

DECEMBER 31, 2022

### Investment Strategy

The Payden Corporate Bond Fund's strategy is to purchase investment-grade corporate bonds of companies that have leading market positions, strong cash flow generation, stable management teams and predictable earnings. The strategy's focus is on bottom-up credit selection with an emphasis placed on adding issues with a near-term catalyst to outperform. Our credit research process looks to capitalize on opportunities in the corporate bond market across sectors and maturities; including the early identification of potential rising stars - companies that we believe will be upgraded to investment grade in the near term. A forward-looking approach is taken to credit analysis. A priority is placed on assessing a company's future trajectory and the corresponding risk and opportunities for bondholders under various scenarios. Up to 20% of fund assets may be below investment grade.

### Fund Highlights

- » The fund is a well-diversified portfolio of U.S. dollar investment-grade corporate securities backed by extensive in-house credit research
- » It invests in credits across the full maturity spectrum and its duration and curve positioning are actively managed
- » The fund has the flexibility to opportunistically invest in below investment-grade securities and emerging-market debt
- » No loads or 12b-1 fees (other fees apply)
- » 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 (03-12-09)
PAYDEN CORPORATE BOND FUND	-16.33%	-16.33%	-3.15%	0.16%	2.54%	4.83%
BLOOMBERG US CORPORATE BOND INDEX	-15.76%	-15.76%	-2.88%	0.45%	1.96%	4.85%

### Calendar-Year Returns

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-16.33%	-0.07%	8.64%	14.46%	-3.05%	8.53%	6.82%	1.15%	9.14%	-0.39%

### FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Mar 12, 2009
TICKER:	PYACX
CUSIP:	704329366
TOTAL NET ASSETS:	\$351.3 Million
INVESTMENT MINIMUM: <sup>B</sup>	\$5,000
IRA MINIMUM: <sup>B</sup>	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.316

### FUND STATISTICS

EFFECTIVE DURATION: <sup>C</sup>	6.9 Years
AVERAGE MATURITY:	10.1 Years
30-DAY SEC YIELD:	5.04%
30-DAY SEC YIELD: (UNSUBSIDIZED)	5.03%

### EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.65%
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### PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	37
James P. Sarni, CFA	31
Kristin J. Ceva, PhD, CFA	30
James T. Wong, CFA	30
Natalie N. Trevithick, CFA	21
Alfred Giles, CFA	20

*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

Appropriate as a fixed-income holding for investors seeking a dedicated corporate bond strategy.

## 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

Industrials	54%
Financial Institutions	35%
Other	4%
Asset-Backed	3%
Government/Gov't Related	2%
Mortgage-Backed	2%

### CREDIT ALLOCATION<sup>D</sup>

AAA	5%
AA	11%
A	30%
BBB	43%
BB	8%
B	1%
Unrated	2%

### DURATION ALLOCATION

0-1 yr	8%
1-3 yrs	22%
3-5 yrs	16%
5-7 yrs	12%
7-10 yrs	23%
10+ yrs	19%

## Market

- » In December, corporate spreads over similar-maturity U.S. Treasuries remained range-bound and ended the month tighter by 0.03% at 1.30%, but still 0.38% wider on the year. U.S. Treasury rates initially rallied after the December Federal Reserve rate hike, however, yields spiked higher across the curve into year-end, with 10-year U.S. Treasury yields rising 0.27% to 3.88%. This propelled all-in yields on 1- to 30-year investment-grade corporate bonds 0.11% higher on the month to close at 5.42%, although this is still down 0.71% compared to the 2022 high of 6.13% reached in October.
- » December's new issue supply came in at a measly \$9 billion, bringing full-year 2022 supply to \$1.2 trillion, 12% lower than 2021. Supply for financials and non-financials was evenly split on the year at 49% and 51%, respectively.

## Outlook

- » During the month, the Fund was relatively quiet adding one energy name via the new issue market, while reducing some existing energy and consumer exposure on the other side.
- » Heading into 2023, corporate fundamentals remain solid. Management teams are noting that supply chain and labor shortage issues are easing. We are seeing companies being proactive about managing costs and maintaining strong balance sheets by taking actions such as reducing capital expenditures, cutting dividends and share buybacks, as well as announcing layoffs or hiring freezes. While we expect continued volatility in the months ahead, we are beginning to see these higher all-in yields on investment-grade corporate bonds attract investors to the asset class and we believe the asset class is poised to produce some nice positive total returns in 2023.



## 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. Paydenfund'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> 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. 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.