

**SEMI-ANNUAL  
REPORT**

**APRIL 30, 2010**

**PAYDEN/KRAVITZ**  
Cash Balance Plan Fund



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## Management Discussion & Analysis

For the six-month period ended April 30, 2010, the Payden/Kravitz Cash Balance Plan Fund Institutional Class (PKBIX) returned 2.69%, the Fund's Adviser Class (PKCBX) returned 2.56%, and the Fund's Retirement Class (PKCRX) returned 2.49%. For the same period, the return on the 30-Year U.S. Treasury Bond Yield, the Fund's benchmark was 1.94%.

The primary contributors to the Fund's performance for the six-month period ended April 30, 2010 have been our allocation to investment grade corporate bonds, high-yield corporate bonds and securitized debt. In the first quarter of 2010, the Adviser increased the allocation to these sectors, all of which have been positive contributors. In an effort to neutralize interest rate exposure, the portfolio duration is hedged using interest rate futures. Looking forward, the Adviser will continue to actively manage credit sectors for value and opportunity, while managing interest rate duration to reflect our macroeconomic forecasts.

## Performance Summary

### *Credit Quality - percent of value*

AAA	33%
AA	9%
A	9%
BBB	17%
BB and below	32%

### *Portfolio Composition - percent of value*

Corporate	69%
Mortgage Backed	12%
U.S. Treasury	6%
U.S. Government Agency	4%
Other	9%

# Schedule of Investments

April 30, 2010

Principal or Shares	Security Description	Value (000)
<b>Bonds (95%)</b>		
<b>Asset Backed (4%)</b>		
667,062	HSI Asset Securitization Corp., 0.32%, 5/25/37	\$631
993,359	Residential Asset Mortgage Products Inc., 4.62%, 3/25/33	964
		1,595
<b>Corporate (66%)</b>		
50,000	Abbott Laboratories, 5.60%, 5/15/11	52
150,000	AES Corp., 8.00%, 6/1/20	154
145,000	Alliance One International Inc. 144A, 10.00%, 7/15/16 (b)	154
145,000	Ameristar Casinos Inc., 9.25%, 6/1/14	153
150,000	Amsted Industries 144A, 8.12%, 3/15/18 (b)	151
145,000	Aramark Corp., 8.50%, 2/1/15	149
130,000	AstraZeneca PLC, 5.40%, 9/15/12	143
250,000	Avis Budget Car Rental 144A, 9.62%, 3/15/18 (b)	271
100,000	B&G Foods Inc., 7.62%, 1/15/18	103
120,000	Banco do Brasil 144A, 6.00%, 1/22/20 (b)	123
165,000	Bank of America Corp., 4.25%, 10/1/10	167
75,000	Bank of America Corp., 4.50%, 4/1/15	76
50,000	Bank of New York Mellon Corp., 4.95%, 11/1/12	54
140,000	Bausch & Lomb Inc., 9.875%, 11/1/15	149
170,000	Baxter International Inc., 1.80%, 3/15/13	170
130,000	Boeing Capital Corp., 6.50%, 2/15/12	142
150,000	Boise Paper Holdings 144A, 8.00%, 4/1/20 (b)	155
145,000	Burlington Coat Factory Warehouse Corp., 11.125%, 4/15/14	153
145,000	Cablevision Systems Corp. 144A, 8.625%, 9/15/17 (b)	154
135,000	Campbell Soup Co., 6.75%, 2/15/11	142
150,000	Canadian National Resources Ltd., 4.90%, 12/1/14	161
100,000	Caterpillar Financial Services Corp., 5.75%, 2/15/12	108
140,000	Cellco Partnership, 5.25%, 2/1/12	149
130,000	Centrais Eletricas Brasileiras SA 144A, 6.875%, 7/30/19 (b)	142
150,000	Central Garden & Pet Co., 8.25%, 3/1/18	154
140,000	Chevron Corp., 3.45%, 3/3/12	147
145,000	CHS/Community Health Systems Inc., 8.875%, 7/15/15	153
150,000	Cincinnati Bell Inc., 8.75%, 3/15/18	153
50,000	Cisco Systems Inc., 5.25%, 2/22/11	52
140,000	Comcast Cable Communications LLC, 6.75%, 1/30/11	146
140,000	Commercial Bank of Qatar 144A, 5.00%, 11/18/14 (b)	142
130,000	Conoco Funding Co., 6.35%, 10/15/11	140
145,000	Constellation Brands Inc., 7.25%, 9/1/16	150
155,000	Costco Wholesale Corp., 5.30%, 3/15/12	166
145,000	Cox Communications Inc., 5.45%, 12/15/14	159
95,000	Credit Suisse AG, 5.40%, 1/14/20	97
1,800,000	Credit Suisse Nassau, 0.00%, 5/25/10 (d)	322
50,000	Credit Suisse New York, 6.00%, 2/15/18	54
50,000	Credit Suisse USA Inc., 6.125%, 11/15/11	53
160,000	CVS Caremark Corp., 5.75%, 8/15/11	169
140,000	Daimler Finance North America LLC, 4.875%, 6/15/10	141
240,000	Daimler Finance North America LLC, 5.87%, 3/15/11	249
150,000	DaVita Inc., 6.625%, 3/15/13	152
145,000	Del Monte Corp. 144A, 7.50%, 10/15/19 (b)	154
148,000	Denbury Resources Inc., 8.25%, 2/15/20	159
130,000	Deutsche Telekom International Finance BV, 8.50%, 6/15/10	131
130,000	Devon Financing Corp. ULC, 6.875%, 9/30/11	140
370,000	DirecTV Holdings LLC, 4.75%, 10/1/14	392
145,000	Dish DBS Corp., 6.625%, 10/1/14	147
145,000	Diversy Inc. 144A, 8.25%, 11/15/19 (b)	153
50,000	Duke Energy Ohio Inc., 5.70%, 9/15/12	54
155,000	Dynegy Holdings Inc., 8.37%, 5/1/16	137
140,000	Ecopetrol SA, 7.625%, 7/23/19	157
150,000	Embraer Overseas Ltd., 6.375%, 1/15/20	154

