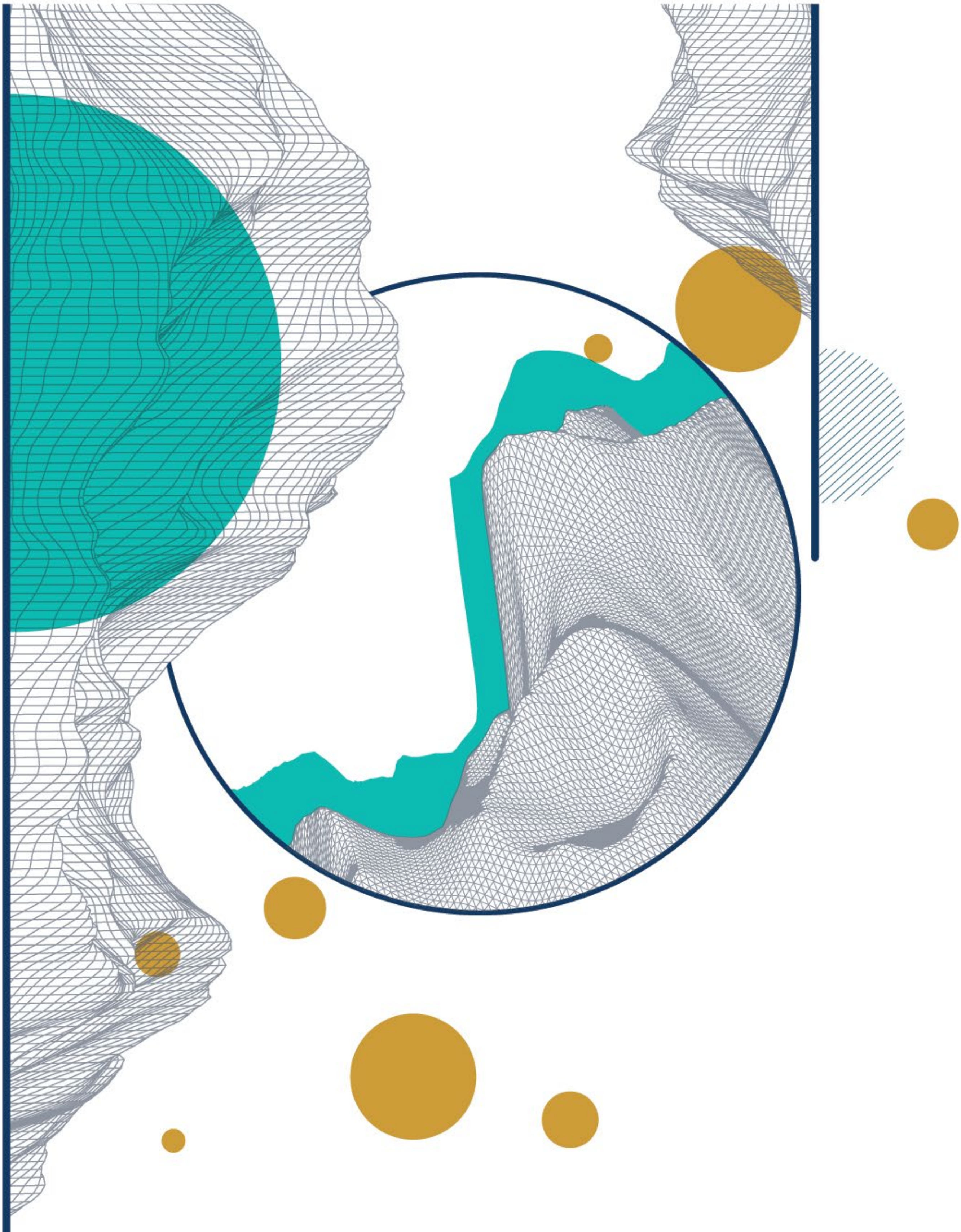


2024
UK Stewardship Code Report

Payden&Rygel

LOS ANGELES | BOSTON | LONDON | MILAN

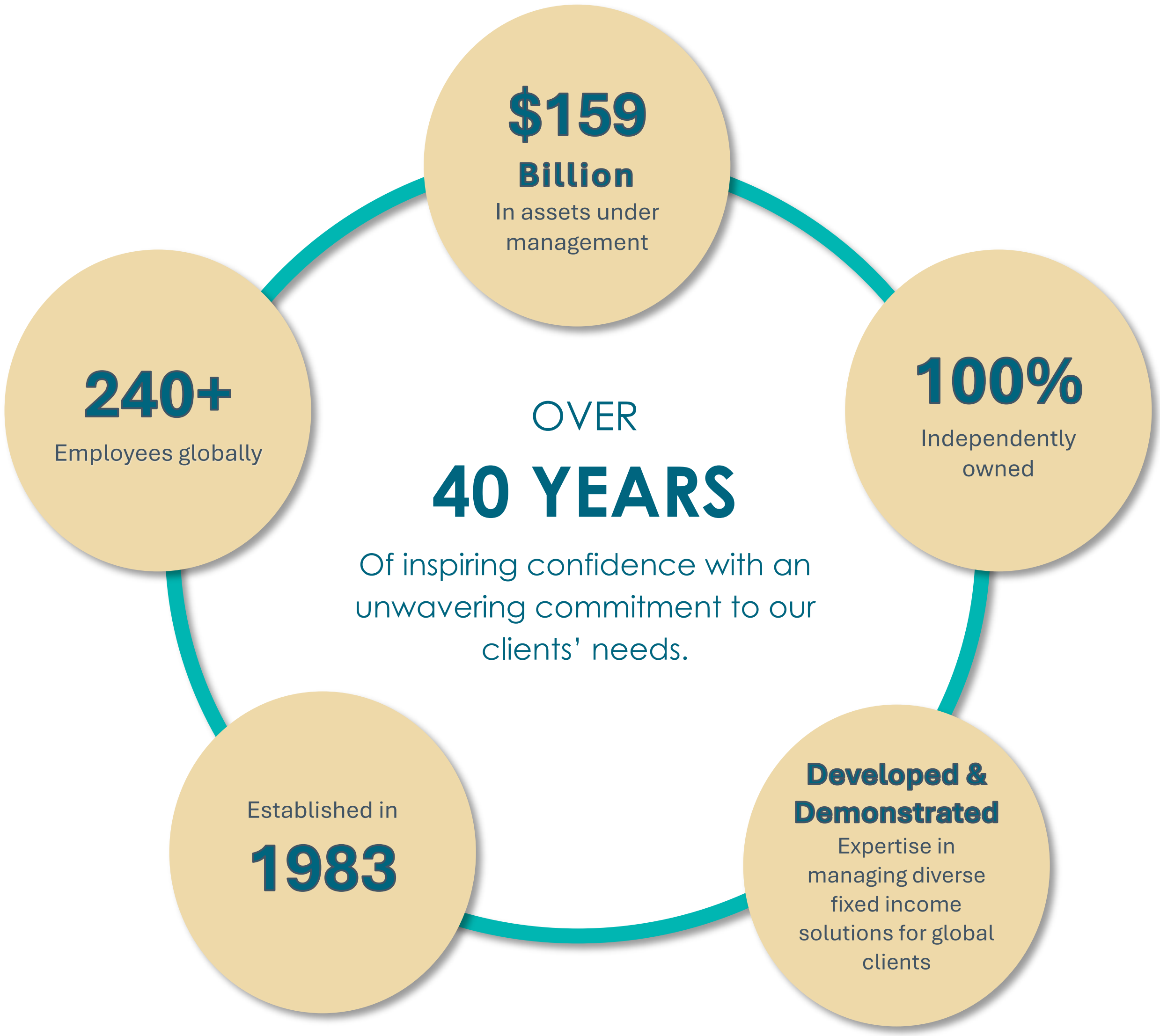
CONTENTS

INTRODUCTION

From our inception over 40 years ago, our emphasis on collaboration, where competition is external rather than internal, has allowed us to cultivate an inclusive culture where all voices are heard, respected, and where constructive debate is encouraged.

