

MARCH 31, 2019

### Investment Strategy

The Payden Emerging Markets Local Bond Fund invests in a diversified portfolio of emerging-market sovereign and corporate bonds. The fund invests in countries that are identified through extensive analysis of their macroeconomic variables, sovereign credit ratios, political stability, and the quality of the country's business environment. The fund maintains geographic diversification across Latin America, Europe and Asia. Most of our investments are local-currency denominated, although we can also take advantage of attractive opportunities in U.S. dollar-denominated investments.

### Fund Highlights

- » Sovereign focus
- » 15 years of experience managing emerging-market portfolios
- » Exposure to fast-growing local currency segment of emerging markets
- » Pure bond strategy - limited use of credit default swaps or distressed debt
- » The value of an investment will generally fall when interest rates rise

### Performance<sup>A</sup>

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (11-02-11)
PAYDEN EMERGING MARKETS LOCAL BOND FUND	3.41%	-9.79%	3.02%	-1.09%	-	-0.80%
J.P. MORGAN GBI-EM GLOBAL DIVERSIFIED INDEX	2.92%	-7.56%	3.27%	-0.76%	-	0.05%

### Calendar-Year Returns

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
-8.17%	15.38%	9.12%	-14.79%	-6.64%	-11.71%	17.26%	-4.34%	-	-

### FUND DESCRIPTION

CLASS:	Investor
FUND INCEPTION:	Nov 02, 2011
TICKER:	PYELX
CUSIP:	704329275
TOTAL NET ASSETS:	\$216.7 Million
INVESTMENT MINIMUM: <sup>B</sup>	\$100,000
IRA MINIMUM: <sup>B</sup>	\$100,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.385

### FUND STATISTICS

EFFECTIVE DURATION: <sup>C</sup>	5.8 Years
AVERAGE MATURITY:	8.9 Years
30-DAY SEC YIELD:	5.77%

### EXPENSES

TOTAL FUND OPERATING EXPENSES:	0.92%
--------------------------------	-------

### PORTFOLIO MANAGEMENT

	Years of Experience
Kristin J. Ceva, PhD, CFA	27
Arthur Hovsepian, CFA	24
Darren J. Capeloto	21

*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

Appropriate for investors with long investment time horizons who seek diversification via local-currency sovereign bonds issued by emerging-market countries.

## 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:** \$114 billion  
(as of 03/31/19)

## Portfolio Characteristics & Market Commentary

### SECTOR ALLOCATION

Government/Gov't Related	96%
Corporates	4%

### CREDIT ALLOCATION<sup>D</sup>

AAA	1%
A	33%
BBB	40%
BB	23%
B	2%
CCC	1%

Lower of Moody's and S&P

### TOP-10 COUNTRY ALLOCATION

Indonesia	12.9%
Brazil	10.4%
Poland	9.2%
S.Africa	9.1%
Russia	8.3%
Mexico	8.1%
Colombia	7.9%
Malaysia	5.4%
Peru	5.4%
Thailand	4.4%

## Market

» Emerging-market (EM) fixed income saw mixed performance in March. Returns in EM sovereign and corporate credit were positive as yields declined in tandem with broader fixed-income sectors. In contrast, weakness in select higher-yielding EM currencies led to modestly negative overall returns in EM local debt. Expectations for a near-term trade truce between the U.S. and China, along with broadly dovish signaling from the U.S. Federal Reserve (Fed) provided a supportive backdrop. However, optimism was tempered by valuations following the sharp rally to start the year, as well as subdued global economic data.

## Outlook

» In 2018, negative EM returns were primarily driven by exogenous factors like Fed tightening, trade disputes, and slowing global economic activity, though select countries like Argentina and Turkey struggled more given weaker policy settings. To start 2019, market trepidation around several of these factors has eased; Fed hikes appear closer to ending and the U.S. and China appear to be engaged in constructive negotiations. While we remain alert to the risks around softer global growth, we are encouraged by the prudent monetary and fiscal response of most EM countries to the external environment.

» We believe investors are well served to consider emerging market debt (EMD) as a strategic asset allocation and opportunistically add to the asset class in periods of weakness. On whole, EM countries enjoy favorable fundamentals including higher growth rates and lower debt burdens than developed countries. EM debt offers an attractive diversification and income opportunity, and long-term risk-adjusted returns consistently stand among the strongest in global fixed income. The technical backdrop is supported by limited net issuance of U.S. dollar bonds and structural allocations to EMD by global institutional investors.



## FOOTNOTES

<sup>A</sup> Returns less than one year are not annualized. <sup>B</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>C</sup> Effective duration is a measure of the Fund's price sensitivity to changes in interest rates. <sup>D</sup> Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest) and are subject to change.

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. Investment in foreign securities entails certain risks from investing in domestic securities, including changes in exchange rates, political changes, differences in reporting standards, and, for emerging-market securities, higher volatility. Investing in high-yield securities entails certain risks from investing in investment-grade securities, including higher volatility, greater credit risk, and the issues' more speculative nature. The Paydenfunds are distributed through Payden & Rygel Distributors, member FINRA.