Principal or Shares	Security Description	Value (000)
150,000	Equinix Inc., 8.12%, 3/1/18	157
155,000	Exelon Corp., 4.90%, 6/15/15	164
150,000	Express LLC 144A, 8.75%, 3/1/18 (b)	155
150,000	Ford Motor Credit Co. LLC, 7.00%, 10/1/13	155
150,000	Fortune Brands Inc., 3.00%, 6/1/12	152
135,000	General Electric Capital Corp., 3.75%, 11/14/14	139
250,000	General Electric Capital Corp., 6.125%, 2/22/11	261
130,000	General Mills Inc., 6.00%, 2/15/12	141
145,000	Georgia-Pacific LLC 144A, 7.125%, 1/15/17 (b)	154
130,000	GlaxoSmithKline Capital Inc., 4.85%, 5/15/13	142
160,000	GMAC Inc., 7.50%, 12/31/13	164
50,000	Goldman Sachs Group Inc, 6.875%, 1/15/11	52
145,000	Goldman Sachs Group Inc., 6.00%, 5/1/14	156
145,000	Goodyear Tire & Rubber Co., 9.00%, 7/1/15	152
100,000	Grupo Televisa SA, 6.00%, 5/15/18	107
100,000	Hanesbrands Inc., 8.00%, 12/15/16	105
140,000	HCA Inc., 9.25%, 11/15/16	152
145,000	Hertz Corp., 8.875%, 1/1/14	150
90,000	Hewlett-Packard Co., 4.25%, 2/24/12	95
50,000	Hewlett-Packard Co., 5.25%, 3/1/12	54
145,000	Home Depot Inc., 5.40%, 3/1/16	159
150,000	Host Hotels & Resorts LP, 7.125%, 11/1/13	153
130,000	IBM Corp., 4.75%, 11/29/12	141
170,000	Icahn Enterprises 144A, 7.75%, 1/15/16 (b)	166
240,000	ICICI Bank Ltd. 144A, 5.50%, 3/25/15 (b)	248
145,000	Ingersoll-Rand Global Holding Co. Ltd., 6.00%, 8/15/13	160
145,000	Ingles Markets Inc., 8.875%, 5/15/17	154
145,000	Intelsat Corp., 9.25%, 8/15/14	151
150,000	Iron Mountain Inc., 7.75%, 1/15/15	152
150,000	Jarden Corp., 7.50%, 5/1/17	154
140,000	JBS SA 144A, 10.50%, 8/4/16 (b)	155
50,000	John Deere Capital Corp., 7.00%, 3/15/12	55
50,000	Johnson & Johnson, 5.15%, 8/15/12	55
210,000	JPMorgan Chase & Co., 3.70%, 1/20/15	215
50,000	JPMorgan Chase & Co., 5.60%, 6/1/11	52
140,000	KazMunaiGaz Finance Sub. BV, 8.375%, 7/2/13 (e)	157
130,000	Kellogg Co., 6.60%, 4/1/11	137
130,000	Kroger Co., 6.75%, 4/15/12	142
150,000	Landwirtschaftliche Rentenbank, 3.12%, 7/15/15	152
125,000	LBI Escrow Corp. 144A, 8.00%, 11/1/17 (b)	130
150,000	Lear Corp., 7.87%, 3/15/18	154
160,000	Lennar Corp., 5.60%, 5/31/15	154
150,000	Libbey Glass Inc. 144A, 10.00%, 2/15/15 (b)	159
165,000	Life Technologies Corp., 6.00%, 3/1/20	174
150,000	Linn Energy LLC 144A, 8.62%, 4/15/20 (b)	156
225,000	Lloyds TSB Bank PLC 144A, 4.37%, 1/12/15 (b)	224
100,000	Lukoil International Finance BV 144A, 7.25%, 11/5/19 (b)	105
300,000	Macquarie Bank Ltd., 0.36%, 7/26/10	300
150,000	Macy's Retail Holdings Inc., 5.90%, 12/1/16	155
155,000	Masco Corp., 6.125%, 10/3/16	159
270,000	Metropolitan Life Global Funding 144A, 0.79%, 4/10/12 (b)	270
145,000	MetroPCS Wireless Inc., 9.25%, 11/1/14	151
150,000	MGM Mirage 144A, 9.00%, 3/15/20 (b)	158
90,000	MidAmerican Energy Holdings, 5.875%, 10/1/12	99
130,000	Morgan Stanley Bank AG for OAO Gazprom, 9.625%, 3/1/13 (e)	149
150,000	Morgan Stanley, 4.10%, 1/26/15	148
150,000	National Australia Bank Ltd. 144A, 0.77%, 1/8/13 (b)	150
145,000	Navios Maritime Holdings Inc. 144A, 8.875%, 11/1/17 (b)	152
145,000	Navistar International Corp., 8.25%, 11/1/21	154
95,000	NASDAQ OMX Group Inc., 5.55%, 1/15/20	97

See notes to financial statements.

# Schedule of Investments

Principal or Shares	Security Description	Value (000)
180,000	NBC Universal Inc. 144A, 3.65%, 4/30/15 (b)	182
160,000	Newfield Exploration Co., 6.875%, 2/1/20	162
150,000	Niska Gas Storage 144A, 8.87%, 3/15/18 (b)	157
140,000	Noble Group Ltd. 144A, 6.75%, 1/29/20 (b)	145
160,000	Nova Chemicals Corp. 144A, 8.375%, 11/1/16 (b)	167
150,000	NRG Energy Inc., 7.375%, 2/1/16	149
145,000	NRG Energy Inc., 8.50%, 6/15/19	148
155,000	Omnicare Inc., 6.875%, 12/15/15	156
50,000	Oracle Corp., 5.00%, 1/15/11	52
150,000	Overseas Shipholding Group, Inc., 8.12%, 3/30/18	154
145,000	Penn National Gaming Inc. 144A, 8.75%, 8/15/19 (b)	152
150,000	Petroleos Mexicanos 144A, 6.00%, 3/5/20 (b)	155
140,000	Petronas Capital Ltd., 7.00%, 5/22/12 (e)	154
100,000	Pfizer Inc., 4.45%, 3/15/12	106
150,000	Pinnacle Entertainment 144A, 8.75%, 5/15/20 (b)	150
145,000	Pinnacle Foods Finance LLC, 10.625%, 4/1/17	157
160,000	Plains Exploration & Production Co., 7.00%, 3/15/17	159
240,000	Potash Corp. of Saskatchewan Inc., 3.75%, 9/30/15	249
170,000	ProLogis, 6.87%, 3/15/20	169
200,000	Prudential Financial Inc., 2.75%, 1/14/13	201
110,000	Prudential Financial Inc., 3.625%, 9/17/12	113
150,000	Qtel International Finance Ltd. 144A, 6.50%, 6/10/14 (b)	164
150,000	Qwest Communications International Inc., 7.50%, 2/15/14	153
170,000	Rabobank Nederland NV NY 144A, 3.20%, 3/11/15 (b)	171
145,000	Rio Tinto Finance USA Ltd., 5.875%, 7/15/13	160
70,000	Roche Holdings Inc. 144A, 4.50%, 3/1/12 (b)	74
130,000	Rogers Communications Inc., 9.625%, 5/1/11	140
141,000	Royal Bank of Canada, 5.65%, 7/20/11	149
140,000	Safeway Inc., 5.80%, 8/15/12	153
100,000	SandRidge Energy Inc. 144A, 8.75%, 1/15/20 (b)	101
200,000	Santander U.S. Debt SA Unipersonal 144A, 2.48%, 1/18/13 (b)	197
150,000	Sealy Mattress Co., 8.25%, 6/15/14	152
350,000	Shell International Finance, 1.87%, 3/25/13	352
150,000	Solutia Inc., 7.87%, 3/15/20	156
150,000	Sonic Automotive Inc. 144A, 9.00%, 3/15/18 (b)	157
145,000	Sprint Capital Corp., 8.375%, 3/15/12	154
100,000	State of Qatar 144A, 4.00%, 1/20/15 (b)	103
150,000	Steel Dynamics Inc. 144A, 7.62%, 3/15/20 (b)	156
150,000	Suburban Propane Partners, 7.37%, 3/15/20	154
140,000	Telecom Italia Capital, 4.875%, 10/1/10	142
155,000	Tesoro Corp., 6.625%, 11/1/15	152
50,000	Textron Financial Corp., 4.60%, 5/3/10	50
150,000	Time Warner Cable Inc., 5.40%, 7/2/12	162
135,000	Time Warner Inc., 5.50%, 11/15/11	143
150,000	TW Telecom Holdings Inc. 144A, 8.00%, 3/1/18 (b)	156
50,000	Unilever Capital Corp., 7.125%, 11/1/10	52
150,000	United States Steel Corp., 7.37%, 4/1/20	155
140,000	Vale Overseas Ltd., 6.25%, 1/23/17	154
150,000	Valero Energy Corp., 4.50%, 2/1/15	154
150,000	Vedanta Resources PLC 144A, 9.50%, 7/18/18 (b)	165
50,000	Verizon Global Funding Corp., 7.25%, 12/1/10	52
150,000	Viacom Inc., 4.375%, 9/15/14	158
140,000	VimpelCom, 9.125%, 4/30/18 (e)	162
50,000	Vodafone Group PLC, 5.50%, 6/15/11	52
175,000	Vornado Realty LP, 4.25%, 4/1/15	175
157,000	Wachovia Corp., 5.30%, 10/15/11	165
120,000	Wal-Mart Stores Inc., 2.87%, 4/1/15	121
50,000	Wal-Mart Stores Inc., 4.125%, 7/1/10	50
130,000	Walt Disney Co., 6.375%, 3/1/12	142
50,000	Waste Management, Inc., 7.375%, 8/1/10	51