Our independence enables us to manage portfolios focused on our clients' objectives. We build lasting relationships by providing an unparalleled level of service and customised solutions. At Payden & Rygel ("Payden"), we believe this cultural feature, coupled with a focus on passion and commitment, enhances our stewardship and client relationships and allows us to attract the best talent, which supports improved investment results.

The following document sets out how, as a firm, we have adhered to the UK Stewardship Code during the calendar year 2024. We demonstrate our stewardship through the spectrum of our activities, including partnering with our clients, investment philosophy, investment monitoring, issuer engagement, industry involvement, and our exercise of rights and responsibilities attached to our role as an asset manager.



Data as at 31/12/2024

ABOUT PAYDEN & RYGEL

Payden is an SEC registered investment adviser headquartered in Los Angeles, with offices in Boston and subsidiaries in London (Payden & Rygel Global Limited) and Milan (Payden Global SIM SpA). We have chosen to apply to be a signatory to the UK Stewardship Code at the enterprise-wide level rather than focusing purely on our UK asset management activities. The offices and legal entities constituting Payden operate at both a local and global level to achieve a uniform and consistent approach to stewardship. We believe that this enterprise-wide approach to stewardship has the greatest impact on our investment philosophy and approach, ensuring consistency for our clients and other stakeholders.

Founded in 1983, we are one of the largest privately held asset managers in the world. We invest assets on behalf of institutional investors primarily through highly customised investment strategies but also through ranges of pooled funds domiciled in Ireland and the US. Advising world-leading institutions and individual investors, we provide strong performance and real-world strategies on the global economy and capital markets.

For over four decades, our independence has enabled us to manage portfolios focused on our clients' objectives. We believe that investment management is a personal service business, an important part of which leads to a philosophy of stewardship, developing close and meaningful relationships with our clients by providing an unparalleled level of service and problem-solving.

LOS ANGELES

BOSTON

LONDON

MILAN

ACCOMPLISHMENTS & FUTURE GOALS

We accomplished a series of goals during 2024 and are committed to further developing our stewardship practices going forward. The following initiatives highlight our progress since our last stewardship report and our objectives for 2025.

- Launched Payden Global Investment Grade Corporate Bond Fund designated Article 8 pursuant to SFDR.
- Continued our internal training programme for employees in response to evolving regulations and firm developments (Principle 2).
- Received our 2024 SOC 1 Type II (SSAE 18 and ISAE 3402) report, which confirmed no audit exceptions (Principle 5).
- Successfully selected a new presentation coach for Payden's head office to provide training and support to client-facing employees to improve communication and presentation skills.
- Refreshed Payden's proprietary ESG frameworks with additional ESG metrics and alignment under relevant international frameworks and initiatives (Principle 7).
- Achieved our objective and produced our second TCFD (Taskforce on Climate-Related Financial Disclosure) report (Principle 4).
- Achieved CarbonNeutral® company certification for 2024 (Principle 4).
- Continued our development of Payden's customised solutions for clients looking to implement climate objectives and decarbonisation in portfolios. (Principle 4, 6).
- Senior members across the firm participated in associations through committee memberships, conferences, and working groups (Principle 4, 10).
- Implemented the Glass Lewis ESG Thematic Voting Policy for Payden Funds designated Article 8 pursuant to SFDR. (Principle 12).
- Achieved our objective to continue to improve ESG reporting for clients by adding additional ESG metrics and increasing our customisation capabilities (Principle 6).
- Enhanced the function of the Investment Policy Committee through the creation of sub-committees focused on specific aspects of Payden's investment activities (Principle 2).
- Achieved our objective and produced cyclical SFDR regulatory disclosures, including Annex I and Annex IV reporting (Principle 7).
- Published Payden's improved engagement report to promote more advanced transparency on engagement activity and support Annex I reporting (Principle 9).
- Continued engagement with issuers in accordance with the Payden SFDR ESG Engagement Policy regarding climate change mitigation using our targeted engagement methodology and approach (Principle 9).
- Signed the CFA's UK Diversity, Equity and Inclusion Code (Principle 2).

2025 OBJECTIVES

- Celebrate our consistent stewardship of our clients' assets and our ethos of collaboration, financial independence, and customisation across all of our teams (Principle 1).
- Continue to review and improve our ESG reporting capabilities for clients and launch climate specific portfolio reporting available to separately managed account clients (Principle 6).
- In support of additional transparency, release quarterly ESG reporting for Payden SFDR Article 8 funds available on Payden.com (Principle 9).
- Launch the Payden Securitized Income Fund in 2025 as part of the Payden Funds umbrella.
- Improve annual SFDR engagement reporting and release Payden's SFDR engagement report in 2025 (Principle 9).
- Release Payden's Climate Portfolio Solutions, a guide for clients who want to target decarbonisation and climate considerations in their portfolio (Principle 6).
- Continue to engage with organisations such as the PRI to foster transparency (Principle 10).
- Launch Payden Liquid Income Fund in 2025 as part of the Payden Global Funds plc umbrella.

PRINCIPLE BY PRINCIPLE ANALYSIS

Below is our principle-by-principle analysis of our activities during 2024, demonstrating adherence to the UK Stewardship Code.

PURPOSE AND GOVERNANCE

PRINCIPLE 1: PURPOSE, STRATEGY, AND CULTURE

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment, and society.

OUR PURPOSE & STRATEGY

Payden was formed over 40 years ago by Joan Payden, a former partner of an international investment firm, to capitalise on the globalisation and expansion of fixed income markets. Joan believed these two trends would drive the future success for fixed income investors. Investing her own savings in the business as a start-up, she had the vision to create fixed income tailored investment solutions focused on each client's specific needs. Payden has continued to manage portfolios globally with this vision ever since. We remain 100% privately held with ownership confined to active employees currently engaged in the managing of the firm, and we maintain a culture focused on collaboration, which emphasises teamwork. We view competition as external, not internal, a value that is reflected in our compensation structure and remuneration, which incentivises internal cooperation. These core values have remained since our founding.

Payden was built on 3 core tenets:

We provide a range of strategies worldwide to institutional investors. Strategies are customised based on each client's objectives, but fall into four broad categories: fixed income, equity, absolute return, and balanced. Strategies can be employed using customised separately managed accounts, Payden US-domiciled mutual funds, US private vehicles such as CITs, or Payden Irish-domiciled UCITS funds and AIF. We look to identify areas of growth in serving different geographies as well as finding new solutions to investment challenges. Our approach has consistently focused on a fundamental principle - an investment portfolio should behave in a manner consistent with the client's objectives.

