Payden&Rygel

Fund Update

Payden Global Income Opportunities Fund

FEBRUARY 2024

Fund Overview

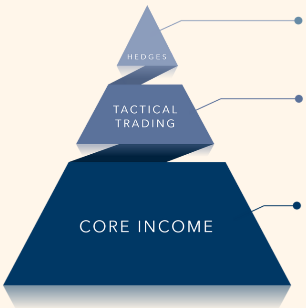
INVESTMENT PHILOSOPHY

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:



- Tail risk hedging provides protection against extreme market conditions and dampens drawdown
- Tactical positioning in rates, currencies and spread product
- Multi-sector income focused portfolio including bonds, loans, securitised, etc.
- Represents approximately 80-90% of historic strategy returns

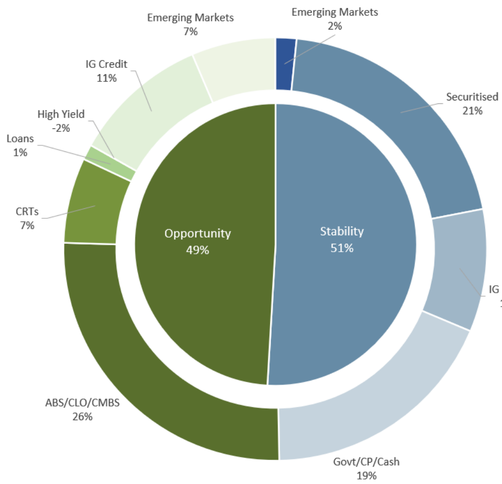
Source: Payden & Rygel

Fund Characteristics

SUMMARY DATA

Number of positions	186
Average rating	A3
Current Yield	5.48%
Duration	0.48
Spread Duration	2.56
Yield to Maturity	5.71%

SECTOR ALLOCATION



Source: Payden & Rygel

REGIONAL ALLOCATION

MidEast/Africa	2.2%
Asia/Oceania	1.7%
Europe	3.6%
Latin America	4.6%
North America	87.9%

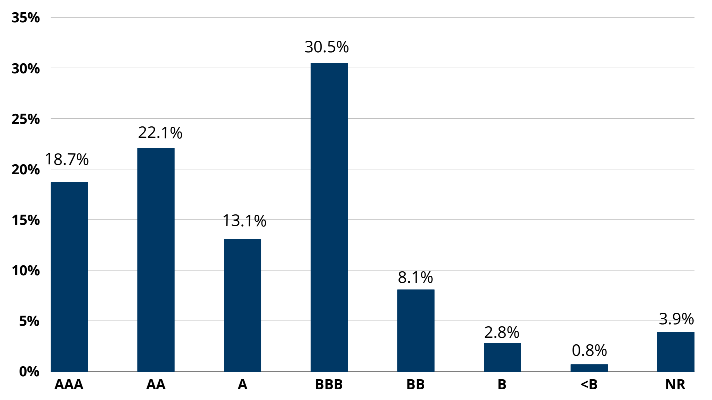
Performance as at 29 February 2024

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception[1] % pa
Fund[2]	0.47	1.75	4.34	0.83	1.31	1.61	2.38	2.60
Benchmark[3]	0.34	1.09	4.10	1.95	1.47	1.58	1.80	1.95
Value Added	0.13	0.66	0.24	(1.12)	(0.16)	0.03	0.58	0.65

1. Inception date: 18 September 2012
2. Fund returns are calculated net of management fees
3. Bloomberg AusBond Bank Bill Index

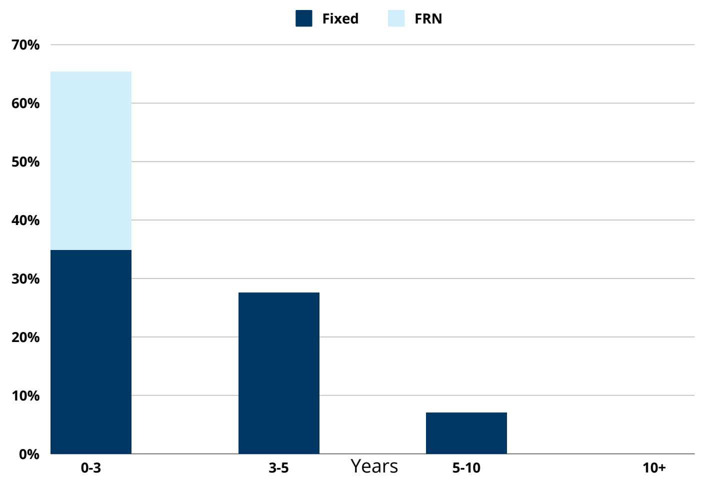
Past performance is not a guide to future performance

