

Payden Global Income Opportunities Fund

SEPTEMBER 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:

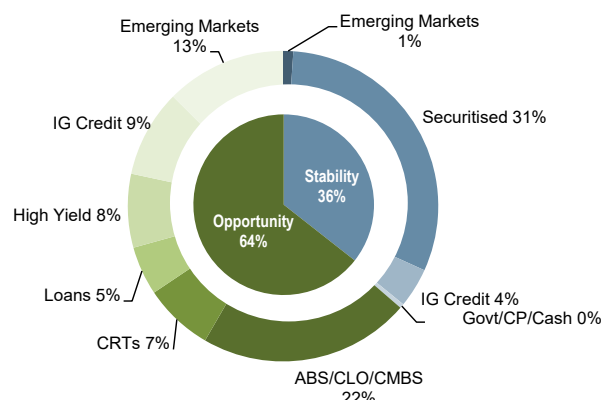


Fund Characteristics

SUMMARY DATA

Number of positions	255
Average rating	BAA3
Current yield	1.92%
Duration	0.80
Spread Duration	3.51
Yield to Maturity	2.28%

SECTOR ALLOCATION



REGIONAL ALLOCATION

MidEast/Africa	4.8%
Asia/Oceania	4.0%
Europe	15.8%
Latin America	6.8%
North America	68.7%

Performance as at 30 September 2021

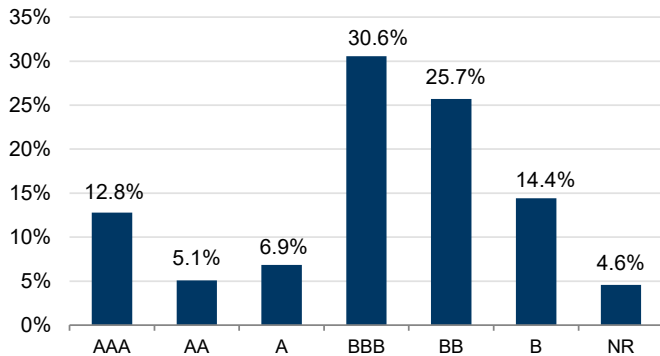
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception ¹ % pa
Fund ²	0.12	0.38	4.24	2.19	2.28	2.84	3.18
Benchmark ³	0.00	0.01	0.04	0.79	1.20	1.52	1.82
Value Added	0.12	0.37	4.20	1.40	1.08	1.32	1.36

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

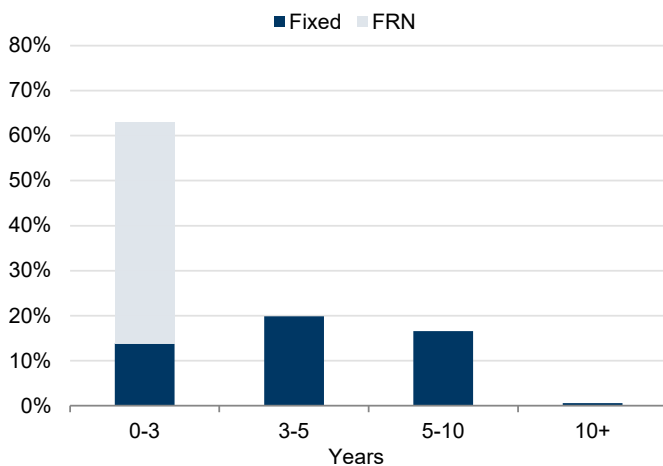
Past performance is not a guide to future performance



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 Q3 of 2021, the U.S. economy continued to recover, albeit at a slower pace due to a wave of Covid-19 Delta variant cases. Fortunately, as new cases increased globally, hospitalisations and fatalities did not increase as severely as prior waves now that over 3.5 billion people have received at least the first dosage of the vaccine. After August's year-over-year headline and core CPI readings came in lower than the months prior at 5.2% and 4.0%, respectively, investor attention shifted towards monetary policy and the September Federal Open Market Committee (FOMC) Conference, where we saw an increasingly hawkish tilt. We now can reasonably expect to see tapering begin at the November meeting unless we experience disappointing employment numbers over the coming months. The yield on the U.S. 30-year bond is now back above 2.00%. Risk assets experienced some volatility during the quarter, with the Global Aggregate index returning -0.89%, while the U.S. Aggregate index posted a modest return of 0.05%. Equity markets reported mixed performance in the third quarter, with value stocks (MSCI Value Index -0.7%) underperforming growth stocks (MSCI Growth Index +0.8%) despite significantly outperforming throughout a shaky September.

CORE INCOME

- Investment-Grade Corporate spreads were quite resilient and finished the quarter several bps tighter, despite a modest widening before getting there. 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 Securitised Product.
- The Fund added risk in Emerging Markets debt given attractive starting valuations, and a positive vaccine trajectory.
- The Fund continued adding exposure to BBB and BB-rated corporate CLO and commercial mortgage-backed securities and took profits in select credit risk transfer B2 tranches given the material rise in prices year over year. Additionally, the Fund elected to participate in Freddie Mac's first tender of CRT bonds, with tender prices at a slight premium to existing marks. Securitised credit continues to screen attractively relative to corporate credit, particularly given the diversification of collateral, and tighter post-Covid underwriting.
- The Fund maintained roughly 3-5% in liquidity.

TACTICAL

The Fund had modest participation in tactical opportunities, primarily within High Yield corporates and emerging market debt. Tactical credit contributed positively to performance.

RISK MANAGEMENT

The Fund incurred the cost of the tail risk hedge program.

DISTRIBUTIONS

The Fund aims to pay distributions on a quarterly basis. A distribution of 0.0100 cents per unit will be paid for the quarter ended 30 September 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.

Important Information

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