We believe the below are key defining features of our firm and are important to our stewardship philosophy:

- **Independence:** Investment management is our only business and our sole source of revenue. As an independently owned corporation, our interests are directly aligned with those of our clients. Our sole focus on investment management and independence helps us to avoid conflicts of interest.

- **Stability of Firm:** Our senior investment professionals have worked together on average for over three decades. This long tenure brings stability to our investment process and discipline and experience to our risk controls. The eleven members of the firm's Investment Policy Committee (IPC) have an average of 24 years with the firm and over 34 years of investment management experience.

- **Experience:** We have overseen investment portfolios for various types of organisations since the firm's inception and are attentive to the unique investment objectives, constraints, and stewardship concerns of our investors.

- **Client Service:** Addressing our clients' needs in a timely and accurate fashion has been a hallmark of our firm since its inception. We do not deviate from our mission of providing customised services that focus on each client's specific needs and objectives. Client relationships are led by senior, experienced investment professionals, and our clients also benefit from proprietary, transparent online reporting capabilities. We utilise a team approach in the management of our portfolios and make our investment staff available to speak to our clients.

- **Global Scope:** We have managed global fixed income assets since 1986. Our team of portfolio managers and sector, country, and currency analysts have a global footprint. We have expanded our offices as our international client base has grown, and now have employees in the US, London, and Milan.

- **Consistent Investment Decision Making:** We use a hybrid approach in our investment process, with a top-down, macro focus for major strategy themes such as sector, country, and duration decisions, combined with an analysis-based bottom-up approach for individual security selection.

- **Team Approach:** We utilise a team approach in the management of our portfolios, which utilises the collective wisdom of a highly qualified group of experienced professionals, and as such, our clients are not dependent on the ideas of a single portfolio manager.

- **Fixed Income Specialist with Tailored Portfolios:** The majority of client assets under management are in fixed income strategies. Our philosophy around managing portfolios is that active management with appropriate risk controls can provide attractive performance in a range of investment and economic environments.

- **Risk Management Focused:** Rigorous risk management and control is integral to the ongoing management of client mandates. Over the last five years, we have invested significantly in the development of our risk measurement and management systems, which are at the heart of our investment processes.

A CULTURE OF COLLABORATION & CLIENT SERVICE

Payden's culture can best be described as a collegial environment with a flat corporate structure that encourages close interaction among employees at all levels.

We believe that investment management is a personal service business, an important part of which leads to developing close and meaningful relationships with our clients. From an investment perspective, we believe in providing our clients with "no surprises". We offer customised solutions to meet specific client needs and objectives. This often includes non-standard benchmarks, widely varying investment guidelines, and a range of performance objectives and risk tolerances.

Our team-based system allows our strategists to implement the best investment ideas from our research analysts across a variety of client portfolios. We organise our resources to gain economies of scale in the investment process.

This team-based system encourages the constant interaction of all employees with those who emanate our vision – our independent, senior management. Our active and accessible senior management remains integrally involved in client service and the day-to-day investment processes, ensuring that we remain close to our end users - our clients, and that our clients benefit from our independent outlook and best ideas.

OUR INVESTMENT PHILOSOPHY

The cornerstone of Payden's investment philosophy is that active management combined with a robust risk management process enhances portfolio returns. Portfolios are managed with an emphasis on risk control that is consistent with clients' overall objectives and investment guidelines. Our portfolio strategies are developed according to our expectations for the macroeconomic environment. We evaluate factors such as GDP growth, inflation, earnings growth, interest rates, Central Bank monetary policy, government policy, and supply and demand dynamics to determine what portfolio instruments and structure may produce a favourable performance outcome. Our ability to build long-term client relationships is based on meeting clients' expectations.

Our philosophy for capturing value is guided by our global macroeconomic fundamental analysis in addition to "bottom-up" security and stock selection. Value in markets is based on evaluating the direction of monetary policy, the strength and direction of the global economy, and fundamental company analysis. The process of analysis, beginning with the broad macro-economic environment and filtering down through sectors of the market, allows us to compare the expected returns from different asset classes, which in turn allows us to determine which areas we feel have the most value given our fundamental outlook. We consider the broad opportunity set to measure the performance, diversification, and liquidity benefits of sectors when developing these strategies. From there, we optimise our security and stock selection through sector specialists who look to identify unique opportunities to enhance performance. A critical component of this investment process is risk management, which includes a strict sell discipline, issuer diversification criteria, evaluation of downside scenarios, and a focus on managing portfolios consistent with clients' objectives.

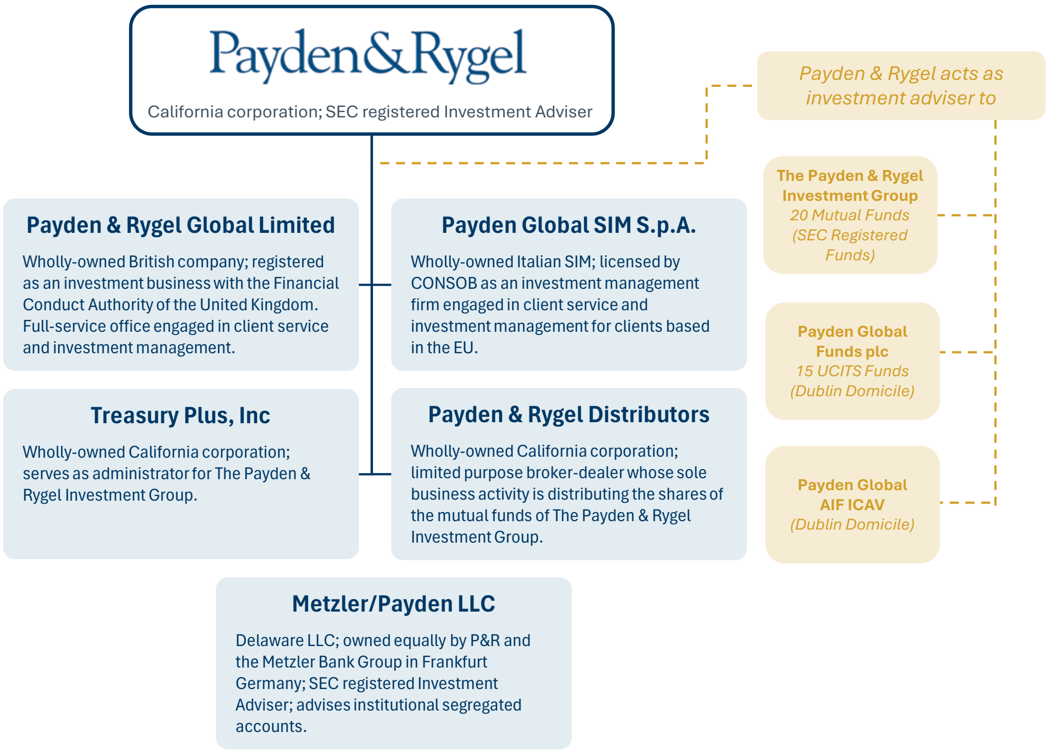
The extent to which we are effective in serving our clients and beneficiaries (Principle 6) is evidenced by the meaningful size of assets we retain, the continued interest in our strategies, inflows from new clients, and the feedback we receive.