Principal or Shares	Security Description	Value (000)
135,000	Watson Pharmaceuticals Inc., 5.00%, 8/15/14	142
160,000	Westpac Banking Corp. 144A, 0.84%, 4/8/13 (b)	160
170,000	Westpac Banking Corp., 2.25%, 11/19/12	172
160,000	Wyeth, 6.95%, 3/15/11	169
155,000	Wynn Las Vegas LLC 144A, 7.87%, 5/1/20 (b)	157
200,000	Yale University, 2.90%, 10/15/14	204
		<b>26,615</b>
<b>FDIC Guaranteed (0%)</b>		
70,000	JPMorgan Chase & Co., 1.65%, 2/23/11	71
<b>Foreign Government (3%)</b>		
2,000,000	Barclays Bank PLC, 0.00%, 7/1/10 (d)	355
142,087	Dominican Republic International Bond, 9.04%, 1/23/18 (e)	159
150,000	Export-Import Bank of Korea, 5.875%, 1/14/15	163
400,000	Poland Government Bond, 5.50%, 10/25/19 (d)	135
100,000	Republic of Ghana, 8.50%, 10/4/17 (e)	112
100,000	Republic of Uruguay, 9.25%, 5/17/17	128
		<b>1,052</b>
<b>Foreign Government Guaranteed (1%)</b>		
165,000	Societe Financement de l'Economie Francaise 144A, 2.00%, 2/25/11 (b)	167
<b>Mortgage Backed (11%)</b>		
80,840	Banc of America Commercial Mortgage Inc., 5.18%, 9/10/47	82
87,168	CS First Boston Mortgage Securities Corp., 4.302%, 7/15/36	87
419,923	G2 4316 30YR, 6.00%, 12/20/38	452
366,790	G2 4345 30YR, 6.50%, 1/20/39	399
258,793	GN 697858 30YR, 6.00%, 2/15/39	278
300,000	GS Mortgage Securities Corp., 5.51%, 4/10/38	305
544,157	HSBC Home Equity Loan Trust, 0.36%, 3/20/36	538
272,562	Morgan Stanley Capital I, 4.92%, 10/12/52	274
440,184	Morgan Stanley Mortgage Loan Trust, 3.46%, 1/25/35	319
679,506	WaMu Mortgage Pass Through Certificates, 5.60%, 6/25/37	511
704,237	WaMu Mortgage Pass Through Certificates, 5.79%, 7/25/37	507
901,387	WaMu Mortgage Pass Through Certificates, 6.03%, 10/25/36	813
		<b>4,565</b>
<b>U.S. Government Agency (4%)</b>		
400,000	FHLMC, 1.62%, 4/15/13	400
200,000	FFCB Disc Note, 0.55%, 6/11/10 (c)	200
1,000,000	FNMA Disc Note, 0.18%, 7/7/10 (c)	1,000
		<b>1,600</b>
<b>U.S. Treasury (6%)</b>		
350,000	U.S. Treasury Note, 0.875%, 2/28/11 (f)	351
10,000	U.S. Treasury Note, 2.75%, 2/15/19	9
120,000	U.S. Treasury Note, 3.125%, 5/15/19	116
1,900,000	U.S. Treasury Bill, 0.13%, 5/20/10 (c)	1,900
		<b>2,376</b>
<b>Total Bonds (Cost-\$37,119)</b>		
<b>38,041</b>		
<b>Common Stocks (Cost-\$337) (1%)</b>		
1,000	Chipotle Mexican Grill, Inc.	135
6,700	Verizon Communications Inc.	194
		<b>329</b>
<b>Investment Company (Cost-\$514) (1%)</b>		
514,172	Payden Cash Reserves Money Market Fund *	514
<b>Total (Cost-\$37,970) (a) (97%)</b>		
<b>38,884</b>		
<b>Other Assets, net of Liabilities (3%)</b>		
<b>1,240</b>		
<b>Net Assets (100%)</b>		
<b>\$40,124</b>		

\* Affiliated investment

# Schedule of Investments

Principal or Shares	Security Description	Value (000)
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All of the securities, except the Cash Reserves Money Market Fund, are held by the custodian in a segregated account.

(a) Unrealized appreciation (depreciation) of securities is as follows:

Unrealized appreciation	\$985
Unrealized depreciation	<u>(71)</u>
Net unrealized appreciation	<u>\$914</u>

(b) Security offered only to qualified institutional investors, and thus is not registered for sale to the public under rule 144A of the Securities Act of 1933. It has been deemed liquid under guidelines approved by the Board.

(c) Yield to maturity at time of purchase.

(d) Par in foreign currency.

(e) Security offered and sold outside of the United States, and thus is exempt from registration under Registration S of the Securities Act of 1933. It has been deemed liquid under guidelines approved by the Board.

(f) All or a portion of the securities are pledged as collateral to cover open futures contract margin requirements.

