

Payden Global Income Opportunities Fund

JUNE 2021

Fund Overview

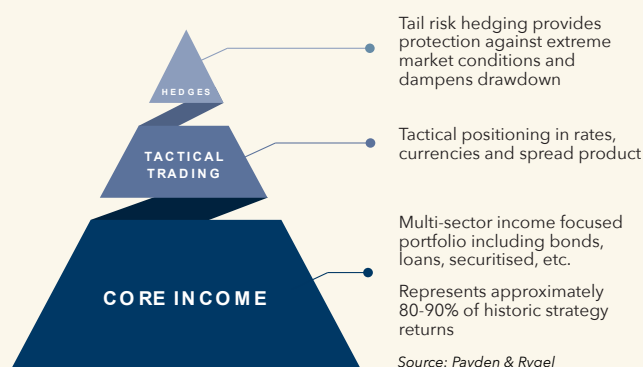
INVESTMENT PHILOSOPHY

- 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:

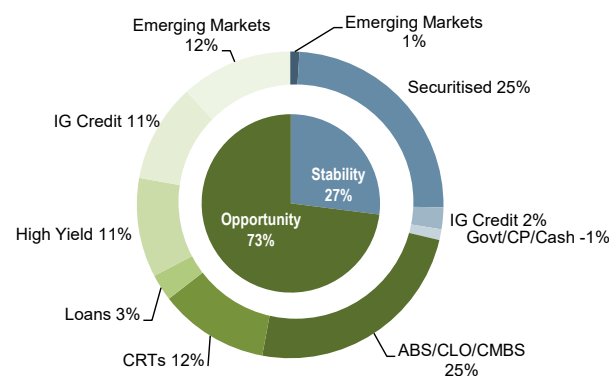


Fund Characteristics

SUMMARY DATA

Number of positions	255
Average rating	BAA3
Current yield	2.24%
Duration	0.86
Spread Duration	3.58
Yield to Maturity	2.24%

SECTOR ALLOCATION



REGIONAL ALLOCATION

MidEast/Africa	5.7%
Asia/Oceania	3.1%
Europe	16.6%
Latin America	5.7%
North America	68.9%

Performance as at 30 June 2021

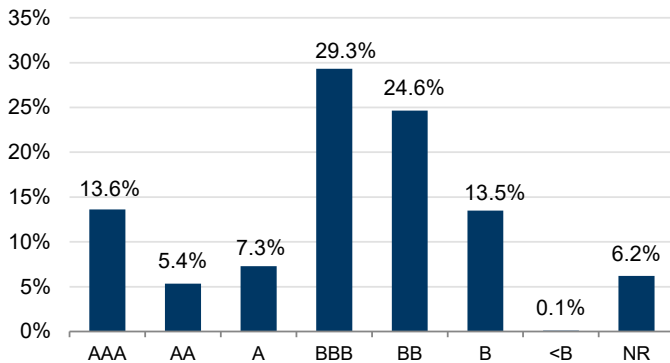
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception ¹ % pa
Fund ²	0.10	0.94	5.76	2.35	2.57	2.95	3.23
Benchmark ³	0.00	0.01	0.06	0.96	1.29	1.61	1.87
Value Added	0.10	0.93	5.70	1.39	1.28	1.34	1.36

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

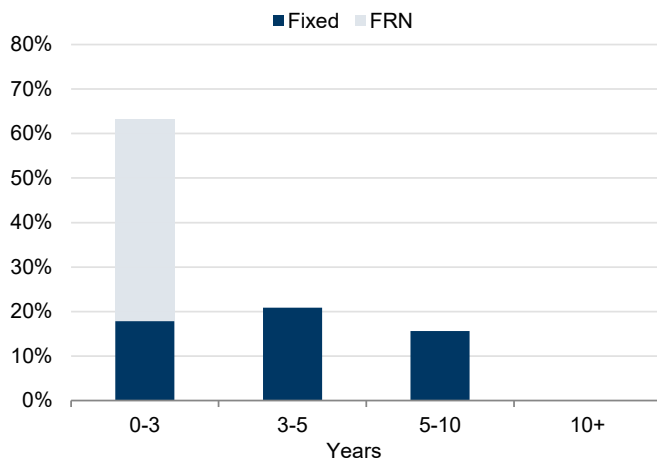
Past performance is not a guide to future performance



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 -0.10%

Manager Commentary

In Q2 of 2021, despite a downside unemployment miss in May, the U.S. economy continued to recover, with over half of the nation's population now having received at least one dose of the vaccine as restrictions continue to lift. Globally, vaccinations have now surpassed 3 billion, however some countries such as Israel and Australia have experienced hinderances to their recovery trajectories due to the new Delta variant leading to further lockdowns. The market shifted much of its attention to inflationary pressures after last month's record year-over-year core PCE inflation print of 3.4%, causing more uncertainty around the Fed's policy moving forward as several Fed governors have become incrementally more hawkish on the timing of rate hikes. We have seemingly moved into the "talking about tapering" phase. The yield on the U.S. 30-year bond fell 0.32% over the quarter, with overall rates in the long-end rallying from their highs. Reversing the theme in Q1, spread sectors posted positive total returns over the quarter, with the U.S. and the Global Aggregate Indices returning 1.83% and 1.31%, respectively. The rally in rates boosted positive performance, as credit risk premiums declined across most asset classes. Equity markets reported experienced positive performance in the second quarter, with value stocks (MSCI Value Index +4.9%) underperforming growth stocks (MSCI Growth Index +11.2%) after leading the charge in Q1.

CORE INCOME

- Investment-Grade Corporate risk premiums continued to decline for the quarter. This led to the Fund 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 Securitized Product.
- Given expectations for improved global growth and the reopening of the global economy, the strategy added roughly 3% to High Yield. Despite High Yield being tight to historical valuations, fundamentally the asset class is arguably stronger than it has ever been with healthy balance sheets and low default rate expectations.
- Securitized product continued to produce positive performance over the quarter, with Commercial Mortgage-backed Securities and Credit Risk Transfer contributing most to positive returns. The Fund continues to prefer securitized credit relative to Corporate credit, particularly given resilience in U.S. Housing, diversification of collateral, and tighter post-Covid underwriting.

TACTICAL

The Fund had modest participation in tactical opportunities, primarily within High Yield corporates and Emerging Market debt, given robust issuance to start the year. Tactical credit contributed positively to performance.

RISK MANAGEMENT

The Fund incurred the cost of the tail risk hedging program as volatility was relatively muted throughout the quarter.

DISTRIBUTIONS

The Fund aims to pay distributions on a quarterly basis. A distribution of 10.652629 cents per unit will be paid for the quarter ended 30 June 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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