

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:

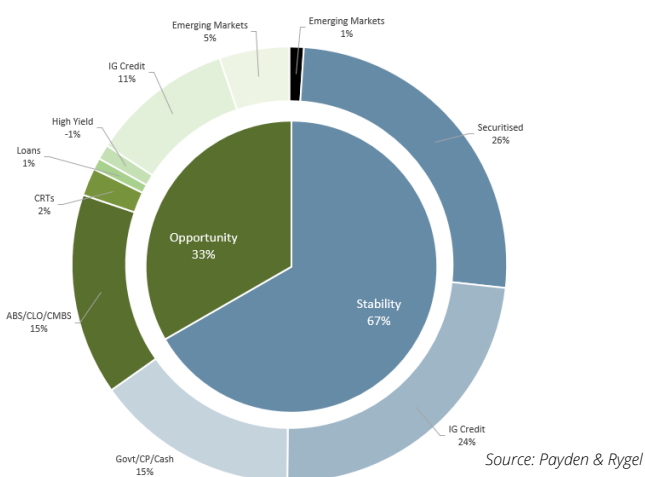


Fund Characteristics

SUMMARY DATA

Number of positions	199
Average rating	A3
Current yield	4.64%
Duration	1.48
Spread Duration	2.68
Yield to Maturity	6.32%

SECTOR ALLOCATION



REGIONAL ALLOCATION

MidEast/Africa	2.2%
Asia/Oceania	2.2%
Europe	6.7%
Latin America	3.0%
North America	85.9%
Other	0.0%

Performance as at 30 September 2023

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception ¹ % pa
Fund ²	0.07	1.14	4.91	0.75	0.93	1.35	2.39	2.42
Benchmark ³	0.34	1.08	3.53	1.36	1.28	1.43	1.73	1.86
Value Added	(0.27)	0.06	1.38	(0.61)	(0.35)	(0.08)	0.66	0.56

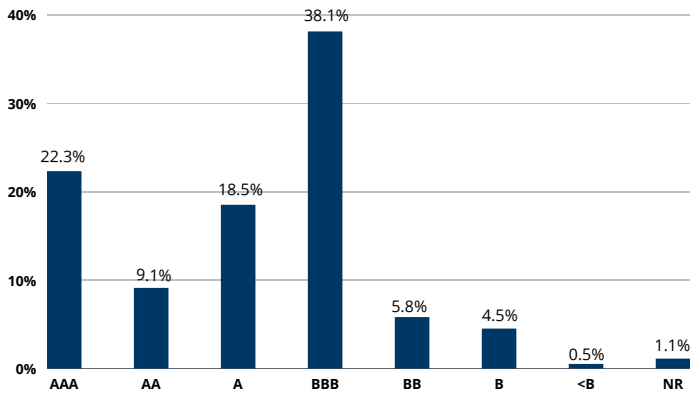
1. Inception date: 18 September 2012

2. Fund returns are calculated net of management fees

3. Bloomberg AusBond Bank Bill Index

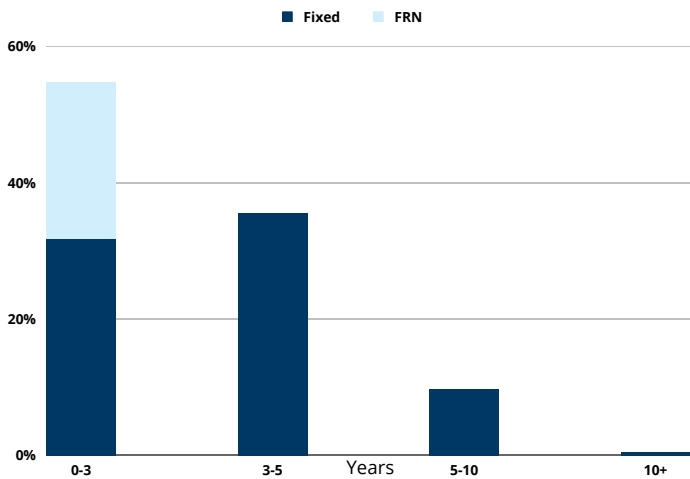
Past performance is not a guide to future performance

RATING



Source: Payden & Rygel

DURATION



Source: Payden & Rygel

In credit, the strategy team focused sectoral shifts away from lower quality areas, namely reducing exposure to high yield bonds and emerging markets debt where valuations retraced meaningfully, capping further upside potential. Sectors most exposed to the trajectory of interest rates like credit risk transfer (CRT) and commercial real estate (CMBS) were also reduced, but the decline in recent months was mainly organic from a combination of tenders and calls. Conversely, the strategy team increased exposure to higher quality, more liquid areas such as AAA/AA-rated ABS/CLO, investment-grade (IG) corporates, and government bonds where the team still sees strong technical support and reasonably attractive yields in the current environment. Additionally, the strategy team believes the added benefit of liquidity in the IG market provides an opportunity to deploy capital back into higher yielding areas of the market in the event that valuations turn to more favourable levels.

All credit sectors contributed positively to performance for the quarter bar agency mortgage-backed securities which produced negative returns as rate volatility increased. Floating-rate risk assets outperformed fixed-rate, with securitised product the main source of positive performance from credit. Furthermore, core sectors benefited from improved carry (high levels of income) which represents a larger component of total return when compared to prior years.

Outlook

Current fixed income valuations appear to be consistent with a “soft landing,” and even a reacceleration in growth as opposed to a near-term recession. “Soft landing” market pricing seems to be supported by a combination of solid year-to-date performance in equities, credit risk premiums near post-COVID tights, weaker U.S. dollar over the last 12 months, and an expectation of Fed cuts the next 12-months. If the market accepts the notion of accelerating growth, then Fed rate cuts expected in 2024 can likely be called into question, and inflation expectations may increase. This could signal that the Fed is behind the curve and if rates move higher, risk assets could suffer. Thus, the balance of risks today does not appear to reward an elevated degree of interest rate risk nor credit risk.

Manager Commentary

Globally, core inflation slowed considerably for most developed markets, but inflation remains above central bank targets. As a result, the European Central Bank (ECB) hiked another 50 basis points to an all-time high of 4% over the quarter while leaving the door open for future hikes despite sluggish economic growth in Europe. In the U.S., the Federal Reserve (Fed) hiked interest rates by 25 basis points in July and paused at the September meeting, bringing the federal funds rate target range to 5.25-5.0. The updated FOMC projections indicate policymakers are seeing stronger-than-expected economic growth and labour markets, which warrant higher prevailing interest rates in the near-term.

Performance

Despite cooling inflation and a strong start to the quarter, returns were mostly negative for fixed-income and equity markets, as rates reset to a “higher for longer” regime, bear steepening across developed markets. The strategy team materially reduced headline interest rate duration from 3 down to 1.5 early in the quarter, with underlying key rates reflecting a steepening bias. Positive performance for the third quarter was largely a result of the shift in interest rate duration, benefiting from both the decline in magnitude and curve positioning.

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 09 October 2023.