## Open Forward Currency Contracts to USD

Delivery Date	Buy/Sell	Currency	Contract Amount (000s)	Unrealized Appreciation (Depreciation) (000s)
<b>Assets:</b>				
6/23/10	Buy	Brazilian Real	600	\$15
7/15/10	Buy	Brazilian Real	484	7
5/13/10	Sell	Euro	186	2
6/16/10	Sell	Euro	473	13
6/24/10	Sell	Euro	132	1
7/14/10	Sell	Euro	214	-
6/22/10	Buy	Indian Rupee	8,020	5
7/29/10	Buy	Indonesian Rupiah	1,625,000	4
7/29/10	Sell	Japanese Yen	66,400	9
5/13/10	Buy	Mexican New Peso	1,430	10
7/29/10	Buy	Philippine Peso	5,670	2
6/22/10	Buy	South Korean Won	300,000	8
				<u>\$76</u>
<b>Liabilities:</b>				
6/28/10	Sell	British Pound	120	\$(5)
7/14/10	Buy	Israeli Shekel	872	(2)
6/24/10	Buy	Polish Zloty	115	(1)
6/16/10	Buy	Swedish Krona	4,573	(9)
				<u>\$(17)</u>

## Open Futures Contracts

Number of Contracts	Contract Type	Expiration Date	Current Value (000s)	Unrealized (Depreciation) (000s)
25	U.S. Treasury 2 Year Note Future	Jun-10	\$5,439	\$(20)
29	U.S. Treasury 5 Year Note Future	Jun-10	3,360	(19)
10	U.S. Treasury 10 Year Note Future	Jun-10	1,179	(21)
				<u>\$(60)</u>

## Open Swap Contracts (000s)

Contract Type	Fund (Pays)	Expiration Date	Notional Principal	Unrealized Appreciation (Depreciation)
<b>Asset:</b>				
Federal Republic of Germany	(0.25)%	Jun-15	\$1,000	\$7
<b>Liabilities:</b>				
Interest Rate Swap	(1.12)%	Jan-12	\$10,000	\$(41)
Government of France	(0.25)%	Jun-15	1,000	(12)
				<u>\$(53)</u>

See notes to financial statements.

# Statement of Assets & Liabilities

April 30, 2010  
Numbers in 000s

	Payden/Kravitz Cash Balance Plan Fund
<b>ASSETS:</b>	
Investments, at value* .....	\$38,370
Affiliated investments, at value ** .....	514
Unrealized appreciation on forward currency exchange contracts (Note 2).....	76
Unrealized appreciation on swap contracts (Note 2) .....	7
Receivable for:	
Interest and dividends .....	430
Investments sold.....	64
Fund shares sold.....	874
Receivable from Adviser (Note 3).....	54
Other assets .....	24
<b>Total Assets</b> .....	<b>40,413</b>
<b>LIABILITIES:</b>	
Payable for:	
Investments purchased .....	150
Futures .....	19
Accrued expenses:	
Administration fees (Note 3) .....	5
Unrealized appreciation on forward currency exchange contracts (Note 2).....	17
Unrealized appreciation on swap contracts--Note 4 .....	53
Other liabilities .....	45
<b>Total Liabilities</b> .....	<b>289</b>
<b>NET ASSETS</b> .....	<b>\$40,124</b>
<b>NET ASSETS:</b>	
Paid in capital .....	\$38,886
Undistributed net investment income .....	299
Undistributed net realized gains from investments .....	72
Net unrealized appreciation from:	
Investments.....	808
Translation of assets and liabilities in foreign currencies .....	59
<b>NET ASSETS</b> .....	<b>\$40,124</b>

## Net Asset Value Per Share

	Institutional Class	Adviser Class	Retirement Class
Net Assets (000s)	\$ 13,124	\$ 24,509	\$ 2,491
Outstanding shares of beneficial interest (000s)	1,239	2,321	241.2
<b>NET ASSET VALUE - offering and redemption price per share in whole dollars</b>	<b>\$ 10.59</b>	<b>\$ 10.56</b>	<b>\$ 10.33</b>

\* Investments, at cost

\$37,456

\*\* Affiliated investments, at cost

\$514

# Statement of Operations

Period ended April 30, 2010

Dollars in 000s

	Payden/Kravitz Cash Balance Plan Fund
<b>INVESTMENT INCOME:</b>	
Interest income (Note 2).....	\$539
Investment Income .....	539
<b>EXPENSES:</b>	
Investment advisory fees (Note 3) .....	175
Administration fees (Note 3) .....	24
Shareholder servicing fees.....	17
Distribution fees (Note 3) .....	29
Custodian fees .....	9
Transfer agent fees .....	21
Registration and filing fees.....	8
Trustee fees and expenses .....	1
Printing and mailing costs .....	2
Legal fees.....	1
Publication expense .....	1
Pricing fees.....	4
Fund accounting fees .....	17
Insurance.....	1
Audit fees.....	12
Gross Expenses .....	322
Expense subsidy (Note 3).....	(94)
Net Expenses.....	228
Net Investment Income .....	311
<b>REALIZED AND UNREALIZED GAINS (LOSSES):</b>	
Net realized gains (losses) from:	
Investments.....	12
Foreign currency transactions.....	72
Futures contracts.....	(39)
Swap contracts .....	(19)
Change in net unrealized appreciation (depreciation) from:	
Investments.....	601
Translation of assets and liabilities in foreign currencies .....	54
Futures contracts.....	(9)
Swap contracts .....	(46)
Net Realized and Unrealized Gains (Losses) .....	626
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$937

See notes to financial statements.

# Statements of Changes in Net Assets

Six months ended April 30, 2010 and for the period ended October 31, 2009  
Numbers in 000s

	2010	2009 <sup>(1)</sup>
<b>INCREASE (DECREASE) IN NET ASSETS:</b>		
<b>FROM OPERATIONS:</b>		
Net investment income (loss) .....	\$311	\$218
Net realized gains (losses) on investments .....	26	196
Change in net unrealized appreciation/(depreciation) .....	600	265
Change in Net Assets Resulting from Operations .....	937	679
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net investment income:		
Institutional Class .....	(129)	(30)
Adviser Class .....	(68)	(57)
Retirement Class .....	(7)	-
Net realized gains from investments:		
Institutional Class .....	(60)	(13)
Adviser Class .....	(31)	(34)
Retirement Class .....	(3)	-
Change in Net Assets from Distributions to Shareholders .....	(298)	(134)
<b>FROM CAPITAL TRANSACTIONS:</b>		
Proceeds from fund shares sold:		
Institutional Class .....	9,552	6,440
Adviser Class .....	4,657	10,772
Retirement Class .....	1,618	830
Reinvestment of distributions:		
Institutional Class .....	180	43
Adviser Class .....	99	91
Retirement Class .....	10	-
Cost of fund shares redeemed:		
Institutional Class .....	(3,865)	(862)
Adviser Class .....	(1,026)	(837)
Retirement Class .....	(2)	-
Change in Net Assets from Capital Transactions .....	11,223	16,477
Total Change in Net Assets .....	11,862	17,022
<b>NET ASSETS:</b>		
Beginning of period .....	28,262	11,240
End of period .....	\$40,124	\$28,262
Accumulated net investment income .....	\$299	\$192
<b>FUND SHARES OF BENEFICIAL INTEREST:</b>		
Institutional Class		
Outstanding shares at beginning of period .....	883	336
Shares sold .....	446	626
Shares issued in reinvestment of distributions .....	10	4
Shares redeemed .....	(100)	(83)
Change in shares outstanding .....	356	547
Outstanding shares at end of period .....	1,239	883
Adviser Class		
Outstanding shares at beginning of period .....	1,753	782
Shares sold .....	925	1,044
Shares issued in reinvestment of distributions .....	17	9
Shares redeemed .....	(374)	(82)
Change in shares outstanding .....	568	971
Outstanding shares at end of period .....	2,321	1,753
Retirement Class		
Outstanding shares at beginning of period .....	82	-
Shares sold .....	158	82
Shares issued in reinvestment of distributions .....	1	-
Change in shares outstanding .....	159	82
Outstanding shares at end of period .....	241	82
Purchase of investments (excluding government) .....	\$35,737	\$10,127
Sale of investments (excluding government) .....	10,005	6,342
Purchase of government securities .....	10,930	7,735
Sale of government securities .....	11,080	4,313