PRINCIPLE 2: GOVERNANCE, RESOURCES AND INCENTIVES

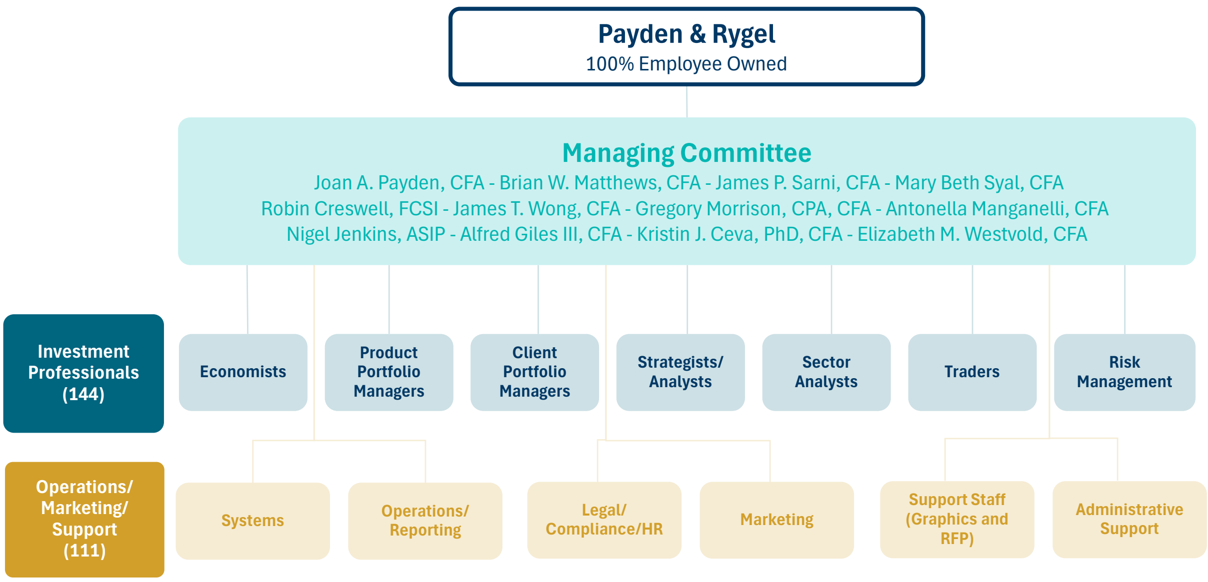
Signatories' governance, resources, and incentives support stewardship.

GROUP STRUCTURE

Payden is a California C-Corporation and 100% privately held by employee shareholders, all of whom perform senior management functions. With this ownership structure, our interests are aligned with our clients' interests. This independence enables us to avoid conflicts of interest and to offer stability of strategy as well as consistency of management and customised services to clients.



FIRMWIDE RESOURCES



As at 31/12/2024

GOVERNANCE & OVERSIGHT 2024

Managing Committee

37 years average experience | 25 years average tenure | 12 members

The Managing Committee is comprised of twelve senior professionals, all of whom are active in the day-to-day management of the firm's activities. The Committee oversees the firm's operations and monitors business and operational risks. Members of the Committee include the leaders of key areas, including investment strategy, research, client service, operations, technology, and risk, and the Committee coordinates closely with every functional area. Committee meetings are scheduled bi-weekly and more frequently as needed.

The Managing Committee made the strategic decision to embed stewardship considerations throughout the organisation rather than allocating responsibility for all matters to only one team. We believe this makes the best use of our collaborative culture to encourage shared responsibility and ensure alignment of the firm's stewardship activities across the firm. We believe having a flat corporate structure with reporting committees promotes transparency across the firm. In 2024, we expanded our Managing Committee membership with an additional member, Elizabeth M. Westvold, Director. Beth has over 42 years of experience and 13 years at the firm. She is responsible for the firm's US East Coast office in Boston and serves as a Senior Client Portfolio Manager for US institutional clients.

The following groups report directly to the Managing Committee and include memberships of key functions across the firm.

Investment Policy Committee (IPC)

34 years average experience | 24 years average tenure | 11 members

The IPC maintains oversight of all of the firm's strategies and is an important part of our decision-making and risk-management processes. The goal is to set an overall context for the investment of all strategies at Payden, and to ensure an appropriate balance between top down thematic consistency and the active management of the various specialist Strategy Teams, given their investment opportunity set, specialist market knowledge, and bottom-up ideas and positions. The oversight exercised by the IPC is best seen as the setting and reviewing of the framework within which specific strategies are managed. This includes:

- Determination and review of the firm's broad risk management parameters
- Broadly described views on macroeconomic and market factors, and risks around those views; and
- Regular and comprehensive review of investment results for consistency with the firm's investment approach and biases

The IPC meets weekly, and more regularly as needed, and encourages active debate about positions and views, including hearing from the various sector specialist teams. The function of the IPC was further enhanced in 2024 with the creation of sub-committees that focus in more detail on sectoral views and relative value, rates and currencies, and metrics to aid comprehensive risk reviews.

ESG Committee
9 Members

The firm aims to ensure applicable consistency in our approach to stewardship across the firm and our product range through the global and group-wide ESG Committee. The ESG Committee is broad, diverse, and represents the key functions of our business with members from the ESG team, IPC, research, investment strategy, business development, legal/compliance, and client service. This allows for the input of stewardship considerations into the firm's activities and our investment processes from multiple perspectives. The ESG Committee meets quarterly and more frequently, as needed.

ESG Compliance Sub-Committee
5 Members

The ESG Compliance Sub-Committee is responsible for the monitoring and testing of the firm's policies that pertain to stewardship, including the ESG policies applicable to Payden's SFDR Article 8 Funds range. The ESG Compliance Sub-Committee reviews and updates the ESG policies at least annually and periodically, as appropriate, upon the advice of the ESG Committee and Compliance Group.

Diversity & Inclusion Committee (D&I)
5 Members

Payden's diversity and inclusion efforts are led by the D&I committee, comprising senior members, all of whom have senior investment strategy, client-facing, or people management roles. The D&I Committee meets quarterly with the Managing Committee; this level of engagement and focus on diversity and inclusion at the senior-most levels of the firm is critical to our continued success and a differentiating feature. In 2024, we expanded our D&I Committee membership with an additional member.

Proxy Voting Committee
3 Members

The Proxy Voting Committee consists of senior members of the firm and considers issues related to proxy matters, any one of whom can issue voting instructions on behalf of the Committee. For ballot items that are governed by our pre-determined voting template, our third-party vendor, Glass Lewis, executes votes in accordance with our requirements. For issues outside the scope of our voting template, Glass Lewis will provide research and advice.

Business Continuity Committee
7 Members

The Business Continuity Plan was developed and is monitored by the Business Continuity Committee. The Committee consists of senior managers, including the heads of the Trading, Portfolio, and Trading Operations, Compliance, and Information Technology departments, and a Senior Compliance Officer. The Committee meets regularly to discuss any necessary updates to the Plan and coordinates ongoing tests of the backup data centre location by a team of employees from various departments. The Committee also solicits feedback from personnel based on the ongoing tests and promptly adjusts the Plan and the backup data centre resources, as necessary.

