

Payden Global Income Opportunities Fund

MARCH 2021

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:

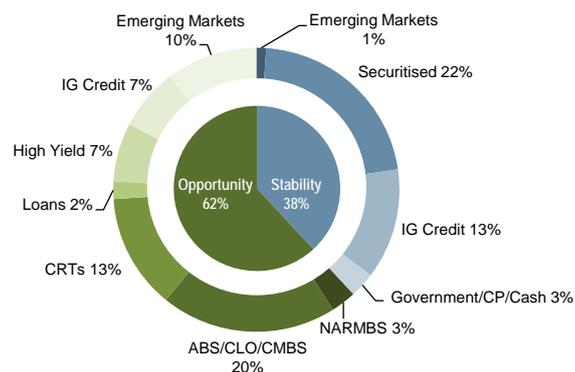


Fund Characteristics

SUMMARY DATA

Number of positions	279
Average rating	BAA2
Current yield	2.51%
Duration	1.32
Spread Duration	3.36
Yield to Maturity	2.07%

SECTOR ALLOCATION



REGIONAL ALLOCATION

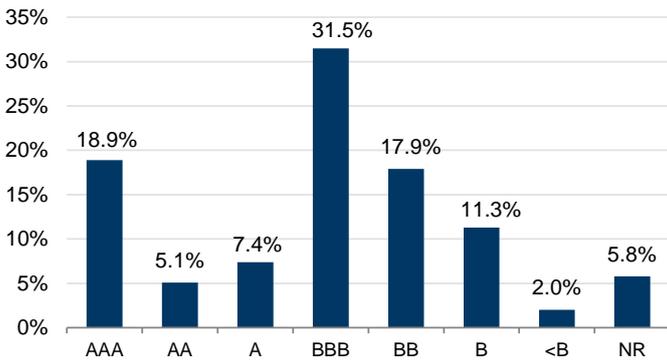
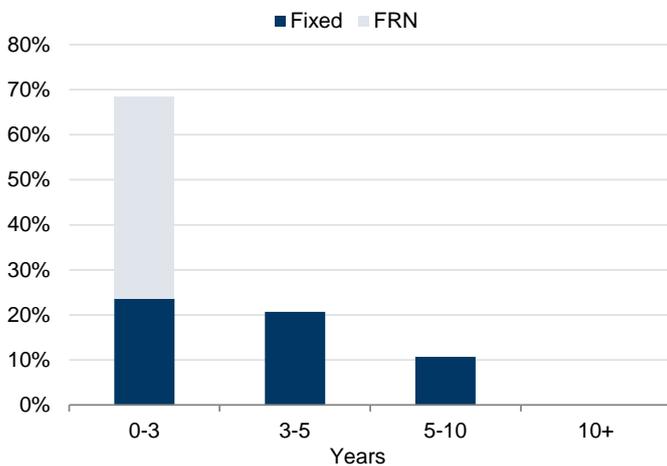
Europe	17.1%
Australia	3.4%
North America	68.2%
Latin America	4.6%
Asia	2.1%
MidEast/Africa	4.6%

Performance as at 31 March 2021

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception ¹ % pa
Fund ²	0.10	0.68	15.30	2.01	2.79	3.02	3.21
Benchmark ³	0.00	0.00	0.11	1.12	1.40	1.71	1.93
Value Added	0.10	0.68	15.19	0.89	1.39	1.31	1.28

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

RATING

DURATION

FUND FACTS

APIR CODE GFS0008AU	INVESTMENT MANAGER Payden & Rygel
MFUND CODE GSF08	RESPONSIBLE ENTITY GSFM Responsible Entity Services Limited
INCEPTION DATE 18 September 2012	MANAGEMENT FEE 0.70% P.A.
DISTRIBUTIONS Quarterly	BUY/SELL SPREAD Buy +0.10% / Sell -0.15%

Manager Commentary

In Q1 of 2021, continued deployment of Covid-19 vaccines and additional fiscal stimulus resulted in a faster than expected pace for global recovery. Vaccine deployment in the U.S. reached 2.6 million doses per day at the end of March. Furthermore, another \$1.9 trillion round of fiscal stimulus passed in the U.S. and, subsequently, a \$2.0 trillion infrastructure plan, both of which buoyed sentiment in financial markets. With the rise in sentiment and growth expectations coupled with expectations for a boost in inflation, bond yields rose globally, most significantly in maturities beyond 10 years. The yield on the U.S. 30-year bond rose 0.77% over the quarter. However, the U.S. Federal Reserve (Fed) remains steadfast that they will not look to raise rates in the near-term and instituted stringent targets as to when a rate hike may even be feasible. Spread sectors posted modestly negative total returns over the quarter, with the U.S. and the Global Aggregate Indices returning -1.25% and -0.39%, respectively. The back-up in rates was the primary driver of negative performance, as credit risk premiums declined across most asset classes. Equity markets reported mixed performance in the first quarter, with value stocks experiencing a strong quarter (MSCI Value Index +9.8%) and growth stocks largely flat (MSCI Growth Index +0.3%).

The increase in rates on improved growth and inflation expectations resulted in modestly negative performance by fixed-rate asset classes such as Investment-Grade Corporates and Emerging Market debt. That being said, the strategy reduced duration from 2 at the end of 2020 down to 1 early in 2021, a modest change as the underpinning of the strategy remains relatively interest rate insensitive. Despite modestly lower prices, Investment-Grade Corporate risk premiums continued to decline for the quarter. This led to the strategy utilising Investment-Grade Corporates as the primary funding source for additions to areas with more upside in credit risk premiums such as High Yield corporates, Emerging Market debt and Securitisised Product. Given expectations for improved global growth and the reopening of the global economy, the strategy added roughly 3% to Emerging Market debt exposure over the quarter. As the asset class lagged the immense recovery in Corporate credit last year, the strategy viewed Emerging Markets debt outperforming in the near-to-medium term. Securitisised product continued to produce positive performance over the quarter, with Commercial Mortgage-backed Securities and Credit Risk Transfer contributing most to positive returns. The strategy had modest participation in tactical opportunities, primarily within Investment-Grade Corporates and Emerging Market debt, given robust issuance to start the year. The strategy incurred the cost of the tail risk hedge program as volatility was relatively muted throughout the quarter.

The strategy remains optimistic on global growth prospects as recent economic data has been largely positive, especially as it pertains to the United States. Considering the positive view on growth coupled with dovish fiscal and monetary policy, the strategy is constructive on credit risk and cautious on interest rate duration. Finally, the strategy continues its preference for securitisised product, particularly in residential and commercial mortgage-backed securities where valuations are attractive relative to the corporate universe.

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 March 2021.

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.

See gsfm.com.au for more information about the Payden Global Income Opportunities Fund.



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