

JUNE 30, 2025

Investment Strategy

The Payden GNMA Fund invests at least 80% of its assets in mortgage-backed securities that are guaranteed by the full faith and credit of the U.S. government. The fund invests in a range of mortgage-backed security pools. The balance of the fund's assets is invested in other obligations guaranteed by the U.S. government or its agencies.

Fund Highlights

- » Yields generally exceed intermediate-maturity U.S. Treasuries.
- » 100% invested in securities issued by the U.S. government or its agencies.
- » While share values will fluctuate as interest rates move up and down, there is no corporate credit risk associated with the portfolio's holdings.
- » The value of an investment will generally fall when interest rates rise.

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Aug 27, 1999
TICKER:	PYGNX
CUSIP:	704329473
TOTAL NET ASSETS:	\$90.4 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.283

FUND STATISTICS

EFFECTIVE DURATION: ^C	5.7 Years
AVERAGE MATURITY:	6.7 Years
30-DAY SEC YIELD: ^D	4.11%
30-DAY SEC YIELD: ^E (UNSUBSIDIZED)	3.90%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.67% ^F
WITH EXPENSE CAP:	0.45%

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

Performance^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (08-27-99)
PAYDEN GNMA FUND	3.96%	5.99%	1.62%	-1.15%	0.77%	3.61%
ICE BOFA U.S. GNMA MORTGAGE BACKED SECURITIES INDEX	4.01%	6.25%	2.37%	-0.42%	1.32%	3.77%

Calendar-Year Returns

2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
0.82%	4.52%	-12.55%	-1.84%	4.26%	5.67%	0.38%	1.31%	1.78%	1.20%

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 or call 800 572-9336.

Role In Portfolio

Appropriate for investors who seek higher yields and diversification through debt issued by the Government National Mortgage Association.

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: \$160 billion
(as of 06/30/25)

Portfolio Characteristics & Market Commentary

GNMA COUPON ALLOCATION

2.0%	12%
2.5%	17%
3.0%	14%
3.5%	12%
4.0%	6%
4.5%	5%
5.0%	10%
5.5%	13%
6.0% and Above	11%

DURATION ALLOCATION

0-1 yr	2%
1-3 yrs	9%
3-5 yrs	26%
5-7 yrs	52%
7-10 yrs	11%

Market

- » During the quarter, the Ginnie Mae (GNMA) mortgage market was subject to higher levels of price volatility amid shifting U.S. trade policy, growing fiscal deficit concerns, and heightened geopolitical tensions. The sector, however, recovered in June to post positive total returns for the period alongside a retracement in risk premiums.
- » The Federal Reserve (Fed) maintained its current monetary policy stance during its May and June meetings, adopting a "wait-and-see" approach in response to mixed economic data and ongoing fiscal uncertainty. U.S. tariff policy continues to pose a challenge, compelling the Fed to balance near-term inflationary pressures with the need to support long-term growth and employment. In response, market expectations for federal rate cuts in 2025 were revised downward, from four cuts to two.
- » The agency mortgage market outperformed U.S. Treasuries at the end of the quarter as interest rate volatility eased and trade tensions abated. The sector also benefited from signals from the Trump administration supporting the continuation of the implicit guarantee, amid ongoing discussions about the potential privatization of Fannie Mae and Freddie Mac. Meanwhile, 30-year primary mortgage rates edged lower to 6.75%, though affordability remains a challenge for many homeowners.

Outlook

- » U.S. tariff policy puts the Fed in a difficult position, forcing it to weigh short-term inflationary pressures against the risk of weaker long-term growth and employment. We expect this uncertainty will dampen growth more than it will drive inflation, leading to more rate cuts than the market currently anticipates.
- » We believe GNMA mortgage-backed securities are well-positioned to benefit from a return to market stability and a potential economic slowdown that leads to lower interest rates. GNMA valuations remain near their most attractive levels relative to U.S. Treasuries since late 2024, making them appealing to domestic banks and money managers. In an uncertain economic environment, GNMA bonds offer a compelling alternative to corporate credit.
- » The Payden GNMA Fund maintains a slight long-duration position relative to its benchmark, while underweighting the highest coupon securities to mitigate prepayment (call) risk. The Fund also holds allocations in adjustable-rate mortgages and collateralized mortgage obligations, floating-rate bonds, which should benefit from increased demand among financial institutions. Additionally, the Fund favors securities with stable prepayment behavior, such as seasoned, low loan balance, and manufactured housing (mobile home) pools.

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 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 0.50%. Please note that the 0.50% 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 0.45%. This agreement has a one-year term ending February 28, 2026. Please note that the 0.45% 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.