

September 2020

## Performance

As at 30 September 2020

	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>	0.39	1.84	-1.38	1.34	2.48	3.10	3.05
Benchmark <sup>3</sup>	0.01	0.03	0.58	1.40	1.63	1.89	2.05
Value added	0.38	1.81	-1.96	-0.06	0.85	1.21	1.00

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 September 2020

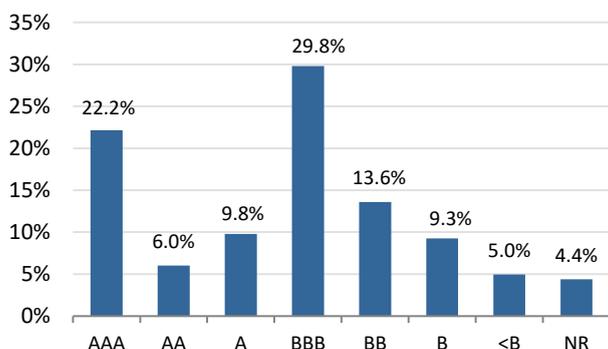
Number of positions	260
Average rating	BAA2
Price	98.16
Current yield	2.60%
Duration	1.57
Spread Duration	3.40
Yield to Maturity	2.91%

### Regional allocation at 30 September 2020

Europe	13.4%
Australia	0.7%
North America	77.8%
Latin America	2.7%
Asia/Oceania	2.4%
MidEast/Africa	2.8%

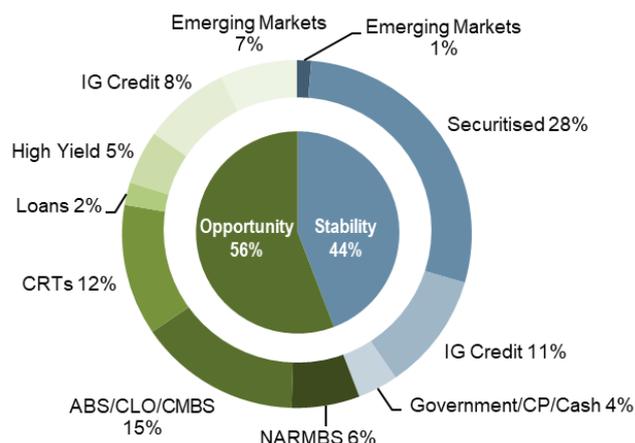
May not total due to rounding

### Rating at 30 September 2020

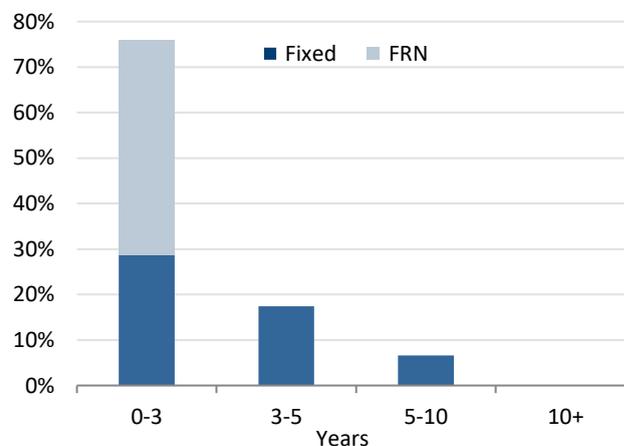


May not total due to rounding

### Sector allocation at 30 September 2020



### Maturity at 30 September 2020



## Manager commentary

COVID-19 continued to dominate headlines as global cases exceeded 25 million, with the U.S., Brazil, and India experiencing the highest case counts. Despite this, global Purchasing Managers' Indices (PMIs) showed that both service and manufacturing activity continued to rebound as the world continues to re-open. Specifically, the global composite PMI improved to 52.4, which is a 17-month high. The employment backdrop in the United States improved more than expected, as the unemployment rate declined from 13% to below 9% during the quarter. In addition, the residential housing market remained quite resilient, with prices on a national basis increasing by 1% during the quarter. Central Bank policy remained accommodative as Fed Chair Jerome Powell announced a new, flexible, 2% average inflation targeting strategy in his keynote speech at the Jackson Hole Economic Policy Symposium. Price action across asset classes was strong, as the S&P 500 returned nearly 9% and Global High-Yield Corporate Bond spreads narrowed by over 100 basis points during the quarter. As the end of the year approaches, investors remain focused on the path and magnitude of COVID-19 impact, in addition to important political events such as renewed concern over BREXIT in the United Kingdom and the November presidential election in the United States.

All Core Income sectors produced positive performance for the quarter as risk premiums continued to recover from the end of March lows. Primary market activity remained busy in the 3rd quarter, with year-to-date supply in IG Corporate Credit now exceeding \$1.5 trillion. The strategy reduced participation within the new issue market during the quarter as concessions declined. The strategy continues to prefer Securitised Credit relative to Corporate Credit, particularly given resilience in U.S. Housing, low interest rate backdrop, and diversification of collateral. In addition, relative value looks good in areas like CLO and ABS when compared to Corporate Credit. The tremendous recovery in credit spreads since the end of March has led the strategy to take profits on select positions that were added in the 2nd and 3rd quarter. This leaves the strategy with ample liquidity should the path of recovery in COVID-19, and corresponding asset prices, prove to be non-linear. The strategy had limited tactical participation during the quarter, although maintained interest rate exposure to Australia and Canada, which contributed positively to performance. Given volatility is relatively low across asset classes, the strategy maintains options positions to help mitigate unforeseen drawdown related to an interruption in COVID progress.

### Important Information

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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 30 September 2020.

### 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.