

DECEMBER 31, 2023

Investment Strategy

The Payden GNMA Fund invests at least 80% of its assets in mortgage-backed securities that are guaranteed by the full faith and credit of the U.S. government. The fund invests in a range of mortgage-backed security pools. The balance of the fund's assets is invested in other obligations guaranteed by the U.S. government or its agencies.

Fund Highlights

- » Yields generally exceed intermediate-maturity U.S. Treasuries
- » 100% invested in securities issued by the U.S. government or its agencies
- » While share values will fluctuate as interest rates move up and down, there is no corporate credit risk associated with the portfolio's holdings
- » The value of an investment will generally fall when interest rates rise

Performance^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (08-27-99)
PAYDEN GNMA FUND	4.52%	4.52%	-3.55%	-0.23%	0.93%	3.64%
ICE BOFA US GNMA MORTGAGE BACKED SECURITIES INDEX	5.25%	5.25%	-2.56%	0.40%	1.37%	3.78%

Calendar-Year Returns

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
4.52%	-12.55%	-1.84%	4.26%	5.67%	0.38%	1.31%	1.78%	1.20%	5.95%

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Aug 27, 1999
TICKER:	PYGNX
CUSIP:	704329473
TOTAL NET ASSETS:	\$99.4 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.246

FUND STATISTICS

EFFECTIVE DURATION: ^C	5.3 Years
AVERAGE MATURITY:	7.6 Years
30-DAY SEC YIELD:	3.45%
30-DAY SEC YIELD: (UNSUBSIDIZED)	3.27%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.70% ^D
WITH EXPENSE CAP:	0.45%

PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	39
Mary Beth Syal, CFA	38
Gary Greenberg, CFA	30
Timothy J. Crammer, CFA	24

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 or call 800 572-9336.

Role In Portfolio

Appropriate for investors who seek higher yields and diversification through debt issued by the Government National Mortgage Association.

Investment Manager

Payden & Rygel has served the needs of institutional and individual investors for over a quarter century. We offer a full array of investment strategies and products, including equity, fixed-income and balanced portfolios as well as open-end mutual funds and offshore funds, to a varied client base around the world. While we have grown and expanded considerably since our inception, we remain committed to our mission of providing customized investment management services that focus on each client's specific needs and objectives.

Headquarters: Los Angeles

Founded: 1983

Assets Under Management: \$151 billion
(as of 12/31/23)

Portfolio Characteristics & Market Commentary

GNMA COUPON ALLOCATION

2.0%	16%
2.5%	21%
3.0%	16%
3.5%	13%
4.0%	8%
4.5%	5%
5.0% and Above	21%

DURATION ALLOCATION

0-1 yr	3%
1-3 yrs	15%
3-5 yrs	15%
5-7 yrs	63%
7-10 yrs	4%

Market

- » The Ginnie Mae (GNMA) mortgage market experienced a second month of robust performance on a slew of bond-market-friendly economic and inflation reports. Interest rates declined, GNMA bond prices increased, and the recent wild market swings subsided.
- » The Federal Reserve (Fed) kept interest rates steady at 5.25% -5.50%, but the Federal Open Market Committee (FOMC) signaled they had reached their terminal level and indicated three rate cuts by year end 2024. The market responded more aggressively, pricing six-to-seven cuts, with an implied federal funds rate of 3.75% by year end 2024.
- » The Fund benefited from a risk-on theme for the agency mortgage sector. Risk premiums, which reflect the additional yield investors receive above U.S. Treasuries, contracted due to the Fed policy shift. Overall demand for mortgage bonds was strong from money managers, foreign central banks, and insurance investors. Risk premiums closed the year at their lowest levels since prior to the regional bank crisis in March 2023.

Outlook

- » We remain constructive on the GNMA mortgage market with an expectation of modestly lower yields and a further compression in risk premiums to long-term averages. We also expect domestic bank demand to improve in the coming quarters. High mortgage rates have stabilized the prepayment outlook
- » The Payden GNMA Fund has a slight long duration bias to benefit from an expected softening of economic conditions, improvement in the inflation outlook, and an end to the Fed's tightening monetary policy.
- » The Fund favors securities that exhibit stable prepayment attributes including seasoned, loan balance, and mobile home pools.



FOOTNOTES

^A Returns less than one year are not annualized. ^B The minimum initial investment may be modified for certain financial intermediaries that submit trades on behalf of underlying investors. Paydenfund's distributor may lower or waive the minimum initial investment for certain categories of investors at their discretion.

^C Effective duration is a measure of the Fund's price sensitivity to changes in interest rates. ^D Payden & Rygel ("Payden") has contractually agreed that, for so long as it is the investment adviser to the Fund, Total Annual Fund Operating Expenses After Fee Waiver or Expense Reimbursement will not exceed 0.50%. Please note that the 0.50% expense level does not include Acquired Fund Fees and Expenses, interest, taxes, and extraordinary expenses. Payden has contractually agreed to further waive its investment advisory fee or reimburse Fund expenses to the extent that the Total Annual Fund Operating Expenses After Further One-Year Fee Waiver or Expense Reimbursement exceed 0.45%. This agreement has a one-year term ending February 28, 2024. Please note that the 0.45% expense level does not include Acquired Fund Fees and Expenses, interest, taxes, and extraordinary expenses.

For more information and to obtain a prospectus or summary prospectus, visit 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. The Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.