# Notes to Financial Statements

April 30, 2010

## 1. ORGANIZATION AND RELATED MATTERS

The Payden & Rygel Investment Group (the “Group”) is a no-load, open-end registered investment company organized as a Massachusetts business trust on January 22, 1992 and registered under the Investment Company Act of 1940 (the “1940 Act”), as amended. Each of its seventeen funds (each a “Fund,” collectively the “Funds”) is a series of the Group, and is authorized to issue unlimited shares at \$0.001 par value. This report contains only the Payden/Kravitz Cash Balance Plan Fund. The other sixteen Funds are contained in a separate report.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. Each Fund’s financial statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### *Securities Valuation*

Domestic and foreign fixed income securities and other assets for which market quotations are readily available (other than obligations with original maturities of sixty days or less) are valued on the basis of quotes obtained from brokers and dealers or pricing services. Such quotations take into account appropriate factors such as institutional-sized trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data. Debt securities with maturities of sixty days or less are valued at amortized cost, which approximates fair value. Investments in investment companies are valued at their net asset values as reported by such companies.

Publicly traded equity securities, whether in the U.S. or outside the U.S., for which market quotations are readily available generally will be valued at the official closing price or the last sale price on the exchange or market where they are principally traded, or if there have been no sales during the day, at the last bid price. Securities traded only on the over-the-counter market are valued at the latest bid price.

Options, futures, swaps and other similar assets are valued at the official closing price in the case of exchange traded derivatives or on the basis of information provided by the institution with which the Fund entered into the transaction in the case of other securities.

Fixed income or equity securities for which market quotations are not readily available are priced at their fair value as determined in good faith under procedures established by the Valuation and Liquidity Guidelines applicable to the Fund. In considering fair value of a security, one or more factors are taken into consideration depending on the circumstances at the time, including for example: the cost of the security or the last reported sales price of the security as a starting point; changes in interest rates; changes in yield spreads of similarly rated or structured securities; fundamental analytical information relating to the security; the value of other similar securities traded on other markets or among dealers; the general financial condition of the issuer; recent developments affecting the issuer; information, including price quotations, from other financial institutions or analysts; or government actions or pronouncements and other significant events affecting the economy, the markets, the fundamental value of the issuer or of the issuer’s industry.

Fair value pricing may occur when (1) developments occur (a “significant event”) that will affect the value of the Fund’s holdings, and (2) the significant event occurs after the close of the market on which the securities trade, but before the time when the net asset value is computed for the Fund. A significant event may relate to a single issuer or an entire market.

### *Concentration of Risk*

Unforeseen events in the markets may at times result in an unusually high degree of volatility in the markets, which could adversely affect the fund causing a decline in value.

Investing in debt securities may include failure of an issuer to make timely interest or principal payments, or a decline or the perception of a decline in credit quality. In addition the value of the debt security may decline due to general market conditions that are not specifically related to a particular company including industry earnings outlook, changes in interest or currency rates or perception of a specific industry.

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

### *Investment Transactions and Related Income*

Investment transactions are accounted for on the date the security is purchased or sold (trade date). Interest income is recognized on an accrual basis. Premiums and discounts are amortized or accreted over the expected life of the security, using the effective interest method. Dividend income is recorded on the ex-dividend date. Realized gains or losses on investment transactions are determined on the identified cost basis.

### *Foreign Currency Translation*

The accounting records of the Fund are maintained in U.S. dollars. The Fund may purchase securities that are denominated in foreign currencies. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rates. Purchases and sales of securities, income and expenses are translated into U.S. dollars at the exchange rates on the dates of the respective transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates from the fluctuations arising from changes in security prices.

Reported net realized foreign exchange gains or losses arise from sales and maturities of securities, purchases and sales of foreign currencies, currency gains or losses realized between the trade and settlement dates of securities transactions, and the differences between the amounts of income or expenses recorded on the Fund's books and the U.S. dollar equivalents of the amounts actually received or paid. Net unrealized appreciation/depreciation from translation of assets and liabilities denominated in foreign currency arise from changes in the value of assets and liabilities resulting from changes in the foreign exchange rates.

### *Repurchase Agreements*

The Fund may enter into repurchase agreements (agreements to purchase U.S. Treasury notes and bills, subject to the seller's agreement to repurchase them at a specified time and price) with well-established registered securities dealers or banks. Repurchase agreements are the equivalent of loans by the Fund. With respect to such agreements, it is the Fund's policy to take possession of the underlying securities, except for tri-party agreements where an independent custodian takes possession. On a daily basis the Fund or tri-party custodian mark-to-market such securities to ensure that the value, including accrued interest, is at least equal to the amount to be repaid to the Fund under each agreement. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

### *Forward Currency Contracts*

The Fund may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. The Fund enters into forward contracts to protect against adverse currency movements. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the contract settlement date, or an offsetting forward foreign currency contract has been executed, at which time the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risk may arise upon entering into these contracts from potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

### *Options Transactions*

Option techniques may be utilized by the Fund to hedge against changes in interest rates, foreign currency exchange rates or security prices in order to establish more definitely the effective return on securities or currencies held or intended to be acquired by the Fund, to reduce the volatility of the currency exposure associated with investment in non-U.S. securities, or as an efficient means of adjusting exposure to the bond, equity and currency markets. In addition, the Fund may enter into such transactions to enhance potential gain in circumstances where hedging is not involved.

When the Fund writes a covered call or put option, an amount equal to the premium received is reflected as an asset and equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current value of the option. If

## Notes to Financial Statements (con't)

an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, a gain or loss is realized. If a written call option is exercised, a gain or loss is realized for the sale of the underlying security and the proceeds from the sale are increased by the premium originally received. If a written put option is exercised, the cost of the security acquired is decreased by the premium originally received. As writer of an option, the Fund has no control over whether the underlying securities are subsequently sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option.

When the Fund purchases a call or put option, an amount equal to the premium paid is included in the Fund's statement of assets and liabilities as an investment, and is subsequently marked-to-market to reflect the current value of the option. If an option expires on the stipulated expiration date or if a Fund enters into a closing sale transaction, a gain or loss is realized. If the Fund exercises a call option, the cost of the security acquired is increased by the premium paid for the call. If the Fund exercises a put option, a gain or loss is realized from the sale of the underlying security, and the proceeds from such sale are decreased by the premium originally paid. Written and purchased options are non-income producing securities.

### *Futures Contracts*

The Fund may invest in futures contracts to hedge against anticipated future changes in interest or exchange rates or security prices. In addition, the Fund may enter into such transactions to enhance potential gain in circumstances where hedging is not involved.