RATING



Source: Payden & Rygel

DURATION



Source: Payden & Rygel

Manager Commentary

The U.S. labour market remained strong in February while core inflation picked up. Nonfarm payroll employment increased steadily, with average monthly payroll growth registering 265,000 from December to February. The unemployment rate ticked up to 3.9% from 3.7% in January, partly due to the volatility of the household survey used to calculate the unemployment rate. Meanwhile, the core Personal Consumption Expenditures (PCE) Price Index, which excludes volatile food and energy prices, rose 0.4% over January, led by a sharp increase in non-housing services prices. Compared to a year ago, the core PCE Price Index is up 2.8%. While the chances that core PCE will hover above 2.5% year-over-year throughout 2024 has increased, it is too soon to tell whether the January inflation readings indicate a stall in overall inflation progress or only a bump along the path to the Federal Reserve's (Fed's) 2% target. As it became clear that policymakers would need to see a few more months of data to gain more confidence that core inflation is slowing, bond investors dialed back their rate-cut bets, now expecting around three rate cuts by year-end compared to the seven cuts priced-in at the start of the year. Globally, despite divergent economic trajectories, growth is recovering after a slower third quarter in 2023, as the January Purchasing Managers' Index portrays accelerating global services activity and manufacturing activity on the cusp of recovery. Central banks continue to maintain a restrictive policy stance, as the European Central Bank (ECB) and Bank of Canada (BoC) held their policy rates constant at their most recent policy meeting. However, weaker growth outlooks might cause the ECB and BoC to consider rate reductions ahead of the Fed.

Performance

The combination of pro-growth economic data and sticky inflation pushed interest rates higher in February. As such, total returns within more rate sensitive asset classes, such as investment grade corporates and agency mortgages were negatively impacted. Conversely, excess returns were positive as credit risk premiums (spreads) compressed across most asset classes given aforementioned trajectory of economic data alongside robust corporate earnings. As interest rates rose and rate cut expectations declined, the Fund team modestly increased interest rate duration within the Fund from zero to 0.5yrs. This was done via adding duration to the front-end of the yield curve (5yrs and in) given the team remains cautious on the long-end of the yield curve. Credit positioning remained largely conservative as the team continued to maximise yield with limited spread duration in high quality securitised assets and investment-grade corporates. That said, the team modestly added to on-the-run, or less seasoned transactions in credit risk transfer (CRT), which provide convexity opportunities in the event interest rates decline and affordability pressure eases.

Outlook

Going forward, the team is closely monitoring correlations between risky asset classes, like equities or HY corporate bonds, and less risky asset classes, like treasuries, given correlations have been very positive in certain periods the last few years. This is a departure from the experience in the 2000 and 2010 decades and can materially influence the role that interest rate duration should play within a credit-orientated multi-asset fixed income portfolio. As such, the team continues to take a conservative stance with respect to interest rate duration while finding ways to optimise overall portfolio yield and credit spread relative to cash, particularly in higher quality parts of the credit market. Although broad credit spreads are not overly attractive, the Fund team is mindful that credit spreads can remain tight for a sustained period of time and that valuation is not necessarily a great timing tool.

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.

FUND FACTS

INVESTMENT MANAGER Payden & Rygel	**RESPONSIBLE ENTITY** GSFM Responsible Entity Services Limited
MFUND CODE GSF08	**APIR CODE** GSF0008AU
DISTRIBUTIONS Quarterly	**MANAGEMENT FEE** 0.70% P.A.
INCEPTION DATE 18 September 2012	**BUY / SELL SPREAD** Buy +0.10% / Sell -0.10%