

MARCH 31, 2024

### Investment Strategy

The Payden Strategic Income Fund invests in a customized mix of fixed-income sectors, across the entire bond universe and maturity curve. This strategy invests in a diverse mix of securities across a multitude of sectors including: emerging-markets, high-yield and investment-grade corporates, and mortgage-backed and asset-backed securities, investing with a long-term outlook.

### Fund Highlights

- » Seeks income with a custom mix of investments across the yield curve.
- » Focuses on "best ideas" to uncover relative value opportunities globally, with the ability to invest anywhere.
- » Strategic investment horizon encourages a flexible and creative approach to structuring the portfolio.
- » The value of an investment will generally fall when interest rates rise.

### Performance<sup>A</sup>

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (05-08-14)
PAYDEN STRATEGIC INCOME FUND	0.99%	5.90%	1.12%	2.74%	-	2.72%
BLOOMBERG US AGGREGATE BOND INDEX	-0.78%	1.70%	-2.45%	0.36%	-	1.43%

### Calendar-Year Returns

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
7.42%	-6.62%	1.72%	6.19%	8.33%	-0.51%	4.24%	3.65%	1.78%	0.61%

### FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	May 08, 2014
TICKER:	PYSGX
CUSIP:	704329168
TOTAL NET ASSETS:	\$183.4 Million
INVESTMENT MINIMUM: <sup>B</sup>	\$100,000
IRA MINIMUM: <sup>B</sup>	\$100,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.440

### FUND STATISTICS

EFFECTIVE DURATION: <sup>C</sup>	3.7 Years
AVERAGE MATURITY:	5.5 Years
30-DAY SEC YIELD:	5.03%
30-DAY SEC YIELD: (UNSUBSIDIZED)	4.76%

### EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.87% <sup>D</sup>
WITH EXPENSE CAP:	0.66%

### PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	40
Kristin J. Ceva, PhD, CFA	35
Nigel Jenkins, ASIP	35
Natalie N. Trevithick, CFA	27
Timothy J. Crawmer, CFA	25

*Quoted performance data represent past performance, which does not guarantee future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. For the most recent month-end performance, which may be higher or lower than that quoted, visit our website at [payden.com](http://payden.com) or call 800 572-9336.*

## Role In Portfolio

Strategic Income – Appropriate for investors with a long-term investment horizon who seek higher income and diversification across the full bond universe.

## Investment Manager

Payden & Rygel is one of the largest privately-owned global investment firms. Founded in Los Angeles in 1983, we have served the needs of institutional and individual investors for over 40 years. We offer a wide array of investment strategies and vehicles, including fixed-income, equity, and balanced portfolios, which can be accessed through separately managed accounts as well as comingled funds. We are committed to providing investment solutions focused on each client's specific needs and objectives.

**Headquarters:** Los Angeles

**Founded:** 1983

**Assets Under Management:** \$162 billion  
(as of 03/31/24)

## Portfolio Characteristics & Market Commentary

### SECTOR ALLOCATION

U.S. Government	26%
Investment Grade Corporates	26%
Securitized	19%
High Yield	10%
Agency MBS	8%
Emerging Market Debt	6%
Muni	5%

### CREDIT ALLOCATION<sup>E</sup>

AAA	42%
AA	4%
A	9%
BBB	24%
BB	10%
B	3%
CCC	1%
Unrated	7%

### DURATION ALLOCATION

0-1 yr	30%
1-3 yrs	24%
3-5 yrs	20%
5-7 yrs	13%
7-10 yrs	9%
10+ yrs	4%

## Market

- » In March, a prevailing risk-on sentiment persisted, propelling several equity indices to record highs, and sustaining the rally in credit markets.
- » The U.S. Federal Reserve (Fed) Chair Jerome Powell affirmed expectations of future rate cuts, pending closer alignment of inflation with targets. February's Non-Farm Payroll report exceeded forecasts with 275,000 new jobs added, yet unemployment rose to 3.9%. This led to lower front-end yields and a weaker U.S. dollar. Additionally, the Consumer Price Index (CPI) came in at 3.2% year-on-year, slightly beating the expectations of 3.1%. Despite this, the Fed left interest rates unchanged at the recent Federal Open Market Committee (FOMC) meeting, with the dot plot indicating anticipation of three rate cuts by year-end, amidst a resilient macroeconomic landscape. U.S. Treasury yields tightened slightly, with the 10-year moving 0.05% lower to end the month at 4.20%.

## Outlook

- » The narrative around the landing of the U.S. economy has been a key driver of financial markets this year. Investors have coalesced around the view that the Fed has averted inflation from becoming entrenched and that the U.S. economy should experience a "soft-landing." We too agree that a soft-landing scenario is the most likely outcome. Against this backdrop, we believe risk assets should generate returns in excess of cash and outperform underlying government bonds, with yields being a significant component of returns.
- » While this view is shared by many market participants, there are a few areas where our expectations differ from current market prospects. First, we expect the Fed to start cutting interest rates in 2024, although as a central case we believe the Fed may start cutting later and by less than what markets are currently discounting. Second, we anticipate other major central banks (European Central Bank, Bank of England) will also start cutting this year, but we don't expect that cutting cycles will move directly in tandem with one another as currently priced in across central banks, given the rise of macro divergences should lead to different monetary policies. Third, we see a high level of complacency across most risk assets as indicated by current levels of valuations, investor positioning, and volatility indicators. We believe macro and asset volatilities are unlikely to stay at such low levels in 2024.

Payden Funds

## FOOTNOTES

<sup>A</sup> Returns less than one year are not annualized. <sup>B</sup> The minimum initial investment may be modified for certain financial intermediaries that submit trades on behalf of underlying investors. Payden Fund's distributor may lower or waive the minimum initial investment for certain categories of investors at their discretion. <sup>C</sup> Effective duration is a measure of the Fund's price sensitivity to changes in interest rates. <sup>D</sup> Total Annual Fund Operating Expenses include all direct operating expenses of the Fund, as well as 0.01% Acquired Fund Fees and Expenses incurred indirectly by the Fund through its investment in other mutual funds. Payden & Rygel has contractually agreed to limit Total Annual Fund Operating Expenses After Fee Waiver or Expense Reimbursement to 0.65%. This agreement has a one-year term ending February 28, 2025. Please note that the 0.65% expense level does not include Acquired Fund Fees and Expenses, interest, taxes, and extraordinary expenses. <sup>E</sup> Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest) and are subject to change. Security ratings are assigned using the highest rating of Moody's, S&P, and Fitch.

For more information and to obtain a prospectus or summary prospectus, visit [payden.com](http://payden.com) or call 800 572-9336. Before investing, investors should carefully read and consider investment objectives, risks, charges, expenses and other important information about the Fund, which is contained in these documents. Investment in foreign securities entails certain risks from investing in domestic securities, including changes in exchange rates, political changes, differences in reporting standards, and, for emerging-market securities, higher volatility. Investing in high-yield securities entails certain risks from investing in investment-grade securities, including higher volatility, greater credit risk, and the issues' more speculative nature. The Payden Funds are distributed through Payden & Rygel Distributors, member FINRA.