The purchase or sale of futures contracts and options on futures contracts provides for the future sale by one party and purchase by another party of a specified quantity of a financial instrument or foreign currency at a fixed price on a future date. Upon entering into such a contract, the Fund is required to deposit and maintain as collateral such initial margin as required by the exchange on which the contract is traded. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount equal to the daily fluctuations in the value of the contract. Such receipts or payments are known as variation margin and are recorded as unrealized gains or losses by the Fund. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The potential risk to the Fund is that the change in value of the underlying securities may not correlate to the change in value of the contracts.

The Fund may invest in stock index futures contracts, which are an agreement pursuant to which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. Variation margin accounting procedures apply to these index futures contracts. The Fund invests in these futures contracts to permit the Fund to meet its objectives at a lower cost than investing directly in equity securities, while permitting the equivalent of an investment in a portfolio of equity securities. The potential risk to the Fund is that the change in value of the underlying index may not correlate to the change in the value of the contracts.

### *Swap Contracts*

The Fund may enter into interest rate swap agreements for a variety of reasons, including to hedge certain markets, to protect against adverse interest rate movements, to provide a substitute for purchasing or selling a security, or to increase potential returns. Changes in value are recorded as unrealized appreciation (depreciation) and realized gain (loss) is recorded at termination of the contract.

For interest rate swaps the Fund and the counterparty have agreed to exchange interest payments based on a notional principal amount.

Fund Pays	Fund Receives	Counterparty
1.12%	3M LIBOR	UBS Warburg

For credit default swaps the counterparty has agreed to receive from the Fund an annuity premium based on a notional principal amount. The annuity premium is paid until a credit event relating to the security occurs or until the agreement expires. If a credit event does occur the counterparty will pay the Fund the difference between the notional amount at par and the recovery value.

Reference Obligation	Fund Pays	Counterparty
Federal Republic of Germany, 6%, 6/20/16	0.25%	Royal Bank
Government of France, 4.25%, 4/25/19	0.25%	Royal Bank

### *TBA Sale Commitments*

The Fund may enter into TBA sale commitments, such as dollar roll agreements, to hedge its portfolio position or to sell mortgage-backed securities it owns under delayed delivery arrangements. Proceeds from TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment deliverable on or before the sale commitment date, are held as “cover” for the transaction.

Unsettled TBA sale commitments are valued at approximately the current value of the underlying securities. The contract is “marked-to-market” daily and the change in the value is recorded by the Fund as an unrealized gain or loss. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realizes a gain or loss from the sale of the securities based upon the unit price established at the date the Fund entered the commitment.

### *Derivatives and Hedging*

The following tables show the Fund’s exposure to different types of market risk as it relates to the statement of assets and liabilities and the statement of operations.

Each Fund adopted the provisions of ASC Topic 815 “Derivatives and Hedging” which requires qualitative disclosures about objectives and strategies for using derivatives about fair value amounts of gains and losses on derivative instruments and disclosures about credit risk related contingent features in derivative agreements.

Statement of Assets and Liabilities  
Fair Values of Derivative Instruments (000s)

Underlying Risk	Derivative Assets	Derivative Liabilities
Interest rate <sup>1,4,5</sup>	\$ 7	\$ (113)
Foreign currency <sup>2,3</sup>	76	(17)
Total	\$ 83	\$ (130)

<sup>1</sup> Includes cumulative appreciation/depreciation of futures contracts as reported in Schedule of Investments. Only current day’s variation margin is reported within the Statement of Assets and Liabilities as Receivable/Payable for futures.

<sup>2</sup> Receivable for forward currency contracts.

<sup>3</sup> Payable for forward currency contracts.

<sup>4</sup> Receivable for swap contracts.

<sup>5</sup> Payable for swap contracts.

The Effect of Derivative Instruments on the Statement of Operations  
Amount of Realized Gain (Loss) on Derivatives Recognized in Income (000s)

Underlying risk	Futures <sup>6</sup>	Forward Currency		Total
		Contracts <sup>7</sup>	Swaps <sup>8</sup>	
Foreign exchange	\$ (39)	\$ -	\$ (19)	\$ (58)
Interest rate	-	75	-	75
Total	\$ (39)	\$ 75	\$ (19)	\$ 17

<sup>6</sup> Net realized gains (losses) from futures contracts.

<sup>7</sup> Net realized gains (losses) from foreign currency transactions which could include other currency related gains and losses.

<sup>8</sup> Net realized gains (losses) from swap contracts.

## Notes to Financial Statements (con't)

The Effect of Derivative Instruments on the Statement of Operations

Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income (000s)

Underlying risk	Futures <sup>9</sup>	Forward Currency		Total
		Contracts <sup>10</sup>	Swaps <sup>11</sup>	
Interest rate	\$ (9)	\$ -	\$ (46)	\$ (55)
Foreign exchange	-	54	-	54
Total	\$ (9)	\$ 54	\$ (46)	\$ (1)

<sup>9</sup> Change in net unrealized appreciation (depreciation) from futures contracts.

<sup>10</sup> Change in net unrealized appreciation (depreciation) from translation of assets and liabilities in foreign currencies which could include other currency related appreciation (depreciation).

<sup>11</sup> Change in net unrealized appreciation (depreciation) from swap contracts.

The average notional amount of derivatives as a percent of average net assets were as follows:

Foreign currency	Credit	Interest rate	Equity
1%	2%	37%	0%

### Collateral

Futures contracts, options, and forward delivery agreements for foreign currency and fixed income securities require either cash settlement or delivery of securities at some future date with little or no initial investment. The Fund is required to segregate sufficient assets to cover any potential loss.

### Distributions to Shareholders

Distributions to shareholders are recorded on the ex-dividend date. Dividends from net investment income and net realized gains on foreign currency transactions are declared and paid monthly. Net realized gains on investments, if any, are declared and distributed at least annually. All distributions are paid in the form of additional shares unless cash payment is requested.

Distributions to shareholders are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles.

### Federal Income Taxes

It is the policy of the Fund to meet the requirements for qualification as a regulated investment company as defined in Subchapter M of the Internal Revenue Code (the "Code"), and to make distributions of net investment income and net realized gains sufficient to relieve it from all Federal income or excise taxes. As of and during the period ended April 30, 2010, the Fund did not have any liabilities for any unrecognized tax positions. Accordingly, no provision for Federal income or excise tax is necessary.

The Fund files a tax return annually using tax accounting methods required under provisions of the Code, which may differ from generally accepted accounting principles, the basis on which these financial statements are prepared. The differences arise primarily from the treatment of foreign currency transactions and futures contracts and the deferral of certain losses under Federal income tax regulations. Accordingly, the amounts of net investment income and net realized gains or losses reported in these financial statements may differ from those reported in each Fund's tax return. Return of capital distributions and net investment losses for tax purposes, if any, are reclassified to paid in capital. The preceding tax year remains subject to examination by the Internal Revenue Service and state taxing authorities.

### Affiliated Investment

The Fund invests in the Cash Reserves Money Market Fund, an affiliated Fund. Income earned by the Fund from affiliated Funds for the period is disclosed in the statement of operations.