Best Execution Committee
5 Members

The Committee meets quarterly to review trading activity reports and other data regarding trading costs and execution quality in all asset classes. Our objective is to achieve the best possible result for our clients on every trade, taking into consideration price, costs, execution speed, settlement, size, and any other considerations relevant to the trade execution. The Best Execution Committee's oversight process is tested by the firm's SOC1 independent audit team.

Liquidity Committee
10 Members

The Liquidity Committee is chaired by the Head of Risk Management, and the committee members are senior members of the Compliance Group, the Head of Trading, and senior directors of the firm. The Liquidity Committee meets monthly and reviews liquidity risks.

On a monthly basis, Payden Funds and Payden sub-advised funds are reviewed with respect to the liquidity of the funds. Each fund is reviewed in terms of liquidity classification according to highly liquid, moderately liquid, less liquid, and illiquid classifications. In addition, fund-level ex-ante transaction costs are reviewed from a fixed cost and market impact perspective. Each fund's security holdings in the illiquid bucket are noted and discussed as necessary, and liquidity stress testing under ESMA guidelines is reviewed.

Compliance Group

The Compliance Group is responsible for ensuring that the firm complies with all operational and regulatory requirements, that procedures are in place to ensure compliance with client guidelines, firm policies, and procedures, and that these policies and procedures are being followed. Reflecting the importance of the compliance function and the need to be independent of the investment function, the Chief Compliance Officer reports directly to our firm's CEO and Managing Committee. The Managing Committee is committed to compliance and dedicates the resources necessary to ensure the Compliance Group thoroughly performs its duties.

Risk Management Team

Our centralised investment Risk Management Team is independent of the portfolio management group (and any portfolio management team within that group), the Compliance Group, and the IPC, each of which also has risk management responsibilities. The Risk Management Team members are investment professionals who work in conjunction with the Compliance Group in monitoring firm-wide risk parameters established by the Risk Management Team and the IPC. The Head of the Risk Management Team is functionally and hierarchically segregated from the investment teams. The team meets formally twice weekly, and more often as needed.

STEWARDSHIP RESOURCES

Managing Committee

Oversees the management of our firm, including investment and long-term corporate strategic plans. The Committee comprises senior professionals, all of whom are active in the day-to-day management of the firm, and thus providing close supervision of all firm functions.

Payden's incorporation of ESG factors involves collaborative efforts by multiple Payden groups who play important roles in formulating and overseeing the ESG investment processes:

Investment Policy Committee

- Comprises senior members of the Research and Strategy teams.
- Maintains oversight over all strategies and is an integral part of the investment and risk management processes.
- Monitors the impact of ESG considerations and regulation on strategies.
- Oversees and manages the escalation of issues within the investment process.

ESG Committee

- Comprises members from ESG, Research, Strategy, Client Portfolio Management, and Compliance team.
- Acts as the hub for the coordination of ESG investment processes and for the dissemination of ESG-related information.
- Responsible for the day-to-day management of the ESG investment processes for the firm.

Compliance

- Monitors compliance with client and regulatory guidelines through pre-and post-trade compliance.
- Reports to the Managing Committee regarding the reasonable design and effective implementation of our ESG Investment Policy.

Committees & Groups that inform our ESG & Stewardship activities

Risk Management Team	ESG Compliance Sub-Committee	Diversity and Inclusion Committee	Best Execution Committee	Dedicated ESG Team	Liquidity Committee	Proxy Voting Committee	Business Continuity Committee

PERFORMANCE MANAGEMENT & REMUNERATION

Payden has adopted a remuneration policy applicable to staff and senior management, the remuneration plan is structured the same for all tiers of employees. Performance-related remuneration is based on the assessment of the individual's performance, contribution, and competence in his/her role within the business during a defined period, together with the overall contribution of the business unit(s) to which they are connected and the overall results of the firm. Employee performance is measured on a broad basis; we prize collaboration and teamwork and discourage the creation of a "star culture" that could motivate an individual to operate alone and indulge in greater risk-taking. All staff who are affected by the Remuneration Policy are evaluated for their contribution, as applicable to their role, to the firm's risk management processes, stewardship, and environmental, social, and governance factors incorporation. We believe that specific measures based on numerical investment performance can affect the collaborative nature of our structure (Principle 1). We promote a culture of responsible business conduct, which is aligned with the standards of conduct expected of a UK Stewardship Code Signatory. Our remuneration arrangements are compatible with this philosophy.

Among the most important determinants is an individual's contribution to the firm in terms of value added to the investment decision-making process, impact on training and education of others within the team, and client retention. More specifically, we look at things such as written presentation materials, research opinions/portfolio management insights, and internal and external communication effectiveness. We take into significant account an individual's contributions to our firm's culture, including compliance, as well as to client focused ESG initiatives, where relevant.

We have an ESG Policy (Principle 7) whereby we adopt a client-centric approach to ESG, adaptive to changing market conditions, data coverage, developments in the global ESG landscape, and broader sustainability analysis. Our Remuneration Policy is considered consistent with the integration of sustainability risks where these are applicable in client guidelines. Individual performance is evaluated based on various parameters, of which ESG may form an important component in accordance with the Payden ESG Policy. We prize longevity of service, thus setting remuneration within a multi-year framework by evaluating longer term contribution. Our system has been in place since the firm's inception and continues to serve the firm and our clients well.

In addition to highly competitive base salaries, each employee may receive annual discretionary cash bonuses based on personal performance and corporate profitability.

We offer both internal and external training to new and existing employees. Our employees have access to a broad selection of industry workshops, seminars, conferences, and certificate programmes. We provide annual compliance training to all employees, which includes training on any new regulatory information relevant to the firm. To promote industry standards, we sponsor staff through the CFA programme.

All statutory FINRA series and continuing education sessions are fully documented. Those who do not have designations like CFA or MBA from a highly rated institution are encouraged to meet these educational goals through the firm's tuition reimbursement plan. Currently, over 35% of all employees and 60% of our investment professionals have the CFA designation or are working towards this.

In 2024, we successfully selected a new presentation coach for our US office to provide training and support to client-facing employees to improve communication and presentation skills. A similar position was filled in our London office in 2023 and has remained in place since.

We further expanded internal training relating to Diversity and Inclusion, with a new additional online training provider evaluated and implemented in 2024 within the US.

COMMITMENT TO DIVERSITY & INCLUSION

We believe an inclusive organisational culture fosters diversity, enhances our client relationships, and improves investment results. We are deeply committed to the further cultivation and preservation of an inclusive culture where all voices are heard, respected, and where constructive debate is encouraged. Furthermore, we believe that it is important to recognise that our industry strives to improve the underrepresentation of various groups, and we are committed to being part of the solutions to close those gaps. To achieve this, we are focusing on advancing our progress and participation in the following four areas:

Culture of Inclusion

Engage the Payden Team to build on our existing collaborative culture and actively seek to identify and address any "blind spots".

