

DECEMBER 31, 2022

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 (01-01-95)
PAYDEN U.S. GOVERNMENT FUND	-5.62%	-5.62%	-0.83%	0.43%	0.51%	3.41%
ICE BOFA 1-5 YEAR US TREASURY INDEX	-5.25%	-5.25%	-0.77%	0.66%	0.71%	3.40%

Calendar-Year Returns

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-5.62%	-1.14%	4.54%	4.25%	0.48%	0.81%	0.78%	0.46%	1.89%	-0.97%

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Jan 01, 1995
TICKER:	PYUSX
CUSIP:	704329796
TOTAL NET ASSETS:	\$63.7 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.270

FUND STATISTICS

EFFECTIVE DURATION: ^C	2.3 Years
AVERAGE MATURITY:	2.9 Years
30-DAY SEC YIELD:	3.32%
30-DAY SEC YIELD: (UNSUBSIDIZED)	3.12%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.77% ^D
WITH EXPENSE CAP:	0.43%

PORTFOLIO MANAGEMENT

	Years of Experience
Michael E. Salvay, CFA	37
Mary Beth Syal, CFA	37
David P. Ballantine, CFA, CFP	33
James P. Sarni, CFA	31
Gary Greenberg, CFA	27

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 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

DURATION ALLOCATION

0-1 yr	22%
1-3 yrs	41%
3-5 yrs	34%
5-7 yrs	3%

GOVT. SECTOR ALLOCATION

Treasury	49%
Agency Pass Through	25%
Agency CMBS	10%
Agency ARM	9%
Other	7%

U.S. GOVERNMENT OBLIGATIONS

Treasury	54%
FNMA	19%
FHLMC	18%
GNMA	5%
Other (SBIC, FHLB, SBA)	4%

Market

- » The Federal Reserve (Fed) has remained firm in its message to bring inflation down to 2.0%.
- » Markets are digesting the cumulative impact of the Fed's 425 basis point increase in rates since last March on both inflation and economic growth. Currently, the market is pricing the peak in federal funds just shy of 5.0% to be reached in Q2 2023. Just as important to what the peak in rates will be, is how long rates will stay there, as growth slows and the potential for a recession increases. U.S. Treasuries with 2- and 3-year maturities are up 350 basis points from one year ago to yield 4.25%. Additionally, 10-year U.S. Treasuries are up over 200 basis points from one year ago with a yield of 3.6%.
- » The Fund is primarily invested in U.S. Treasury securities and short average-life residential and commercial agency mortgage-backed securities with average lives ranging from three to five years. The Fund has recently increased exposure to agency mortgage-backed securities as valuations have improved relative to U.S. Treasuries.

Outlook

- » We expect the Fed to continue to raise the targeted federal funds rate ("FFR") with additional increases in the first quarter of 2023 and a terminal FFR of 4.75%-5.25% in early- to mid-2023. Shorter maturity U.S. Treasuries will remain anchored to the FFR with longer maturity rates yielding less as the market looks to easier policy in late 2023. The fund is positioned conservatively vs its benchmark.
- » Agency mortgages have cheapened over the past year as the Federal Reserve has exited quantitative easing and is now allowing their mortgage holdings to roll off their balance sheet. The Fund is targeting newly issued agency mortgage pools with coupons of 5.0% to 5.5%.
- » Agency mortgage securities should perform well over the ensuing quarters. Mortgage securities provide higher yields relative to U.S. Treasuries and will likely benefit as supply will drop sharply due to the impact of higher mortgage rates on housing activity.



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 0.43%. This agreement has a one-year term ending February 28, 2023. 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 Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.