Market Value October 31, 2009	Purchase	Sales	Dividends	Market Value April 30, 2010
\$ 206,343	\$ 68,619,208	\$ 68,311,379	\$ 83	\$ 514,172

### Custodian Credits

The Fund has entered into an agreement with the custodian, whereby it earns custodian fee credits for temporary cash balance. These credits, which offset custodian fees that may be charged to the Fund, are based on 75% of the daily effective federal funds rate, and are disclosed in the statement of operations.

### *Other*

Shared expenses incurred by the Group are allocated among the Funds of the Group on the basis of relative net assets. Fund-specific expenses are charged to each Fund as incurred.

## **3. RELATED PARTY TRANSACTIONS**

Payden/Kravitz Advisers LLC (the "Adviser" or "Payden/Kravitz") provides investment advisory services to the Fund. Under the terms of the investment advisory agreement, Payden/Kravitz is entitled to receive fees monthly, computed on the average daily net assets of the Fund at an annualized rate of 1.10%.

Payden/Kravitz agreed to guarantee that, for so long as it acts as investment adviser to the Fund, the expenses of the Fund, including advisory fees (exclusive of interest and taxes) will not exceed 1.25% for the institutional class, 1.50% for the adviser class, and 1.75% for the retirement class of average daily net assets on an annualized basis.

The Fund remains liable to Payden/Kravitz for expenses subsidized in any fiscal year up to a maximum of three years from the end of the period in which the expenses were subsidized as long as any reimbursement will not cause the annual expense ratio for the year in which it is made to exceed the amount of the expense guarantee or expense limit (whichever is in effect at the time of reimbursement).

The deferred expense subsidies represent the cumulative amount of expenses subsidized for the Fund through the end of the year. The amount \$431,679 (\$55,973 for 2008, \$281,427 for 2009, and \$94,279 for 2010) is not considered a liability of the Fund, and therefore is not recorded as a liability in the statement of assets and liabilities, but will be recognized as net expense in the statement of operations as expense previously deferred in future periods, if expense limits permit.

Treasury Plus, Inc., a wholly owned subsidiary of Payden & Rygel, serves as administrator to the Fund. Under the terms of the administration agreement, Treasury Plus, Inc. receives fees monthly, computed on the average daily net assets of the Fund at an annualized rate of 0.15%.

The Fund has adopted a plan pursuant to SEC rule 12b-1 by which Payden & Rygel Distributors receives fees monthly, computed on the average net assets of the adviser class at an annualized rate of 0.25% and of the retirement class at an annualized rate of 0.50%.

Certain officers and/or trustees of the Group are affiliated with Payden/Kravitz, Payden & Rygel Distributors and/or Treasury Plus, Inc. Such officers and trustees receive no fees from the Fund for serving as officers and/or trustees of the Group.

### *Indemnifications*

Under the Group's organizations documents, its trustees and officers are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects this risk of loss to be remote.

## **4. FAIR VALUE**

Various inputs are used in determining the value of the fund's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 - quoted prices in active markets for identical investments; Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.), and Level 3 - significant unobservable inputs (including fund's own assumptions in determining the fair value of investments). The following is a summary of the inputs used in valuing the Fund's investments and other financial instruments.

In January 2010, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2010-06 "Improving Disclosures about Fair Value Measurements". This ASU will new disclosures about the amounts and reason for significant transfers in and out of Level 1 and Level 2 as well as inputs and valuation techniques used to measure fair value that fall in either Level 2 or Level 3, and information on purchases, sales, issuance and settlement on a gross basis in the reconciliation of activity in Level 3. The ASU is effective for fiscal years beginning after December 15, 2009 and December 15, 2010. Management is currently evaluating the impact the adoption may have on the Fund's financial statement disclosures.

## Notes to Financial Statements (con't)

	Level 1		Level 2		Level 3		Total
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Common Stock	\$ 329						\$ 329
Asset Backed			\$1,595				1,595
Corporate			26,615				26,615
Government			3,666				3,666
Mortgage Backed			4,565				4,565
U.S. Government Agencies			1,600				1,600
Investment Company			514				514

	Level 1		Level 2		Level 3		Total
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Other Financial Instruments <sup>(1)</sup>							
Foreign Exchange			\$ 76	\$ (17)			\$ 59
Futures		\$ (60)					(60)
Swaps			7	(53)			(46)

<sup>(1)</sup> Other Financial Instruments include derivative instruments, such as futures, forward currency, swap and any options contracts. Amounts shown represents unrealized appreciation (depreciation) at period end.

### 5. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

# Financial Highlights

For the share outstanding for the periods ended April 30, 2010 and October 31st

	2010	2009	2008
<b>Institutional Class</b>			
Net asset value - beginning of period	\$10.42	\$10.06	\$10.00
Income (loss) from investment activities:			
Net investment income	0.08	0.13	0.01
Net realized and unrealized gains (losses)	0.19	0.34	0.05
Total from investment activities	0.27	0.47	0.06
Distributions to shareholders:			
From net investment income	(0.07)	(0.07)	
From net realized gains	(0.03)	(0.04)	
Total distributions to shareholders	(0.10)	(0.11)	0.00
Net asset value - end of period	\$10.59	\$10.42	\$10.06
Total return	2.69% (1)	4.71%	0.60% (1)
Ratios/supplemental data:			
Net assets, end of period (000s)	\$13,124	\$9,199	\$3,379
Ratio of gross expense to average net assets	1.84% (2)	2.86%	7.17% (2)
Ratio of net expense to average net assets	1.25% (2)	1.25%	1.25% (2)
Ratio of investment income less gross expenses to average net assets	1.51% (2)	(0.12%)	(5.05%) (2)
Ratio of net investment income to average net assets	2.10% (2)	1.49%	0.87% (2)
Portfolio turnover rate	199% (1)	124%	16% (1)
The class commenced operations on September 22, 2008.			
<b>Adviser Class</b>			
Net asset value - beginning of period	\$10.40	\$10.05	\$10.00
Income (loss) from investment activities:			
Net investment income	0.08	0.11	0.01
Net realized and unrealized gains (losses)	0.18	0.35	0.04
Total from investment activities	0.26	0.46	0.05
Distributions to shareholders:			
From net investment income	(0.07)	(0.07)	
From net realized gains	(0.03)	(0.04)	
Total distributions to shareholders	(0.10)	(0.11)	0.00
Net asset value - end of period	\$10.56	\$10.40	\$10.05
Total return	2.56% (1)	4.54%	0.50% (1)
Ratios/supplemental data:			
Net assets, end of period (000s)	\$24,509	\$18,233	\$7,861
Ratio of gross expense to average net assets	2.09% (2)	3.13%	6.98% (2)
Ratio of net expense to average net assets	1.50% (2)	1.50%	1.50% (2)
Ratio of investment income less gross expenses to average net assets	1.28% (2)	(0.46%)	(4.85%) (2)
Ratio of net investment income to average net assets	1.87% (2)	1.17%	0.63% (2)
Portfolio turnover rate	199% (1)	124%	16% (1)
The class commenced operations on September 22, 2008.			

(1) Not annualized

(2) Annualized

See notes to financial statements.