Hiring, Retention, & Promotion Practices

Drive a deliberate effort to seek diverse pools of qualified candidates for both entry level and senior positions (race and ethnic origin, gender, sexual orientation, educational background, non-traditional careers, etc.); develop, retain, and promote diverse talent from within the firm.

Philanthropy

Continue to cultivate the generous culture of the firm with a targeted focus on organisations and initiatives that will support inclusion and provide opportunities for underserved communities.

Industry Involvement

Actively participate with industry groups to establish and adopt best practices to accelerate progress in creating greater inclusion and diversity.

Payden is an equal opportunity employer, which means we comply with all federal, state, and local laws that prohibit discrimination when making all decisions about employment. Payden does not make employment decisions on the basis of race, colour, ethnicity, national origin, citizenship, religion, sex, sexual orientation, gender identity, gender expression, age, past or present physical or mental disability, HIV status, medical condition as defined by state law (genetic characteristics or cancer), pregnancy, childbirth, and related medical conditions, reproductive health decision making, veteran status, military service, marital status, familial status, genetic information, domestic violence victim status or any other classification protected by applicable federal, state and local laws and ordinances.

Payden is a majority women-owned firm. Beyond our CEO and other female shareholders, over half of Payden's current assets under management are managed in strategies with teams co-led by women. In addition, key business areas such as corporate research, global equities, high yield, the firm's operations department, and the compliance functions of our US funds and European compliance are led by women and/or minorities. We define diversity more broadly than our leadership as a women-owned, women-led firm. In this broader definition, we include the representation of minority cultures and backgrounds. Approaching diversity in this way enables us to attract and retain individuals who demonstrate good judgment, bring different perspectives, and approach investment decision-making and problem-solving from different and unique standpoints. We believe that this team diversity is key in adding value to both our clients and the firm. We also believe it is critical to attracting diverse employees to our firm.

Although we acknowledge more work needs to be done to increase diversity within the financial service industry, we recognise this need and are taking steps to promote diversity within Payden and beyond.

Our Diversity and Inclusion Mission Statement is available on our website.

Diversity in Action - a sample of the diversity initiatives supported in 2024:

PATHWAY DEVELOPMENT PROGRAM	▪ Offers direct mentorship to employees to help with professional development. ▪ Host "lunch and learn" moderated panels to discuss relevant career topics both at a firm and industry level. ▪ Employees in this programme benefit from a strategic pairing with a seasoned Managing Director/Director, fostering a mentorship dynamic aimed at imparting valuable insights and guidance. ▪ Continued to expand our formal mentorship programme with additional cohorts in 2024, which includes five membership cohorts with an additional four mentees in 2024.
INTERNSHIP PROGRAM	▪ Provide students summer analyst internships with an opportunity to gain practical experience and exposure to the investment management industry. ▪ Students spend ten weeks in our LA office rotating through different areas of the firm, including research and strategy. ▪ The programme aims to provide full-time permanent offers upon graduation the following year. ▪ In 2024, we hosted six interns, which resulted in two hires. Three interns are scheduled for 2025.
CRISTO REY NETWORK & VERBUM DEI	▪ Career-focused US college preparatory education programmes. ▪ Founding partner of the Verbum Dei Corporate Work Study Program (CWSP). ▪ Cristo Rey Network (includes Verbum Dei) is a network of 40 career-focused, college-preparatory schools with an enrollment of 12,300 students nationwide. ▪ LA and Boston offices offer work experience to underrepresented urban youth under these programmes. ▪ Continued to host students with nine in our LA and Boston office for 2024 or scheduled for 2025.
UNCF	▪ Pioneer partner in UNCF's Lighted Pathways Program for Asset Management, where the investment community has come together to recruit students from HBCUs and other underrepresented communities. ▪ Since the programme's inception in 2022, Payden has been a strong supporter and hosted an intern in our Boston office in 2024 and committed to host an intern in 2025.
GIRLS WHO INVEST	▪ US non-profit focused on transforming the asset management industry by bringing more women into portfolio management and leadership roles. ▪ Committed to hosting a summer intern in 2025.
THE DIVERSITY PROJECT	▪ Members of the Steering Group and Advisory Council for the Diversity Project, an initiative championing diversity within the UK investment and savings industry. ▪ Contributed to multiple panels on allyship for International Women's and Men's Day in 2024. Additional participation regarding financial literacy is planned for 2025.

WOMEN IN INSTITUTIONAL INVESTMENTS NETWORK (WIIIN)	▪ LA-based forum for women in institutional investing. ▪ Primary goal is to strengthen relationships and facilitate a dialogue to advance and employ women in the Southern California institutional investment community through educational and philanthropic endeavours. ▪ In February 2024, Kristin Ceva, Head of Emerging Markets Debt, Managing Director, participated in a networking breakfast discussion on compelling opportunities in the new fixed income landscape. ▪ As a WIIIN sponsor, we post our open positions on their job board.
CFA INSTITUTE	▪ Inaugural signatory to the CFA Institute Diversity, Equity & Inclusion Code (US & Canada). In 2024, Payden also signed the CFA's UK Diversity, Equity and Inclusion Code (UK). ▪ Contributed to the CFA Society Los Angeles Fixed Income Series, an educational course designed to help investment professionals gain a broader understanding of fixed income markets and strategies. ▪ Participated in two CFA LA Virtual Career Development Expo and Job Fair roundtables.
NICSA	▪ Founding member of the Diversity Project North America, created to improve the finance industry diversity profile, especially concerning improving both women and minority representation and access in asset management. ▪ One of the firm's Directors is co-chair of the Benchmarking Committee.
LORD MAYORS APPEAL	▪ Champion and corporate sponsor to the Lord Mayor's initiative programmes: the Power of Inclusion, We Can Be, This Is Me, and City Giving Day. ▪ Partnered with a local school to host young women for the day to support We Can Be's aim for young women to see the city of London as a viable career option. ▪ A working member of the senior leader's group of the Power of Diversity initiative ▪ Members of the Payden London office have participated in multiple events, workshops, and webinars regarding mental health, well-being, and social mobility. ▪ Hosted Payden's second Diversity Day, which included guest speakers discussing diversity and inclusivity in the workplace.
GAIN	▪ GAIN aims to inspire young women to get into the industry through inspirational talks, career support, and opportunities.
SEO CAREER	▪ American programme for recruiting and coaching high-achieving undergraduates. ▪ Offers access to internships, intensive training, and networking, which historically has resulted in 80% full-time offer rates. ▪ Hired two summer interns to participate in Payden's Internship Programme in 2024.
PROGRESS TOGETHER	▪ Early membership of Progress Together, a not-for-profit tackling the disparity in career progression for people from lower socio-economic backgrounds. ▪ Continued participation in the 2024 data pooling, briefing sessions, and workshops with the aim of addressing this disparity and raising awareness.

PRINCIPLE 3: CONFLICTS OF INTEREST

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

In recognition of the need for transparency in our policies and procedures supporting our stewardship, our Conflicts of Interest policy is available on the Payden website.

We are an independent firm, and investment management is our only business. As a privately held corporation where senior managers own 100% of the shares, our interests are aligned with our clients' interests. This independence thus goes hand-in-hand with our reputation and commitment to our clients. We closely guard our ability to avoid conflicts of interest and to offer our clients stability of strategy as well as consistency of management and customised services.

