

DECEMBER 31, 2022

### Investment Strategy

The Payden Equity Income Fund invests primarily in large-capitalization common stocks with above-average dividend yields and other income-producing securities such as preferred stocks, master limited partnerships, and real estate investment trusts. The fund focuses on companies that have strong fundamentals and are expected to achieve positive earnings and dividend growth.

### Fund Highlights

- » Seeks to provide current income and equity market participation through a variety of stocks, sectors and security types such as common and preferred stocks, master limited partnerships (MLPs) and real estate investment trusts (REITs)
- » Expects a large component of the total return to come from dividends<sup>A</sup>
- » Seeks to achieve lower volatility and better risk-adjusted returns than competitors and the broad market<sup>B</sup>

### Performance<sup>C</sup>

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (11-01-96)
PAYDEN EQUITY INCOME FUND	-6.71%	-6.71%	5.03%	6.70%	10.13%	6.85%
RUSSELL 1000 VALUE INDEX	-7.58%	-7.58%	5.92%	6.64%	10.27%	8.38%

### Calendar-Year Returns

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
-6.71%	23.28%	0.74%	27.95%	-6.69%	15.70%	14.92%	1.75%	14.79%	22.25%

### FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Nov 01, 1996
TICKER:	PYVLX
CUSIP:	704329739
TOTAL NET ASSETS:	\$1.4 Billion
INVESTMENT MINIMUM: <sup>D</sup>	\$5,000
IRA MINIMUM: <sup>D</sup>	\$2,000
DIVIDENDS PAID:	Quarterly
DIVIDENDS (LAST 12 MOS):	\$0.375

### FUND STATISTICS

BETA <sup>E</sup>	0.8x
PRICE-TO-BOOK RATIO <sup>F</sup>	3x <sup>J</sup>
PRICE-TO-CASH-FLOW RATIO <sup>G</sup>	10x <sup>J</sup>
PRICE-TO-EARNINGS RATIO <sup>H</sup>	16x <sup>J</sup>
WEIGHTED AVG MARKET CAP <sup>I</sup>	\$222.0 B

### EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.73% <sup>K</sup>
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### PORTFOLIO MANAGEMENT

	Years of Experience
Asha Joshi, CFA	37
Michael E. Salvay, CFA	37
James T. Wong, CFA	30
Alfred Giles, CFA	20
Micheal Huynh, CFA	18

*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](http://payden.com) or call 800 572-9336.*

## Role In Portfolio

Large-Capitalization Value – Appropriate for conservative equity investors who seek current income and moderate exposure to equity markets.

## 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

### SECTOR ALLOCATION

Health Care	19%
Financials	17%
Energy	12%
Technology	11%
Industrials	10%
Consumer Staples	9%
Communication Services	6%
Utilities	5%
Consumer Discretionary	4%
Other	4%
Real Estate	3%

### SECURITY TYPE ALLOCATION

Common Stock	93%
REIT	3%
Cash	2%
Master Limited Partnerships	1%
Preferred Stock	1%

### TOP-10 STOCK HOLDINGS

UnitedHealth Group	2.8%
General Dynamics	2.7%
Arthur J. Gallagher	2.6%
NextEra Energy	2.5%
Republic Services	2.4%
JPMorgan Chase	2.4%
Eli Lilly	2.4%
CVS Health	2.2%
Amdocs	2.2%
Merck & Co.	2.1%

## Market

- » U.S. equities rebounded sharply for the fourth quarter (S&P 500: +7.6%, Russell 1000 Value: +12.4%), ending the volatile year of 2022 down -18.1% for S&P 500 and -7.6% for the Russell 1000 Value.
- » Investor sentiment turned positive as inflation data continued to trend lower, corporate quarterly earnings were better than feared, and increased optimism surrounded China reopening their economy.
- » Sectors that were most cyclical such as energy (+22.7%), industrial (+19.2%), and material (+15.1%) led markets higher, while consumer discretionary (-10.2%), communications (-1.4%), and real estate (+3.8%) sectors were the market laggards.

## Outlook

- » We are cautiously optimistic on equities for 2023 as corporate fundamentals remain sound with earnings expected to grow 5% for the coming year and companies remain flush with cash, while valuations are near a 20-year average. However, volatility should remain elevated as the focus remains on macro-related factors.
- » We are targeting higher-quality companies/sectors (i.e., health care, energy, insurance) with healthy balance sheets and stable cash flows that can weather this uncertain economic and market environment.
- » Given our outlook for weaker growth prospects for equities, we believe investors will continue to seek dividends in areas such as REITs and preferred stocks to capture attractive yield opportunities and to potentially dampen portfolio volatility.

## FOOTNOTES

<sup>A</sup> Dividends are not guaranteed; dividend-issuing companies may choose not to pay a dividend, or the dividend may be less than what is anticipated. <sup>B</sup> A risk-adjusted return measures the amount of total return per unit of risk. <sup>C</sup> Returns less than one year are not annualized. <sup>D</sup> 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. <sup>E</sup> Beta is a measure of sensitivity of a portfolio's movement versus that of the overall market. <sup>F</sup> Price-to-book is the current stock price divided by the book (net asset) value per share. <sup>G</sup> Price-to-cash-flow is the current stock price divided by the trailing 12-month cash flow per share. <sup>H</sup> Price-to-earnings is a stock's current price divided by next year's expected earnings per share. <sup>I</sup> Weighted average market capitalization is the market capitalization (number of outstanding shares multiplied by the current share price) of each holding weighted by its percentage allocated within the portfolio. <sup>J</sup> Multiples represent the common stock portion of the Fund only and exclude preferred stock, real estate investment trusts and master limited partnerships. <sup>K</sup> Total Annual Fund Operating Expenses include all direct operating expenses of the Fund, as well as 0.01% Acquired Fund Fees and Expenses incurred indirectly by the Fund through its investment in other mutual funds.

For more information and to obtain a prospectus or summary prospectus, visit [payden.com](http://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. Investing in equity securities poses certain risks, including a sudden decline in a holding's share price, or an overall decline in the stock market. The value of the Fund's investment in any such securities will fluctuate on a day-to-day basis with movements in the stock market, as well as in response to the activities of individual companies whose equity securities the Fund owns. Fund price may fall when the U.S. stock market declines. Moreover, purchasing stocks perceived to be undervalued brings additional risks. For example, the issuing company's condition may worsen instead of improve, or the pace and extent of any improvement may be less than expected. The Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.