## Financial Highlights

For the share outstanding for the periods ended April 30, 2010 and October 31st

	2010		2009
<b>Retirements Class</b>			
Net asset value - beginning of period. ....	\$10.18		\$10.00
Income (loss) from investment activities:			
Net investment income. ....	0.08		(0.01)
Net realized and unrealized gains (losses) . . . . .	0.17		0.19
Total from investment activities . . . . .	0.25		0.18
Distributions to shareholders:			
From net investment income	(0.07)		
From net realized gains. ....	(0.03)		
Total distributions to shareholders . . . . .	(0.10)		0.00
Net asset value - end of period . . . . .	\$10.33		\$10.18
Total return . . . . .	2.49%	(1)	1.80%
<b>Ratios/supplemental data:</b>			
Net assets, end of period (000s) . . . . .	\$2,491		\$830
Ratio of gross expense to average net assets. ....	2.32%	(2)	3.56%
Ratio of net expense to average net assets . . . . .	1.75%	(2)	1.75%
Ratio of investment income less gross expenses to average net assets . . . . .	1.47%	(2)	(2.09%)
Ratio of net investment income to average net assets . . . . .	2.04%	(2)	(0.28%)
Portfolio turnover rate . . . . .	199%	(1)	124%

The class commenced operations on April 6, 2009.

(1) Not annualized

(2) Annualized

# Fund Expenses

## Understanding Your Fund's Expenses

Shareholders of mutual funds incur two types of costs: transaction costs incurred from buying or selling Fund shares and on-going costs incurred from the Funds daily operations. The tables below are provided to highlight ongoing cost only. If transaction costs were included your cost would have been higher.

### Actual Expenses

The table below is useful in estimating actual expenses paid during the period ended April 30, 2010. It uses the Fund's actual return and expense ratio for the period (181/365 days) to calculate the ongoing expenses paid by a shareholder with an initial investment of \$1,000. To estimate the actual expenses that you paid over the period, divide your beginning account value by 1,000 and multiply that number by the number in the Expenses Paid During the Period column.

### Hypothetical Expenses

The table below is provided so that you can compare the Fund's ongoing expense with those of another fund. It uses a hypothetical gross annual return of 5%, which is not the Fund's actual return and the Fund's actual expense ratio (181/365 days) for the six-month period ended April 30, 2010 to calculate the ongoing expenses paid by a shareholder with an initial investment of \$1,000.

	Value November 1, 2009	Value April 30, 2010	6-Month Return	Annual Expense Ratio	Expenses Paid During the Period
<u>Institutional Class</u>					
Actual	\$1,000.00	\$1,026.96	2.69%	1.25%	\$6.28
Hypothetical	1,000.00	1,018.60	1.86%	1.25%	6.26
<u>Adviser Class</u>					
Actual	\$1,000.00	\$1,025.60	2.56%	1.50%	\$7.53
Hypothetical	1,000.00	1,017.36	1.74%	1.50%	7.50
<u>Retirement Class</u>					
Actual	\$1,000.00	\$1,024.90	2.49%	1.75%	\$8.79
Hypothetical	1,000.00	1,016.12	1.61%	1.75%	8.75

## Trustees and Officers

Name and Address	Position with Fund	Year Elected	Principal Occupation(s)	Other Directorships Held
333 S. Grand Avenue Los Angeles, CA 90071				
Trustees <sup>(1)</sup>				
W.D. Hilton, Jr.	Independent Trustee	1993	President and CEO, Trust Service, Inc.; Executive Director, NGC Bodily Injury Trust; and Managing Trustee, Fuller-Austin Trust	Trustee, The Metzler/Payden Investment Group
Gerald S. Levey, M.D.	Independent Trustee	2000	Dean Emeritus, The Lincy Foundation Distinguished Service Chair, Distinguished Professor of Medicine, David Geffen School of Medicine at UCLA	Trustee, The Metzler/Payden Investment Group
Thomas V. McKernan, Jr.	Independent Trustee	1993	CEO, Automobile Club of Southern California	Director, Blue Shield of California; Director, Forest Lawn Memorial Park
Dennis C. Poulsen	Independent Trustee	1992	Chairman of the Board, Rose Hills Company	
Stender E. Sweeney	Independent Trustee	1992	Private Investor	Director, Avis Budget Group, Inc.
Joan A. Payden	Interested Trustee	1992	President, CEO and Director, Payden & Rygel	
Andrew J. Policano	Independent Trustee	2008	Dean, The Paul Merage School of Business, at the University of California, Irvine (2004-present); Kuechenmeister Professor of Finance, University of Wisconsin-Madison (2001-2004)	Director, Badger Meter, Inc.; Director, Rockwell Collins
Rosemarie T. Nassif	Independent Trustee	2008	President, Holy Names University	Director, Freemont Bank
Michael E. Salvay	Interested Trustee	2009	Managing Principal, Payden & Rygel	
Mary Beth Syal	Interested Trustee	2000	Managing, Principal and Director, Payden & Rygel	
Officers <sup>(2)</sup>				
Joan A. Payden	Chairman and CEO	1992	President, CEO and Director, Payden & Rygel	
Yot Chatrabhuti	Vice President	1997	Principal, Payden & Rygel	
Bradley F. Hersh	Vice President and Treasurer	1998	Vice President and Treasurer, Payden & Rygel	
Brian W. Matthews	Vice President and CFO	2003	Managing Principal, CFO and Director, Payden & Rygel	
David L. Wagner	Vice President and CCO	1996	Senior Vice President, Risk Management, and CCO, Payden & Rygel	
Edward S. Garlock	Secretary	1997	Managing Principal, General Counsel and Director, Payden & Rygel	

Additional information about the Trustees can be found in the SAI.

<sup>(1)</sup> Trustees do not have a set term of office, but serve until their resignation, death or removal.

<sup>(2)</sup> Officers are elected by, and serve at the pleasure of, The Board of Trustees

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**IMPORTANT INFORMATION:** The information contained in this report is intended for shareholders of the Paydenfunds only. It is not authorized for distribution to prospective investors unless accompanied or preceded by a current prospectus which provides further details.

The performance numbers presented in this report are derived from historical market data. There is no guarantee of future performance nor are Fund shares guaranteed. Investment return and principal value of an investment in a Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Fund shares are sold through Payden & Rygel Distributors, member NASD.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov> or the Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800 SEC-0330.

To view the Fund's proxy voting guidelines and proxy voting record, visit the SEC's web site at <http://www.sec.gov>. You may also call 800 572-9336 to request a free copy of the proxy voting guidelines.

# PAYDEN/KRAVITZ

## **Paydenfunds**

333 South Grand Avenue, Los Angeles, California 90071

800 5-PAYDEN 800 572-9336 [payden.com](http://payden.com)

## **» PAYDEN/KRAVITZ CASH BALANCE FUNDS**

Payden/Kravitz Cash Balance Plan Fund - Adviser Share Class (PKCBX)

Payden/Kravitz Cash Balance Plan Fund - Institutional Share Class (PKBIX)

Payden/Kravitz Cash Balance Plan Fund - Retirement Share Class (PKCRX)