Payden&Rygel
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Fund Update

Payden Global Income Opportunities Fund

APRIL 2022

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.

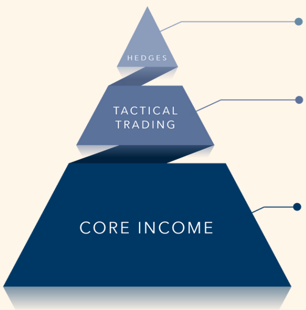
Protect Downside Risk — Before we consider the direction of markets or the value opportunities that are presented, our first responsibility is to protect an investor's principal against the potential for loss. Risk management is paramount.

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

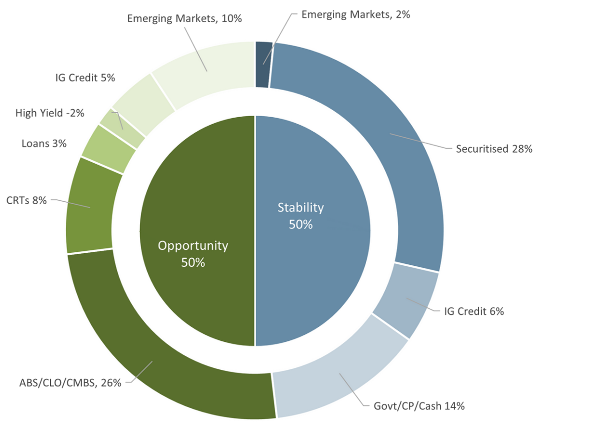
Source: Payden & Rygel

Fund Characteristics

SUMMARY DATA

Number of positions	231
Average rating	BAA2
Current yield	2.72%
Duration	1.00
Spread Duration	2.94
Yield to Maturity	3.06%

SECTOR ALLOCATION



Source: Payden & Rygel

REGIONAL ALLOCATION

MidEast/Africa	4.4%
Asia/Oceania	2.9%
Europe	9.7%
Latin America	5.5%
North America	77.5%

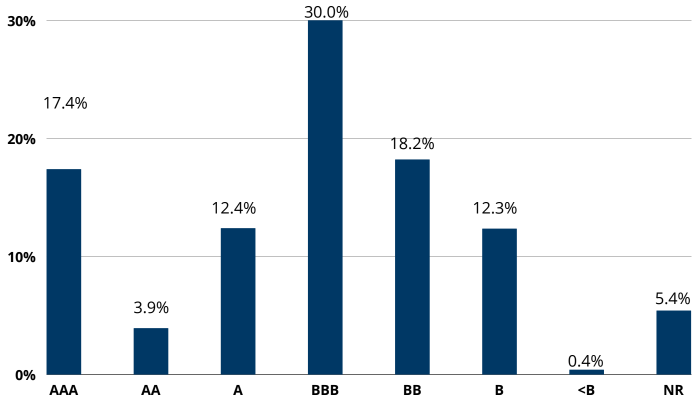
Performance as at 30 April 2022

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	Since Inception[1] % pa
Fund[2]	(0.43)	(2.37)	(2.72)	0.26	1.24	1.98	2.61
Benchmark[3]	(0.02)	(0.01)	0.02	0.40	0.99	1.30	1.71
Value Added	(0.41)	(2.36)	(2.74)	(0.14)	0.25	0.68	0.90

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

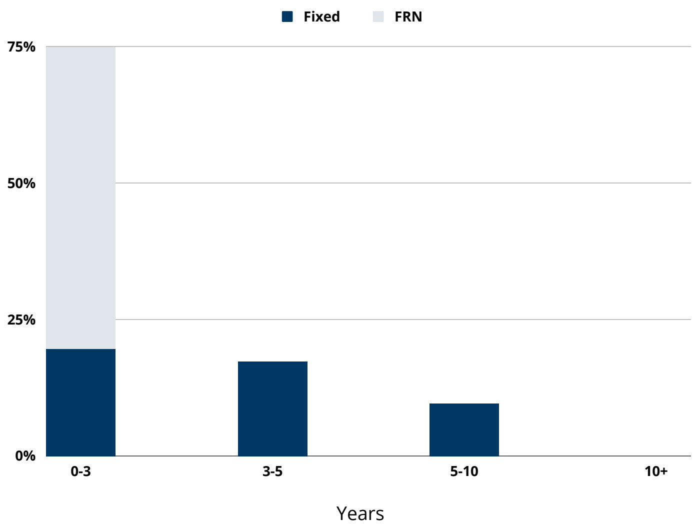
Past performance is not a guide to future performance

RATING



Source: Payden & Rygel

DURATION



Source: Payden & Rygel

FUND FACTS

APIR CODE
GSF0008AU

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

Jobs data released on the first of April revealed that 431,000 new jobs were added to nonfarm payrolls in March, dropping the unemployment rate by 0.2 percentage points to 3.6%. Inflation readings also reached new highs with the headline Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE) gauges printing at 8.5% year-over-year and 6.6% year-over-year, respectively. Core and trimmed mean measures are lower yet remain well above the Federal Reserve's (Fed) 2% target. As a result of labor market strength and rising inflation, we revised our forecast for the federal funds rate (FFR) at year end from 2.25% to 2.50%. We now expect the Federal Open Market Committee (FOMC) to "front load" hikes by raising the FFR by 50 basis points at each of the next three meetings. The advance estimate for first quarter GDP revealed that the U.S. economy shrank at a -1.4% annualised rate largely as a result of a ballooning trade deficit that detracted 3.2 percentage points from headline growth. Despite the negative GDP reading, the U.S. consumer remains strong as demonstrated by the increase in the consumer spending category. The International Monetary Fund (IMF) revised down their forecasts for global growth in 2022 as a result of the war in Ukraine, which is roiling commodities markets, and China's restrictive zero Covid policies, which that have shut down major metropolitan cities.

April was another challenging month for risk markets in the face of continued inflationary pressures, Fed hawkishness, and geopolitical tensions. Additionally, the uncertainty surrounding the knock-on economic effects of China's pandemic response also caused market trepidation. During the month, the Fund decreased its exposure to non-dollar corporates given the less favorable growth and inflation mix and wider distribution of possible outcomes. Additionally, the Fund took profits on the more current vintages of its subordinated credit risk-transfer positions that are less seasoned and exhibit lower embedded home price appreciation in the underlying collateral. **Investment Grade** –J.P. Morgan Chase, Vici Properties, Wells Fargo **High Yield/Loans** - Hilcorp Energy, PBF Holdings **Securitised** – RIAL 2022-FL8 B (CRE CLO), CAS 2022-R04 1M1 (CRT)

The geopolitical climate, continued global inflationary pressures, central bank hawkishness, and China's restrictive Covid policies all continue to weigh on investor sentiment. Our base case is that the Fed remains in "inflation-fighting" mode and is not likely to change its course of action as a result of recent volatility. The Fund looks to upcoming growth and inflation data to better inform our view on the distribution of outcomes going forward. In the near term, while further weakness could be the path of least resistance as financial conditions tighten, we remain cautiously optimistic given the strong starting point in corporate and consumer fundamentals. The Fund broadly maintains its preference for securitised product due to the structural protections and strength in underlying collateral, however, there is increasing nuance in relative value due to recent dispersion across asset classes.

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.