Our flat corporate structure enables us to maintain an environment and culture that encourages informal and close interaction among employees at all levels. We have achieved this by emphasising an "open door" policy and minimising corporate hierarchy. The simplicity of our channels encourages efficient and effective decision-making, avoiding escalation through multiple committees. This direct access to our senior managers means they can be notified immediately in the event an issue or problem arises and take the necessary steps to remedy the situation without unnecessary delay.

As a firm, we operate on a team-based approach rather than relying on a "star manager" system. Therefore, procedures will not be interrupted if an investment professional leaves the firm. This team approach also ensures that we (and therefore our clients) are not vulnerable to personnel changes and contributes to the consistency of the investment process.

We have conflicts of interest policies for each regulated entity in the enterprise, tailored for local requirements. These are reviewed annually, and conflicts of interest registers are maintained to the extent required by applicable law, requiring officers to declare any conflicts at the outset of any meeting.

Preserving the trust of our clients is a matter of singular importance to the management of the firm. To this end, we seek to mitigate apparent and actual conflicts of interest. Our internal controls involve a combination of oversight by the managing directors of the firm, the use of technology, and the separation of duties.

The firm's Code of Ethics provides policies and procedures dealing specifically with conflicts of interests surrounding investment management practices, such as insider trading, personal securities transactions, and other conflicts of interest related to the investment management process. The firm's Compliance Group plays an integral part in monitoring employee compliance with the Code of Ethics.

The Code of Ethics is reviewed in detail with all new employees, including in particular the provisions on conflicts of interest. At least once a year, at the Annual Compliance Review, all employees are required to attend, and more frequently, if necessary, the conflicts of interest provisions of the Code are reviewed, and employees are required to confirm that they know of no conflicts of interest they may have. There have been no material breaches or violations in the policy to date.

Potential conflicts of interest, and how they are identified, monitored, and addressed, are detailed below:

Performance-Based Fee Accounts:

Out of approximately 480 client relationships, Payden receives performance-based fees on fewer than ten client relationships. For performance-based fee accounts, the fee is generally calculated based on the account's performance that is in excess of the performance of the applicable benchmark for the account. In each case, the persons responsible for managing the account with the performance-based fee also manage accounts with Payden's standard asset-based fees. This can present a conflict of interest because, at least at first glance, there exists an incentive for the portfolio manager to favour the account for which Payden receives a performance-based fee.

We address this potential conflict in two ways. First, the firm's Compliance Group performs periodic reviews of trading activity for each account with performance-based fees versus trading activity for accounts with asset-based fees that have the same or a similar investment mandate as the account with performance-based fees. This is done to ensure that the accounts are being treated equitably in terms of security selection, trading of securities, and the like. Second, the primary component of the compensation (see Principle 2) for each employee, including portfolio managers, is the overall performance of the firm, together with the individual employee's overall contribution to that performance over all the accounts for which the employee has responsibility. This compensation structure is designed to provide portfolio managers the incentive to act in the best interests of all clients, regardless of the type of fee.

Payden Mutual Funds and Separately Managed Accounts:

Our use of Payden US-domiciled or Irish-domiciled funds in the investment strategies for its clients may result in a conflict of interest in the following circumstances involving its separately managed account clients. In implementing the investment mandate for a client who has a separately managed account, we may use mutual funds, including in particular one or more of the Payden Funds, to achieve maximum diversification in the client's portfolios. When a portion of client assets from a separately managed account is invested in one or more of the Payden Funds, we do not charge a fee at the separately managed account level on the assets invested in the Payden Funds, except for certain daily "sweep" account investments in the Payden Cash Reserves Money Market Fund. However, these clients are provided all relevant fee schedules and are advised that the investment management fees that Payden receives as an investment adviser to the Payden Funds may be higher than the investment management fees it receives from separately managed accounts.

Participation or Interest in Client Transactions and Personal Trading:

Neither Payden nor any of its employees recommends to clients, or buys or sells for client accounts, securities in which the firm or such employees have a material financial interest. In fact, we do not buy securities for our own account, and thus no potential conflict of interest exists at the firm level. At the same time, personal trading by employees is allowed. However, we carefully monitor and regulate that activity to ensure that the first fundamental principle of the firm's Code of Ethics – the duty at all times to place the interest of our clients first – is met. Thus, client accounts always take priority over an employee's Personal Trading to reduce the conflict of interest. And, even if an actual conflict of interest does not exist, our personal trading policy seeks to avoid perceived conflicts, as well.

Proxy Voting:

From time to time, we may purchase for one client's portfolio securities that have been issued by another client. We do not have a policy against such investments because such a prohibition would unnecessarily limit investment opportunities. In that case, however, a conflict of interest may exist between the interests of the client for whose account the security was purchased and the interests of Payden.

To ensure that proxy votes are voted in a client's best interest and unaffected by any conflict of interest that may exist, we may abstain from voting on a proxy question that presents a material conflict of interest between the interests of a client and the interests of Payden. Votes on matters for which there is no conflict of interest, such as the retention of auditors, will be voted on according to our standard policy.

Our Proxy Voting Committee, as described in Principles 2 and 12 includes second line of defence staff to promote objectivity and due process in the exercise of voting rights.

Cross Trades:

It should be noted that cross trades present an inherent conflict of interest because Payden represents the interests of both the selling account and the buying account in the same transaction. In addition, there is a risk that the price of a security bought or sold through a cross trade may not be as favourable as it might have been had the trade been executed in the open market.

To address these and other concerns associated with cross trades, Payden's policy requires that cross trades be affected at an independently determined "current market price" of the security, as determined by reference to independent third-party sources, and that we will execute cross trades only when such trades are in the best interests of both the buying account and the selling account. Under our policy, cross trades are not permitted in accounts that are subject to ERISA. Further, where a registered investment company participates in a cross trade, we will comply with procedures adopted pursuant to Rule 17a-7 under the Investment Company Act of 1940.

Review of Potential Conflicts of Interest During the Period:

During 2024, no conflicts of interest were identified. However, potential conflicts were reviewed during the oversight process and managed according to our policy. Any potential conflicts of interest were evaluated in accordance with the applicable internal policies and processes, including, where necessary, evaluation by the Compliance Group. These reviews led to the conclusion that there were no actual conflicts, as all possible conflicts had been successfully managed.

Conflicts Of Interest Reviewed In 2024

Client accounts with similar strategies participating in the same new issue deal should all receive a pro-rata allocation based on market value, with no preferential treatment given to one account over another due to performance-based fees, account size, or relationship. In 2024, the Compliance Group sampled trade allocation and looked to identify any accounts that did not receive a pro-rata allocation. There are many reasons why an account may not receive a pro-rata allocation, such as guideline restrictions, pending flows, client-directed trading blackouts, etc. There were no issues identified during the reporting period.

PRINCIPLE 4: PROMOTING WELL-FUNCTIONING MARKETS

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

It is an important aspect of our stewardship to play an active role in the investment community and to identify, monitor, and respond to market-wide and systemic risks. Our risk management framework provides an overview of how we assess and mitigate these risks, and the key teams involved are described below:

Investment Risk

Our Investment Policy Committee (IPC) (described in Principle 2), comprised of eleven senior investment professionals, serves as an oversight board to ensure that total firm risk is acceptable and that all investment strategies are behaving in a manner consistent with client guideline requirements and risk expectations. All members of the IPC are involved in the active management of portfolios and communicate daily with portfolio managers, strategists, and traders.

