

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:

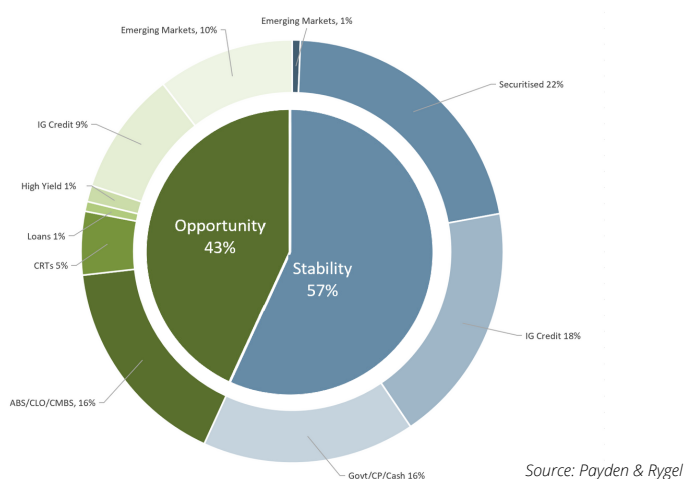


Fund Characteristics

SUMMARY DATA

| | |
|---------------------|-------|
| Number of positions | 224 |
| Average rating | BAA1 |
| Current yield | 3.83% |
| Duration | 2.98 |
| Spread Duration | 2.91 |
| Yield to Maturity | 5.69% |

SECTOR ALLOCATION



REGIONAL ALLOCATION

| | |
|----------------|-------|
| MidEast/Africa | 3.5% |
| Asia/Oceania | 3.2% |
| Europe | 8.3% |
| Latin America | 4.1% |
| North America | 81.0% |

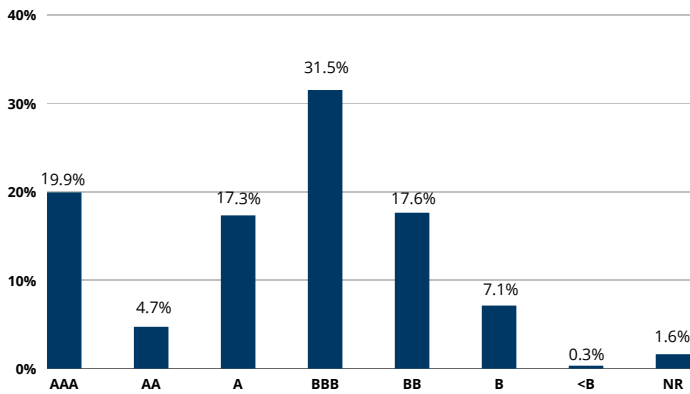
Performance as at 30 June 2023

| | 1 month % | 3 months % | 1 year % | 3 years % | 5 years % pa | 7 years % pa | 10 years % pa | Since Inception ¹ % pa |
|-------------------------------|-----------|------------|----------|-----------|--------------|--------------|---------------|-----------------------------------|
| Fund ² | (0.16) | (0.09) | 3.13 | 0.99 | 0.87 | 1.44 | 2.31 | 2.37 |
| Benchmark ³ | 0.30 | 0.90 | 2.89 | 1.01 | 1.17 | 1.35 | 1.69 | 1.80 |
| Value Added | (0.46) | (0.99) | 0.24 | (0.02) | (0.30) | 0.09 | 0.62 | 0.57 |

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

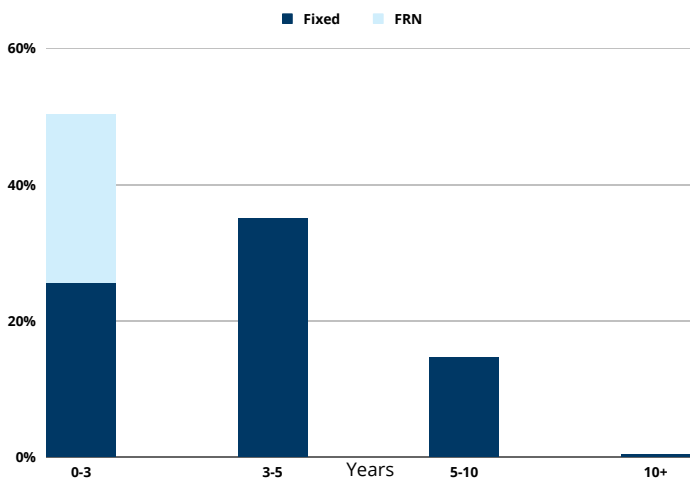
Past performance is not a guide to future performance

