

# **Payden & Rygel Compliance Policy No. I.B.1.**

## **Potential Conflicts of Interest between the Adviser and its Clients**

### Policy:

Payden & Rygel (the Adviser) reviews all relationships between itself, including its affiliated persons, and any of its clients. The Adviser takes all necessary precautions to ensure that transactions between itself, including its affiliated persons, and a client do not present a conflict of interest, and even if no conflict of interest exists, do not disadvantage the investment performance of the client account.

### Procedures

The Adviser's Compliance Group at all times maintains a current list of its affiliated persons, updating it as necessary. As of this date, the Adviser's affiliated persons consist of (a) the following wholly-owned subsidiaries – (1) Payden & Rygel Distributors, a limited purposed broker-dealer whose sole business is the distribution of shares of the mutual funds of The Payden & Rygel Investment Group (the "Paydenfunds"), (2) Treasury Plus, Inc., whose sole business is the provision of administration services to the Paydenfunds, (3) Payden & Rygel Global Limited, a United Kingdom-based investment adviser regulated by the British Financial Services Authority, and Payden Global Sim S.P.A., an Italy-based investment adviser regulated by the Italian CONSOB; (b) the following 50%-owned subsidiaries – (1) Metzler/Payden LLC, an SEC registered investment adviser that is 50% owned by the Adviser and 50% owned by a U.S. subsidiary of the Metzler Bank Group of Frankfurt, Germany, and (2) Payden/Kravitz Investment Advisers LLC, an SEC-registered investment adviser that is 50% owned by the Adviser and 50% owned by KPLANS INVESTMENT SERVICES, INC. ; and (c) the following individuals, each of whom own more than 5% of the outstanding shares of Payden & Rygel: (c-1) Joan A. Payden (more than 50%, but less than 75% and (c-2) Brian W. Matthews (more than 5%, but less than 10%).

- Any relationship between the Adviser and a client, other than the investment advisory relationship, and any relationship between an affiliated person of the Adviser and a client, must be reviewed and approved by the Chief Compliance Officer before the relationship commences to ensure that no conflict of interest exists.
- As a matter of policy, the Adviser does not:
  - Engage in any transactions as principal with any client, or
  - Maintain any soft dollar brokerage arrangements with any broker dealer.

### Compliance review:

- The Compliance Group regularly reviews the Adviser's client relationships and the relationships, if any, of its affiliated persons with clients to determine if any conflicts of interest exist.

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- If a conflict of interest exists, the Chief Compliance Officer immediately notifies the client of the nature of the conflict of interest and the steps to be taken to end the conflict of interest, including the determination of whether the client account was disadvantaged as a result of the conflict of interest.
- If the account was disadvantaged, the Adviser's Chief Compliance Officer determines its nature and extent and makes such payment or takes such other steps as shall make the client whole.
- The Compliance Group regularly reviews the trade blotter to ensure that the Adviser has not entered into any transactions as principal with a client.
- The Compliance Group reviews all proposed brokerage arrangements to confirm that no soft-dollar arrangement has been entered into between the Adviser and the broker in question.