

December 2020

Fund overview

The Payden Global Income Opportunities Fund (the Fund) uses an unconstrained investment strategy, one that is not managed against a benchmark.

Being unanchored from traditional benchmarks allows Payden the flexibility to search for attractively valued assets. The result is a 'best ideas' portfolio that reflects the most promising risk-adjusted opportunities around the globe.

Payden's investment approach focuses on three areas:

1. Multi-sector income focused portfolio including bonds, loans, securities fixed income; represents approx. 80-90% of historic strategy returns
2. Tactical positioning in rates, currencies & spread product
3. Protection against extreme market conditions, dampen drawdowns.



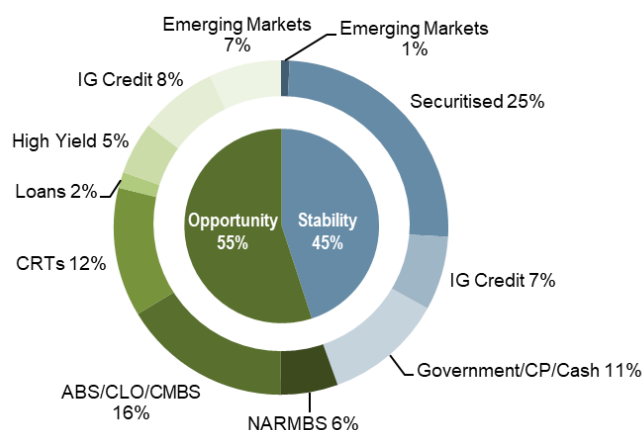
Source: Payden & Rygel

Fund characteristics

at 31 December 2020

Number of positions	237
Average rating	BAA2
Price	99.59
Current yield	2.14%
Duration	1.21
Spread Duration	2.84
Yield to Maturity	1.97%

Sector allocation at 31 December 2020



Performance

As at 31 December 2020

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception ¹ % pa
Fund ²	0.74	2.19	0.43	1.91	2.83	3.14	3.23
Benchmark ³	0.00	0.02	0.37	1.26	1.52	1.80	1.99
Value added	0.74	2.17	0.06	0.65	1.31	1.34	1.24

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

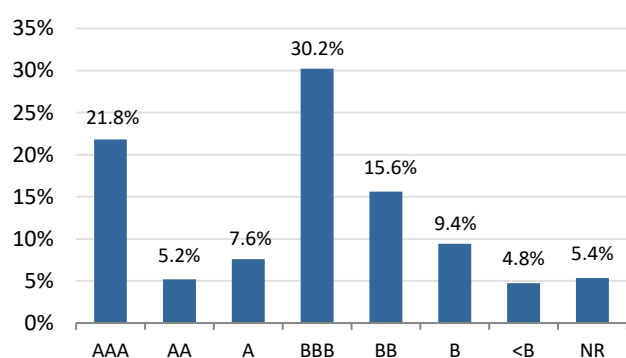
Fund facts

Regional allocation at 31 December 2020

Europe	13.9%
Australia	0.9%
North America	76.0%
Latin America	3.4%
Asia	1.8%
MidEast/Africa	3.3%
Jersey, Channel Islands	0.2%
Colombia	0.3%
Finland	0.3%

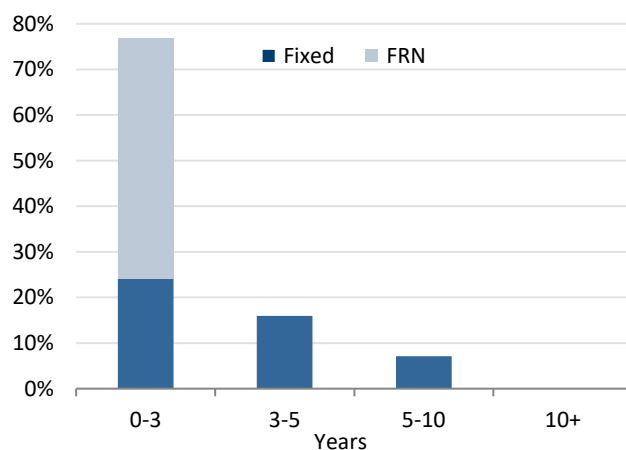
May not total due to rounding

Rating at 31 December 2020



May not total due to rounding

Maturity at 31 December 2020



Manager commentary

Month in review

In December 2020, Covid-19 cases surged past 80 million globally as vaccinations began. Five months after the benefits from the CARES Act lapsed, Congress passed an additional \$900 billion Covid-19 relief bill while avoiding a government shutdown. As stay-at-home orders continued in states facing a surge of hospitalisations, the labour market recovery appeared to slow with just 245k jobs added in November. Meanwhile, the service sector continued to expand, with the U.S. service PMI gauge at 55.3, indicating expansion. In the U.K., at long last, the government brokered a deal to leave the European Union, averting the worst fears about economic disruptions and market impacts. The service sector weakened in the euro area amidst Covid-19 restrictions, with the service sector PMI gauge dropping to 47.3. Still, the manufacturing sector continued to expand with a 55.2 reading in December. Global equity markets ended the year on an upbeat tone, with most broad indices closing at all-time highs.

Fund review

Primary market activity waned drastically in December as investors approached the end of a record-breaking year of supply. Net supply in the U.S. Investment Grade corporate market was -\$50 billion, the lowest quarter in history. Despite global Covid-19 cases spiking and spurring stricter lockdowns, risk premiums tightened over the month as the vaccine rollout began. The strategy added modestly across several Emerging Markets' names and maintained its preference for securitised product given the attractive valuations relative to corporate credit. Participation in new issues across corporate credit and securitised was modest as limited opportunities arose.

Investment Grade – Credit Suisse, Goldman Sachs, Microchip Technology **High Yield** – Seagate, Albertson's **Securitized** – STACR (Freddie Mac)

Outlook

Entering 2021, we are optimistic given favourable market technicals and further recovery in fundamentals. We would view volatility caused by vaccination delays or additional lockdowns as buying opportunities and maintain ample liquidity to take advantage of such. Ultimately, Monetary and Fiscal policy should provide support in the downside scenarios outlined above. While demand for yield in this low-rate environment will also continue to support risk-assets, the strategy is well-diversified and balanced across asset classes as valuations appear fairer today.

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

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