

DECEMBER 31, 2022

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^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (05-08-14)
PAYDEN STRATEGIC INCOME FUND	-6.62%	-6.62%	0.29%	1.69%	-	2.16%
BLOOMBERG US AGGREGATE BOND INDEX	-13.01%	-13.01%	-2.71%	0.02%	-	1.10%

Calendar-Year Returns

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-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:	\$175.1 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.335

FUND STATISTICS

EFFECTIVE DURATION: ^C	2.6 Years
AVERAGE MATURITY:	5.0 Years
30-DAY SEC YIELD:	4.93%
30-DAY SEC YIELD: (UNSUBSIDIZED)	4.71%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.85% ^D
WITH EXPENSE CAP:	0.65%

PORTFOLIO MANAGEMENT

	Years of Experience
Brian W. Matthews, CFA	40
Michael E. Salvay, CFA	37
Nigel Jenkins, ASIP	33
Kristin J. Ceva, PhD, CFA	30
James T. Wong, CFA	30
Timothy J. Crawmer	22

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

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 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: \$133 billion
(as of 12/31/22)

Portfolio Characteristics & Market Commentary

SECTOR ALLOCATION

U.S. Government	33%
Investment Grade Corporates	23%
Securitized	18%
High Yield	13%
Muni	5%
Emerging Market Debt	4%
Agency MBS	4%

CREDIT ALLOCATION^E

AAA	37%
AA	5%
A	10%
BBB	24%
BB	9%
B	7%
CCC	1%
Unrated	7%

DURATION ALLOCATION

0-1 yr	40%
1-3 yrs	18%
3-5 yrs	20%
5-7 yrs	10%
7-10 yrs	9%
10+ yrs	3%

Market

- » Despite early signs of inflation cooling, market sentiment weakened, with risk assets generally selling off in December. Much of the sell-off can be attributed to hawkish central bank rhetoric, the Bank of Japan's change in yield control limits, and a resurgence in COVID cases in China. Equities decreased over the month while global government bond yields rose.
- » In the U.S., the month began with economic prints that continued to illustrate a robust economy and left investors fearing persistently high inflation. The Nonfarm Payroll report showed that the U.S. economy added 263,000 jobs in November; additionally, the report showed sharp revisions upward of October's figures. This print left the market questioning if the Federal Reserve (Fed) would slow rate hikes anytime soon. Soon after, the Producers Purchasing Index printed higher than expected at 7.40% (estimated: 7.20%).
- » Despite this, the Consumer Price Index (CPI) report surprised to the downside for the second month in a row, which briefly increased market resiliency mid-month as markets hoped "peak inflation" was behind us. Soon after the CPI report as released, the Fed raised interest rates by 0.50% as expected, downshifting from four consecutive 0.75% hikes.
- » However, the optimism brought on by lower-than-expected CPI and the downshift in rate hikes were quickly quelled by hawkish comments made by Jerome Powell and other officials following the rate announcement. The S&P 500 lost 5.90% in December while 10-year U.S. Treasury yields closed the month up by 0.27%.

Outlook

- » While the probability of some extreme risk events has arguably lessened recently, we believe 2023 will be a challenging balancing act for policymakers and the global economy. We see the global economy entering a phase of slower growth and still elevated inflation with risks biased to the downside for growth and to the upside for inflation. Central to our expectations is the questions of how rapidly inflation is going to slow and at what level inflation will settle. As we enter 2023, the direction of travel of inflation is expected to be lower, as some aspects of inflation normalize (energy and food-related). However stickier parts of inflation are still posing a threat to a timely return of inflation toward central banks' targets.



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 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, 2023. Please note that the 0.65% expense level does not include Acquired Fund Fees and Expenses, interest, taxes and extraordinary expenses. ^E 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 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 Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.