

## Fund Overview

### INVESTMENT PHILOSOPHY

*Produce Positive Returns*

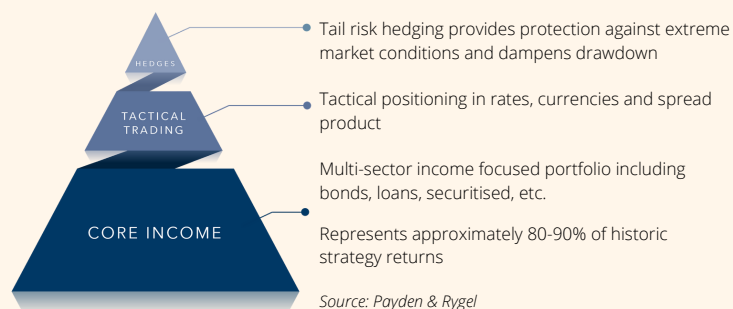
*Protect Downside Risk*

*Capture "Smart" Yield*

### 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:

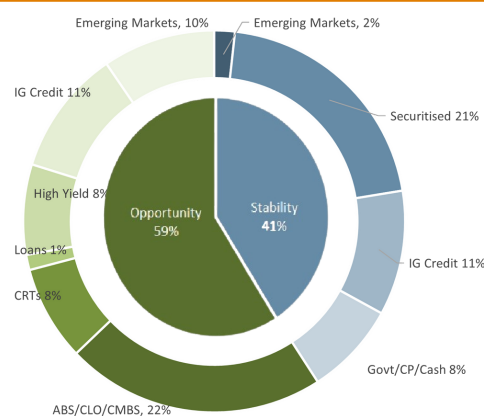


## Fund Characteristics

### SUMMARY DATA

Number of positions	218
Average rating	BAA2
Current yield	5.34%
Duration	2.00
Spread Duration	2.97
Yield to Maturity	5.80%

### SECTOR ALLOCATION



Source: Payden & Rygel

### REGIONAL ALLOCATION

MidEast/Africa	3.5%
Asia/Oceania	4.0%
Europe	7.3%
Latin America	4.4%
North America	80.8%

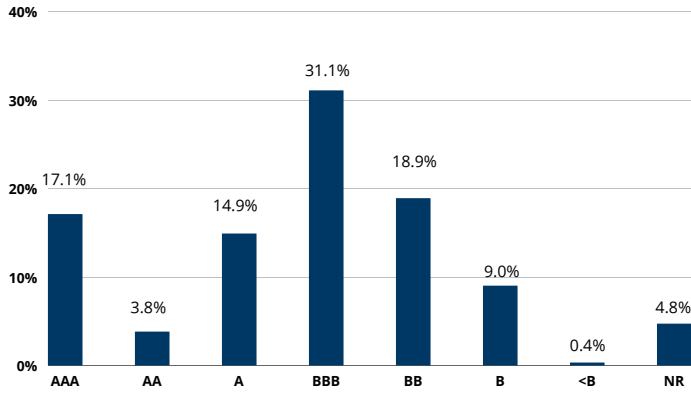
## Performance as at 30 November 2022

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception <sup>1</sup> % pa
<b>Fund</b> <sup>2</sup>	1.94	(0.30)	(4.24)	(0.90)	0.54	1.55	2.21	2.29
<b>Benchmark</b> <sup>3</sup>	0.23	0.64	1.01	0.49	0.99	1.26	1.68	1.71
<b>Value Added</b>	1.71	(0.94)	(5.25)	(1.39)	(0.45)	0.29	0.53	0.58

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

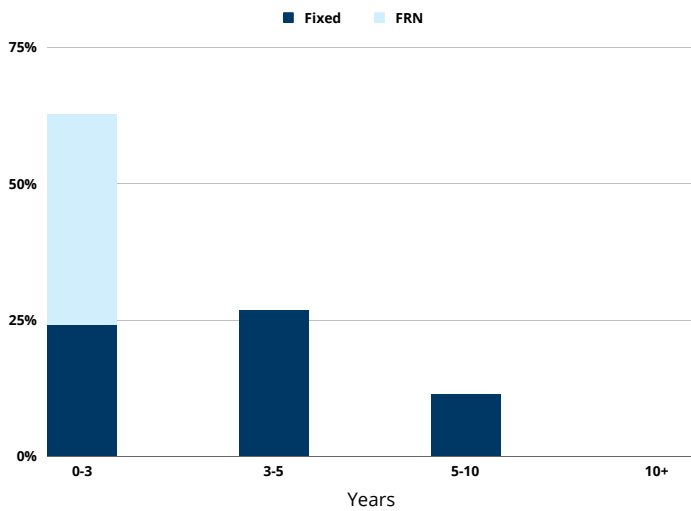
Past performance is not a guide to future performance

