

MARCH 31, 2024

Investment Strategy

The Payden U.S. Government Fund seeks to provide income while avoiding the volatility of longer-maturity bond funds and the credit risk involved in non-government issuers. The fund is comprised of U.S. Treasuries, government agency debentures and agency mortgage-backed securities. Average portfolio maturity is less than five years.

Fund Highlights

- » No corporate credit risk.
- » The average maturity ranges between 3-5 years. Shorter average maturities generally provide less price sensitivity to changes in rates.
- » Ideal for investors with a short-to-intermediate horizon who seek the safety of government securities.
- » 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 (01-03-95)
PAYDEN U.S. GOVERNMENT FUND	0.29%	2.74%	-0.77%	0.88%	0.97%	3.41%
ICE BOFA 1-5 YEAR US TREASURY INDEX	-0.02%	2.42%	-0.59%	0.96%	1.12%	3.49%

Calendar-Year Returns

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
3.94%	-5.62%	-1.14%	4.54%	4.25%	0.48%	0.81%	0.78%	0.46%	1.89%

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Jan 03, 1995
TICKER:	PYUSX
CUSIP:	704329796
TOTAL NET ASSETS:	\$67.9 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.342

FUND STATISTICS

EFFECTIVE DURATION: ^C	2.4 Years
AVERAGE MATURITY:	3.0 Years
30-DAY SEC YIELD:	4.07%
30-DAY SEC YIELD: (UNSUBSIDIZED)	3.83%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.68% ^D
WITH EXPENSE CAP:	0.44%

PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	40
Mary Beth Syal, CFA	39
Gary S. Greenberg, CFA	31
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 or call 800 572-9336.

Role In Portfolio

Short-Term Government Bond – Appropriate for investors who seek exposure to short-term securities issued by the U.S. Government and its agencies.

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

DURATION ALLOCATION

0-1 yr	6%
1-3 yrs	65%
3-5 yrs	29%

GOVT. SECTOR ALLOCATION

Treasury	57%
Agency Pass Through	22%
Agency CMBS	13%
Agency ARM	7%
Other	1%

U.S. GOVERNMENT OBLIGATIONS

Treasury	57%
FHLMC	17%
FNMA	17%
GNMA	3%
Other (SBIC, FHLB, SBA)	6%

Market

- » Interest rates rose significantly over the month as the market responded to inflation data that came out higher than expected and employment data that reflected a strong economy.
- » Shorter maturity 2-year U.S. Treasuries rose 40 basis points (bps) to 4.6%, longer maturity 10-year U.S. Treasury notes rose 30 bps to 4.25%, and money-market rates remained stable at 5.25 - 5.50%. The stronger data forced the marketplace to capitulate to the Federal Reserve's (Fed) outlook of three rate cuts by the end of 2024. By the end of January, the market had priced in as many as six-to-seven cuts ending in the fourth quarter of 2024.
- » The agency mortgage market traded slightly weaker than U.S. Treasuries. Risk premiums rose slightly as demand for mortgage securities waned due to the significant increase in rates over the last month.

Outlook

- » The recent increase in rates has the market more balanced and in line with the Fed's viewpoint. Looking forward, without exogenous shocks, which would spur the Fed to aggressively cut rates, we expect interest rates to reflect the Fed's position.
- » While acknowledging that the lagged effects of restrictive monetary policy could cause extra stress on the economy, we currently see few signs of an impending recession and side with a "soft-landing" base case for the economy.
- » We continue to favor an overweight to agency mortgage-backed securities due to their additional yield and return potential above similar-duration U.S. Treasury securities.
- » The Fund's duration position is just shy of the benchmark due to the ongoing inversion of the yield curve which provides investors higher yields for shorter maturities, relative to benchmarks. Going forward, in 2024 the markets will continue to be focused on the timing and pace of Fed rate cuts as the market gradually enters an easier monetary period.

Payden Funds

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. Payden Fund'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 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 ("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 0.60%. Please note that the 0.60% 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 0.43%. This agreement has a one-year term ending February 28, 2025. Please note that the 0.43% 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 Payden Funds are distributed through Payden & Rygel Distributors, member FINRA.