PAYDEN U.S. GOVERNMENT FUND (PYUSX)

Payden Funds

SEPTEMBER 30, 2025

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	4.71%	3.92%	4.32%	1.04%	1.50%	3.50%
ICE BOFA 1-5 YEAR U.S. TREASURY INDEX	4.57%	3.77%	4.42%	1.12%	1.65%	3.58%

Calendar-Year Returns

2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
3.40%	3.94%	-5.62%	-1.14%	4.54%	4.25%	0.48%	0.81%	0.78%	0.46%

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Jan 03, 1995
TICKER:	PYUSX
CUSIP:	704329796
TOTAL NET ASSETS:	$63.9 Million
INVESTMENT MINIMUM:[B]	$5,000
IRA MINIMUM:[B]	$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	$0.354

FUND STATISTICS

EFFECTIVE DURATION:[C]	2.4 Years
AVERAGE MATURITY:	2.1 Years
30-DAY SEC YIELD:[D]	3.50%
30-DAY SEC YIELD:[E] (UNSUBSIDIZED)	3.24%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.66%[F]
WITH EXPENSE CAP:	0.43%

PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	41
Mary Beth Syal, CFA	40
Gary S. Greenberg, CFA	32
Timothy J. Crawmer, CFA	26

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: $166 billion (as of 09/30/25)

Payden Funds

Portfolio Characteristics & Market Commentary

DURATION ALLOCATION

0-1 yr	-7%
1-3 yrs	82%
3-5 yrs	23%
5+ yrs	2%

GOVT. SECTOR ALLOCATION

Treasury	52%
Agency Pass Through	22%
Agency CMBS	14%
Agency ARM	10%
Agency CMO	2%

U.S. GOVERNMENT OBLIGATIONS

Treasury	54%
FNMA	20%
FHLMC	18%
GNMA	2%
Other (SBIC, FHLB, SBA)	6%

Market

» After a nine-month hiatus, the Federal Reserve (Fed) resumed interest rate cuts by lowering the federal funds rate from the targeted 4.25%-4.5% range to 4.0%-4.25% in September.

The committee lowered rates primarily due to softening labor market conditions, despite inflation data still trending above the Fed's 2.0% target.

» Over the past quarter, the bond market had mostly factored in the Fed's rate cut. Short-term rates, with maturities less than one year, dropped to reflect a policy shift, while the rest of the yield curve, from 2- to 30-year maturities, fell modestly 5 to 8 basis points (bps), resulting in an overall steepening of the yield curve. At the end of the quarter, 2-year U.S. Treasuries closed at 3.61%, 5-year U.S. Treasuries at 3.74%, and 10-year U.S Treasuries at 4.15%.

» By quarter-end, the markets were pricing in one to two additional rate cuts in 2025, loosely aligned with the Fed's median forecast for rate cuts of 25 bps at both the October and December 2025 meetings.

» Agency mortgage-backed securities performed better than U.S. Treasuries in September, adding to a strong quarter. Their attractive pricing, the Fed's return to cutting rates, and a drop in interest rate volatility encouraged banks and money managers to increase their exposure, which contributed to the sector outperforming U.S. Treasuries.

Outlook

» The economy's resilience alongside a softening job market dominates the narrative for investors heading into the fourth quarter of 2025. We will remain focused on whether the Fed views growth as inflationary and slows the path of monetary easing, or if prolonged weakness in the labor market prompts more rate cuts than the two to three currently priced into the market through year-end.

» We continue to favor an overweight position in agency mortgage-backed securities as they offer additional yield and return potential relative to U.S. Treasury securities.

» The Fund's duration is neutral to its benchmark as we seek increased clarity to a strong, resilient economy, offset by weaker employment.

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 Funds' 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] The 30-day SEC yield represents the dividends and interest earned for a 30-day period, annualized, and divided by the net asset values per share at the end of the period. The SEC yield is computed under a standardized formula which assumes all portfolio securities are held to maturity. This value may differ from the actual distribution rate of the fund. [E] Represents a 30-day SEC yield without adjusting for fee waivers or expense reimbursements. [F] 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, 2026. 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.