**RATING**



Source: Payden & Rygel

**DURATION**



Source: Payden & Rygel

**Manager Commentary**

The U.S. Federal Reserve raised its key policy rate by 75 basis points for the fourth consecutive meeting in November, bringing the Fed funds rate to 3.75-4.00%. The Fed also signaled that a slower pace of rate hikes (i.e., 50 basis points per meeting) might be appropriate as soon as the December FOMC meeting. The October Consumer Price Index report bolstered the case for a step down in the pace of rate hikes, showing softer-than-expected consumer price inflation during the month. Equity and credit markets cheered the subtle shift in monetary policy, with investment-grade corporate spreads tightening by 25 basis points in November. Across the pond, in the United Kingdom, inflation accelerated to 11.1%, the fastest pace of price increases in more than four decades. China's Covid-19 cases reached a daily record with a lot of confusion regarding the country's lockdown policy looking ahead. Meanwhile, J.P. Morgan's Global Composite PMI fell to 48 in November, the lowest reading since June 2020, a sign of slumping economic growth.

Credit risk premia continued to tighten in November while U.S. Treasury yields rallied on the heels of a cooling CPI print. Within corporates, the Fund reduced its CDX HY protection by 5% and added marginally in the cash bond space. Within IG corporates, the Fund has been active in the primary market, taking advantage of new issue concessions. Subsequently, we have taken profits on some of the recent outperformers and higher beta names that had traded through recent tights. Within securitised product, dispersion is likely to increase across collateral types. We viewed recent spread weakness in subprime auto ABS as an attractive opportunity to add 1-2% in additional exposure given the robust structural protections, de-levering nature, and no recession expectations until at least H2 2023. Within CLO, we took the opportunity to reduce on the margin into recent strength. Liquidity remains elevated in the event that we see further buying opportunities in the near term.

Looking forward, we have seen increased dispersion in risk asset performance across the board and expect it to accelerate given the combination of slowing growth and the lagged effects of tighter financial conditions. The Fund has moved up the capital stack across higher beta parts of the portfolio and is placing a particular emphasis on industries that are less cyclical in nature. We will continue to do so in pockets of strength. Volatility in rates and risk assets could remain heightened until there is more clarity on the trajectory of growth, inflation, and global monetary policy. While the Fund remains constructive on the structural protections of securitised product, we have a nuanced view on the near-to-medium term performance outlook across a diverse array of collateral types and continue to move towards a more balanced allocation with respect to securitised product relative to the combination of corporates and emerging markets debt. The Fund has become more constructive on interest rates at current levels as the Fed hiking cycle ages and has added half a year in duration with further room to add if yields continue to move higher. Current interest rate duration stands at 2 with the majority allocated across 7-10 year key-rates.

**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.

**FUND FACTS**

**APIR CODE**

GSF0008AU

**INVESTMENT MANAGER**

Payden & Rygel

**MFUND CODE**

GSF08

**RESPONSIBLE ENTITY**

GSFM Responsible Entity Services Limited

**DISTRIBUTIONS**

Quarterly

**MANAGEMENT FEE**

0.70% P.A.

**INCEPTION DATE**

18 September 2012

**BUY / SELL SPREAD**

Buy +0.10% / Sell -0.10%

#### **Important Information**

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The information contained in this document reflects, as of the date of publication, the views of Payden & Rygel and sources believed by Payden & Rygel to be reliable. There can be no guarantee that any projection, forecast or opinion in these materials will be realised. The views expressed in this document may change at any time subsequent to the date of issue.

GSFM Responsible Entity Services Pty Limited ABN 48 129 256 104 AFSL 321517 (GRES) is the responsible entity of the Payden Global Income Opportunities Fund ARSN 130 353 310 (Fund) and is the issuer of this information. This information has been prepared without taking account of the objectives, financial situation or needs of individuals. Before making an investment decision in relation to the Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the product disclosure statement for the Fund dated 30 September 2022 (PDS) and the Additional Information to the Product Disclosure Statement which can be obtained from [www.gsfm.com.au](http://www.gsfm.com.au) or by calling 1300 133 451.

GSFM Responsible Entity Services has produced a Target Market Determination (TMD) in relation to the Payden Global Income Opportunities Fund. The TMD sets out the class of persons who comprise the target market for the Payden Global Income Opportunities Fund and is available at [www.gsfm.com.au](http://www.gsfm.com.au)

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. None of GRES, its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Fund or any particular returns from the Fund. No representation or warranty is made concerning the accuracy of any data contained in this document. This document is issued on 13 December 2022.