RATING



Source: Payden & Rygel

DURATION



Source: Payden & Rygel

Manager Commentary

June witnessed financial markets celebrating robust U.S. economic data and grappling with unyielding inflation. U.S. economic growth in Q1 was revised to 2.0% at an annualised rate, with average nonfarm payroll gains of 317,000 in Q2 reflecting accelerated job growth. The inflation challenge persisted, with the core PCE price index marking a 20th month of 4%+ year-over-year readings. Stocks have remained responsive to strong economic indicators while the bond market grapples with a federal funds rate above 5%. After 500-basis points in cumulative rate hikes, the Federal Open Market Committee (FOMC) paused at the June meeting, holding the federal funds rate range at 5.00-5.25%. With a resilient economy and persistent 4-5% year-over-year inflation, the Fed will likely continue incremental rate hikes through the year-end. In the U.K., core CPI jumped to 7.1% year-over-year—a 31-year high. Consequently, the Bank of England (BoE) hiked another 50 basis points, bringing the bank rate to 5.00%. On the flip side, China’s central bank reduced a key policy rate, hoping to aid the economic recovery.

Risk asset spreads broadly declined in June as recession risks abated and investors once again turned their focus to inflation. Total returns were mixed as developed market government bond yields, on average, increased +0.4-0.5% for maturities within 5 years on fears of further rate hikes. The relatively resilient economic backdrop continues to be supportive for corporate fundamentals, with performance of lower quality segments of the

market (CCCs) outperforming high-quality bonds (BBs). High yield corporate positioning remains skewed to BBs and energy, with an opportunity to add several favoured energy names in the primary market. Residential mortgage credit saw similar quality decompression in June as credit risk transfer B-tranche securities outperformed higher-quality counterparts. The CRT asset class overall benefited for the month by posting positive performance due to a combination of technical tailwinds and investor expectations that the Fed is nearing the end of its hiking cycle. In IG Corporates, the team trimmed US outperformers where valuations had compressed beyond fair value in names like Humana and Toyota. The allocation to euro-denominated IG corporates modestly increased due to what the team feels is a more positive technical environment in Europe relative to US IG corporates.

The outlook for fixed-income assets appears to be mixed as global central banks have yet to normalise inflation levels. Moreover, global growth is facing headwinds from manufacturing weakness and slowing global trade in goods while labour market tightness is off its peak. Fixed income valuations do not appear to be reflecting a near-term recession despite the global economy slowing. With the risk of recession rising, the strategy team remains more defensive, skewed toward higher quality segments of corporates, emerging markets, and securitised product. Going forward, the team feels patience and discipline are paramount as we await further information on the trajectory of the global economy and stability of financial markets.

Performance

The second quarter began with a hangover from the banking crisis in March. Investors then shrugged off fears of further bank failures and shifted their focus back to unyielding inflation with global central banks either hiking short-term rates in 25-50 basis point increments or advising the increased likelihood of further hikes on the horizon.

On average, global developed market bond yields increased nearly 1% for maturities within 5 years on fears of further rate hikes. Commodities were also less fortunate with gold, oil, copper and iron ore prices markedly lower in the second quarter.

Ultimately, financial markets experienced a euphoric quarter posting positive excess returns. Corporate, emerging market debt, and broadly non-agency securitised product spreads compressed on average between 15bp to 55bps. Floating-rate asset classes such as CLO and loans benefited from higher interest rates posting the best performance in the first half of the year since 2011.

The relatively resilient economic backdrop continued to be supportive for corporate fundamentals, with performance of lower quality segments of the market (CCCs) outperforming higher quality bonds (BBs). For a similar reason, residential mortgage credit benefited due to a combination of positive technical tailwinds and investor expectations that the Federal Reserve (Fed) is nearing the end of its hiking cycle.

Outlook

Many forward indicators are pointing to a recession, and while several areas have already been broken (US regional banks) or continue to be vulnerable (commercial real estate office properties), the team remains mildly cautious awaiting further information on the second and third order effects. In the team’s opinion, the “last shoe to drop” before a recession is the consumer, which continues to be resilient with a robust labour market backdrop. Thus, portfolios are more geared toward the consumer today, albeit with a higher quality tilt. There continues to be little evidence that a near-term recession is being priced in areas like high-yield corporates. The team believes a greater degree of interest

rate duration to be appropriate, alongside elevated levels of liquidity. Despite a significant reduction to credit risk in the first half of the year, the yield for the strategy is generating a solid income stream which provides cushion to navigate turbulent markets. Going forward, the team feels patience and discipline are paramount as we await further information on the trajectory of the global economy and stability of financial markets.

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.

FUND FACTS

INVESTMENT MANAGER

Payden & Rygel

RESPONSIBLE ENTITY

GSFM Responsible Entity Services Limited

MFUND CODE

GSF08

APIR CODE

GSF0008AU

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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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 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

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 12 July 2023.