

MARCH 31, 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:	\$96.2 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.277

FUND STATISTICS

EFFECTIVE DURATION: ^C	5.2 Years
AVERAGE MATURITY:	6.9 Years
30-DAY SEC YIELD:	4.18%
30-DAY SEC YIELD: (UNSUBSIDIZED)	3.98%

Performance^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (08-27-99)
PAYDEN GNMA FUND	2.82%	4.81%	-0.26%	-1.22%	0.61%	3.61%
ICE BOFA U.S. GNMA MORTGAGE BACKED SECURITIES INDEX	2.91%	5.30%	0.70%	-0.52%	1.14%	3.76%

EXPENSES

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

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%

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

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: \$165 billion
(as of 03/31/25)

Portfolio Characteristics & Market Commentary

GNMA COUPON ALLOCATION

2.0%	11%
2.5%	19%
3.0%	15%
3.5%	12%
4.0%	6%
4.5%	5%
5.0%	9%
5.5%	12%
6.0% and Above	11%

DURATION ALLOCATION

0-1 yr	2%
1-3 yrs	10%
3-5 yrs	24%
5-7 yrs	53%
7-10 yrs	11%

Market

- » Trump administration policy shifts and their resulting economic impact took center stage across markets during the month. Heightened uncertainty around the economic trajectory increased risk premiums, with both equity markets and credit markets reacting. The impact of macroeconomic uncertainty was modest for Ginnie Mae (GNMA) mortgage-backed bonds relative to corporate credit.
- » Interest rates fluctuated wildly, due to tariff-related headlines, resulting in a slight bull steepening of the yield curve, with the 10-year U.S. Treasury rate anchored at 4.21%. Thirty-year mortgage rates also declined from 6.76% to 6.65%. The Federal Open Market Committee (FOMC) met in March and as expected, kept the overnight lending rate unchanged.
- » The Payden GNMA Fund produced its best quarterly performance since the third quarter of 2024. Relative to other asset classes, GNMA bonds outperformed Fannie Mae and Freddie Mac mortgage bonds, as well as corporate credit but showed mixed results compared to U.S. Treasuries. Expectations of stable or lower interest rates have driven increased support for the asset class from money managers and commercial banks.

Outlook

- » We expect interest rates to decline more than what is currently reflected in the market. Current rates are sufficiently restrictive and have room to move lower as inflation moves toward the Federal Reserve's (Fed's) stated goal of 2.0%. In the near term, we view the Fed in a "wait-and-see" mode as they ascertain the impact of the new administration's policies, particularly how increased tariffs will affect inflation and economic growth.
- » We believe GNMA mortgage-backed securities are well-positioned to perform favorably, as banks and investment managers recognize the current value proposition in the marketplace. In a stable environment with softer economic conditions, GNMA bonds present an attractive alternative to corporate credit.
- » The Payden GNMA Fund maintains a slight long-duration bias relative to its benchmark, while underweighting the highest coupons to mitigate prepayment (call) risk. The Fund also holds allocations in adjustable-rate mortgages (ARM) and collateralized mortgage obligations (CMO) with floating-rate bonds, which should benefit from increased demand among financial institutions. Additionally, the Fund favors securities with steady prepayment characteristics, such as seasoned, low loan balance, and 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 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.