

December 2019

## Performance

As at 31 December 2019

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception <sup>1</sup> % pa
Fund <sup>2</sup>	0.10	0.35	4.72	2.86	3.40	3.48	3.62
Benchmark <sup>3</sup>	0.07	0.24	1.50	1.72	1.91	2.16	2.21
Value added	0.03	0.11	3.22	1.14	1.49	1.32	1.41

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 31 December 2019

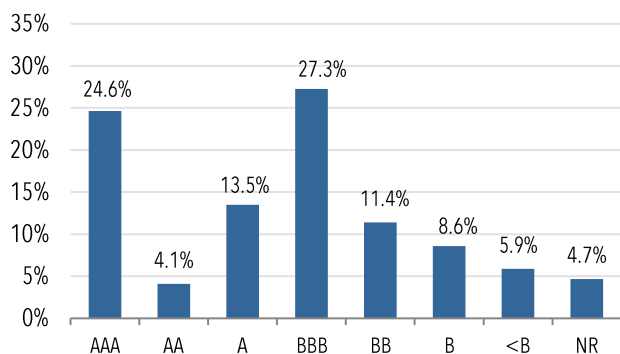
Number of positions	252
Average rating	BAA2
Price	99.28
Current yield	3.38%
Duration	1.79
Spread Duration	2.73
Yield to Maturity	2.12%

## Regional allocation at 31 December 2019

Europe	8.3%
Australia	1.3%
North America	78.8%
Latin America	2.3%
Asia/Oceania	6.4%
MidEast/Africa	2.8%

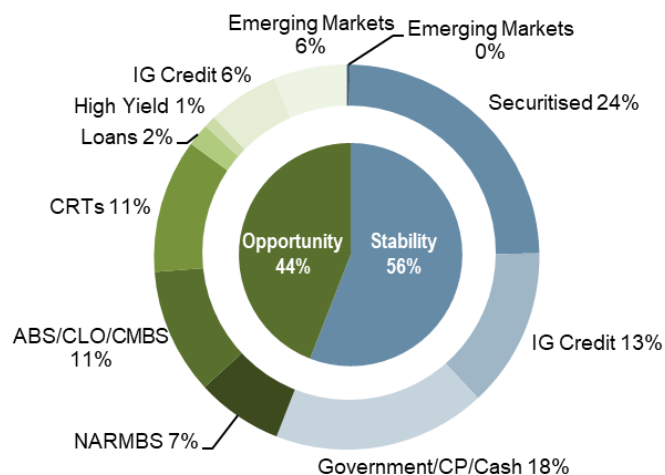
May not total due to rounding

## Rating at 31 December 2019

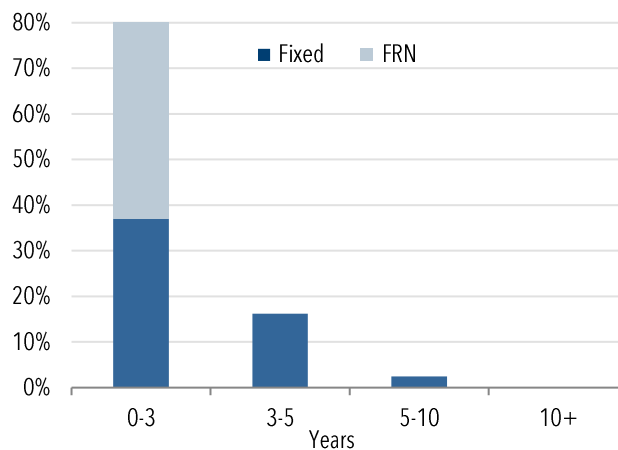


May not total due to rounding

## Sector allocation at 31 December 2019



## Maturity at 31 December 2019



## Manager commentary

The last quarter of the decade ended with positive returns across most asset classes, as investors flocked to risk assets buoyed by improving global data, easy monetary policy, and a Phase One trade deal between the U.S. and China. Global manufacturing PMI bottomed in July and rose four consecutive months through November, climbing back above 50 (signaling expansion) while labor markets remained resilient across the developed world. The Federal Reserve cut rates a third time (25 basis points to 1.50% - 1.75%) in October 2019 and injected cash into the short-term funding markets via repo operations and Treasury bill purchases to keep money market funding rates contained. Twenty-two of the world's top 37 central banks also cut rates in 2019. In the U.K., a strong Conservative Party election victory eased Brexit concerns and calmed markets. With all the encouraging news, stocks moved to all-time highs, interest rates rose, and corporate risk premiums narrowed. Subdued volatility persisted, as investors searched for yield. Looking ahead, geopolitical risks continue to be a prominent driver of market uncertainty.

All non-government "core income" sectors produced positive performance for the quarter, as risk premiums contracted. In emerging market debt, we found increasing value in extending maturities in select countries, as front-end credit curves are steeper than other comparable sectors, such as corporate credit. The high yield corporate and loan markets exhibited bifurcated performance whereby higher quality issuers performed markedly better than their lower quality counterparts. The Fund benefited from being invested in the higher quality tier of high yield bonds and loans. Loan downgrades put pressure on BBB-rated and lower CLO risk premiums to start the quarter. However, lower supply and compelling valuations relative to corporate credit led to modestly tighter credit risk premiums for the latter portion of the quarter. Seasonal year-end funding needs once again fostered a heightened demand for U.S. dollars, causing material distortion in foreign exchange markets. To take advantage of this difference in cost between currencies, we added exposure to currency-hedged Japanese government bonds in December.

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 0.010000 cents per unit will be paid for the quarter ended 31 December 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.

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