

DECEMBER 31, 2022

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 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

Performance^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (08-27-99)
PAYDEN GNMA FUND	-12.55%	-12.55%	-3.63%	-1.03%	0.16%	3.60%
ICE BOFA US GNMA MORTGAGE BACKED SECURITIES INDEX	-10.74%	-10.74%	-2.93%	-0.43%	0.64%	3.72%

Calendar-Year Returns

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-12.55%	-1.84%	4.26%	5.67%	0.38%	1.31%	1.78%	1.20%	5.95%	-3.24%

FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Aug 27, 1999
TICKER:	PYGNX
CUSIP:	704329473
TOTAL NET ASSETS:	\$107.2 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.282

FUND STATISTICS

EFFECTIVE DURATION: ^C	6.5 Years
AVERAGE MATURITY:	9.1 Years
30-DAY SEC YIELD:	2.93%
30-DAY SEC YIELD: (UNSUBSIDIZED)	2.72%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.69% ^D
WITH EXPENSE CAP:	0.45%

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

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

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

GNMA COUPON ALLOCATION

2.0%	17%
2.5%	23%
3.0%	16%
3.5%	15%
4.0%	9%
4.5%	6%
5.0% and Above	14%

DURATION ALLOCATION

0-3 yrs	1%
3-5 yrs	15%
5-7 yrs	48%
7-10 yrs	36%

Market

- » In December, the ("GNMA") underperformed U.S. Treasuries and corporate credit as government bond yields rose and rate volatility stayed elevated. Despite early signs of inflation cooling the Federal Reserve ("Fed") raised the overnight lending rate to 4.5% citing tight labor conditions and a commitment to its 2.0% long-term objective. The Fed has raised rates a cumulative 425 basis points since last March.
- » The fund has been adversely impacted by the combination of soaring primary mortgage rates, widening risk premiums, a buyers strike by the financial institution community, and the Fed allowing their mortgage holdings to roll off their balance sheet. The result was the worst calendar-year performance of the GNMA mortgage market since the days of Paul Volker and Ronald Reagan.
- » Mortgage prepayment experiences continue to normalize at low levels with housing conditions softening and primary mortgage rates hovering near 6.5%.

Outlook

- » Looking forward, we are optimistic about agency mortgage-backed securities relative to U.S. Treasuries with an expectation of an abatement in volatility from extreme levels and a return of private market net demand. Higher mortgage rates have stabilized the prepayment outlook. Yields and risk premiums are at the cheaper end of long-term historical averages.
- » 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.
- » The fund is targeting newly issued Ginnie Mae bond coupons between 5.0% and 5.5%, positioned for an environment of slower housing and refinance 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 0.45%. This agreement has a one-year term ending February 28, 2023. 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 Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.