Duration	2.86
Yield to Maturity	2.31%

## Regional allocation at 30 June 2019

Europe	8.0%
Australia	1.2%
North America	79.7%
Latin America	1.9%
Asia/Oceania	5.9%
MidEast/Africa	3.2%

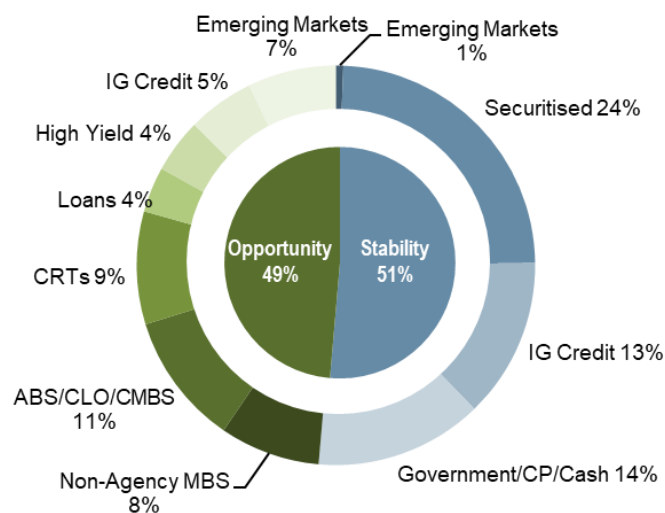
May not total due to rounding

## Rating at 30 June 2019

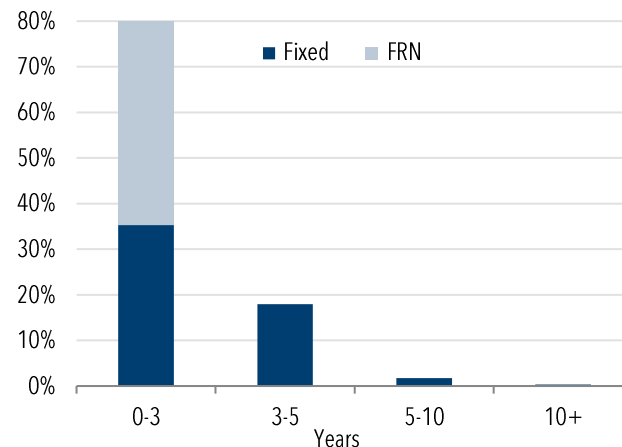


May not total due to rounding

## Sector allocation at 30 June 2019



## Maturity at 30 June 2019



## Manager commentary

### Quarter in review

After a strong rally to start the year, the second quarter of 2019 continued to generate positive returns but also experienced more volatility as geopolitical tensions and central bank decisions dominated headlines. The faltering trade negotiations between the United States and China caused investors to question the viability of a positive result and pushed economic expectations lower as Trump levied strong tariffs on Chinese goods. Investors are hoping that a successful Group of 20 Summit will be a positive catalyst for getting a deal done. The U.S. Federal Reserve's (Fed) accommodative stance was put to the test during the June meeting, but it decided not to cut the funding rate despite political and market pressure to do so. Investors priced in three rate cuts in the next year, which caused a strong rally in rates over the past three months. The U.S. 10-year treasury yield fell by 60 basis points from its peak to 2.00%, the Australian 10-year government yield fell by 68 basis points from its peak to 1.38%, and the German 10-year government yield fell by 44 basis points to -0.36%. Despite moderate volatility, corporate and emerging market credit performed well, with investment-grade corporates earning 4.32%, High-Yield Corporates earning 2.78% and Emerging Market Corporates earning 3.83%.

### Fund review

The Fund continues to invest across a diversified mix of fixed income sectors including corporate bonds, mortgage-backed, and asset-backed securities. We trimmed opportunistic exposure, primarily in emerging market debt, high-yield corporate bonds and BBB-rated collateralized loan obligations to crystallize profits and increase liquidity for future opportunities. Seasonal quarter-end funding needs fostered a heightened demand for U.S. Dollars, causing material distortion in both foreign exchange and funding markets. To take advantage of this difference in cost between currencies, we added exposure to currency-hedged Japanese Government bonds near the end of the quarter. We also initiated an interest rate duration position in Australia as the Australian economy showed signs of slowing, evidenced by further signals for easing from the Reserve Bank of Australia (RBA).

### Outlook

Due to global trade uncertainty and manufacturing weakness, the risk of a global recession in the tail end of 2019 is on the rise. We expect U.S. GDP to slow toward trend, while growth in China and the euro area will stabilize in the latter half of 2019. Global central banks further confirm this view as the U.S. Federal Reserve has indicated that a rate cut may be on the horizon and the Reserve Bank of Australia has already cut its policy rate by 25 basis points in June. Despite global trade and manufacturing weakness, the global labor market remains strong. The U.S. unemployment rate may fall to 3.5% and we expect continued declines in the euro area, U.K. and Canadian unemployment rates. After the reduction in Opportunistic exposure, the Fund is well-diversified across subsectors with a healthy amount of dry powder available in the form of cash, government bonds and commercial paper.

The base currency and neutral position of the Fund is the Australian dollar (AUD). The Fund will be substantially hedged to this currency unless the Investment Manager expresses a specific market view

### Distributions

The Fund aims to pay distributions on a quarterly basis. A distribution of 1.000000 cents per unit will be paid for the quarter ended 30 June 2019.

### 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.

## Important Information

Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") are not affiliated with GSFM Responsible Entity Services Pty Limited and do not approve, endorse, review, or recommend the Payden Global Income Opportunities Fund. Bloomberg and the Bloomberg AusBond Bank Bill Index are trademarks or service marks of Bloomberg and have been licensed to GSFM Responsible Entity Services Pty Limited. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Bloomberg AusBond Bank Bill Index.

The information contained in this document reflects, as of the date of publication, the views of Payden & Rygel and sources believed by Payden & Rygel to be reliable. There can be no guarantee that any projection, forecast or opinion in these materials will be realised. The views expressed in this document may change at any time subsequent to the date of issue.

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 dated 25 March 2019 (PDS) and the Additional Information to the Product Disclosure Statement which can be obtained from [www.gsfc.com.au](http://www.gsfc.com.au) or by calling 1300 133 451. 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 **17 July 2019**.