We operate a centralised investment Risk Management Team of investment professionals working in conjunction with the Compliance Group and IPC in monitoring firm-wide risk parameters established by both the Risk Management Team and the IPC. The Risk Management Team reports directly to the Managing Committee of the firm, which is comprised of the CEO of Payden and ten other of the firm's most senior members (Principle 2).

Liquidity

Liquidity policies are established by the IPC and implemented and monitored by each strategy team. We believe that liquidity is one of the most important elements of an investment portfolio to analyse and manage. To maintain liquidity, Payden typically limits positions to under 10% of any outstanding issue and on issue sizes that are a minimum of $250 million. We also seek to make sure that issues have multiple sell-side sponsorships so that we have multiple sources of liquidity. These factors weigh in on how much of the portfolio we are willing to commit to any one issue.

Operational Risk

Our Compliance Group reviews firm-wide operations as part of its ongoing compliance checks. The Compliance Group is headed by our firm's General Counsel and Chief Compliance Officer. Reflecting the importance of the compliance function, the Chief Compliance Officer reports directly to our firm's CEO and Managing Committee. Firm-wide operations include separation of duties, counterparty oversight, and conflicts of interest (Principle 3).

The firm's internal control structure has been designed to ensure the segregation of duties between functional areas, and there are no incompatible duties. The Compliance Group reviews firm-wide operations as part of its ongoing compliance procedures, focusing on the separation of duties within the firm. The Group is responsible for assuring that the firm complies with regulatory requirements, that procedures are in place to assure compliance, and that these procedures are being followed.

The Compliance Group maintains an approved counterparty list that is approved by the IPC. This list is programmed into our trading system to prevent trading with unauthorised counterparties. In addition, the IPC has set per-counterparty exposure limits. Each week, the risk management team distributes a Counterparty Report to the IPC that highlights by type of transaction the amount of exposure to the largest counterparties.

The Head of Information Technology, a Managing Director, leads the oversight of the firm's systems and risk control procedures. The firm maintains documented information technology policies and procedures, including those addressing the protection and security of our systems and data. Specific procedures include a combination of physical access controls (restricted access to the office environment and server rooms) and logical access controls (password requirements, lockout periods, firewall, and virus/malicious code policies). Access controls are supplemented with ongoing reviews of system logs by the firm's security providers and in-house Network Administration group.

Our cybersecurity posture is independently tested with internal and external penetration tests, weekly third-party vulnerability assessments, and an annual SOC1 Type II audit report. In addition, two independent cyber-scoring providers grade the firm's cybersecurity stance. Bitsight Technologies rates Payden with a score of 780 ("Advanced"), near the top of the Finance industry range, and Security Scorecard gives us their A grade.

Our departmental managers are responsible for ensuring that sufficient staffing and controls are in place to avoid operational errors and mitigate operational risk. The heads of functional areas meet regularly with the Managing Committee.

The Reporting and Settlements groups within Operations manage reconciliation and trade settlement activities utilising systems developed by the Information Technology Group to ensure these duties are conducted in a timely and accurate manner. The heads of trading operations and portfolio and fund operations are Directors of the firm, and they update the Managing Committee regularly on their departments' activities.

In order for our EU-based operations to achieve compliance with the Digital Operational Resilience Act (DORA) in 2025, we reviewed our ICT policies and procedures to ensure they align with DORA's requirements. In doing so, we are also coordinating with suppliers and clients to ensure agreements support the required standards of digital operational resilience.

Legal/Business Risk

To ensure that it meets its fiduciary responsibilities as an investment adviser, the firm has in place policies and procedures covering, for example, conflicts of interest, confidentiality, dealing with material non-public information, personal securities trading, and the like. Each policy clearly describes required procedures and responsibilities as well as the types of testing and frequency for such tests. The amount and frequency is set using a risk-based approach where higher-risk activities receive additional oversight. There are regular training programmes for employees in these areas and a variety of monitoring processes to ensure compliance with these policies and procedures.

A formal review of firm policies, procedures, and risk controls is conducted annually. Additionally, changes to the firm's risk controls are made as the business and market environment changes.

Risk controls are discussed with the firm's auditors as part of the annual SSAE 18/ISAE 3402 audit. The firm's SSAE 18 / ISAE 3402 report covers internal controls related to the firm's portfolio operations, investment strategy and securities trading, portfolio management, compliance, and information technology functions.

To ensure continued viable operations in the event of potential disasters, the firm has developed a formal business continuity/disaster recovery plan to ensure that critical functions continue in the event of a disaster. The Business Continuity Committee (Principle 2) meets regularly to discuss any necessary updates to the plan and coordinates ongoing tests of the backup location by a team of employees from various departments.

Industry Contribution

We are members to a number of organisations that support and help inform our risk management approach. Senior members of the firm, including our Chief Compliance Officers in the US and Europe and our Head of the Investment Risk Management Team, are members of the Investment Company Institute (ICI Global). ICI's membership includes various fund types, representing $40 trillion in assets. It is a leading association representing regulated investment funds. Its mission is to strengthen the foundations of the asset management industry for the ultimate benefit of the long-term individual investor. We contribute to and benefit from the pooling of best practices that takes place at ICI Global forums. We are a member of the Financial Services Information Sharing and Analysis Center (FS-ISAC), the only global cyber intelligence sharing community solely focused on financial services.

Payden's membership provides access to an extensive library of vendor and process research, member panels, industry experts, and benchmarking surveys regarding information security strategies and solutions. Given the changing landscape in financial technology and investment and operations processes, our membership aids our ability to stay current on developments in the industry and peer best practices.

Market Risk in Client Portfolios

Stress testing is utilised to capture and quantify the potential impact of market-wide and systemic risk to a client's portfolio. Stress testing helps us to evaluate how the strategy will react to dramatically shifting market factors such as interest rates, credit spreads, inflation expectations, equity markets, commodities, etc., to ascertain potential downside.

We use a series of risk assessment software programmes, both proprietary and third-party, which will allow us to stress test client portfolios as required for various levels of credit risk, redemptions, and interest rate changes. The models range from Value-at-Risk (VaR) to rigorous scenario analysis models. For example, we frequently perform scenario analysis on the impact on our portfolios of large interest rate shocks. We are able to modify the variables/assumptions of the stress test, such as size and time horizon of the interest rate or sector spread move, in addition to the shape of the yield curve and asset class beta. Our systems also have the capability to calculate the impact of historical stressed periods on our portfolios, making our stress-testing process both backward and forward-looking. Scenario analyses are typically run monthly.

CLIMATE CHANGE

It is acknowledged by many of the world's financial regulators that the topic of climate change poses long-term geopolitical transition issues and that the economic shifts around climate change are vast. Climate change considerations represent a significant challenge for the global economy and well-functioning markets.

We apply the central philosophy of stewardship to our own carbon footprint. At a group level, we achieved CarbonNeutral® company certification for the fifth year in 2024. On an annual basis, we calculate and look to reduce and offset the carbon emissions associated with our business operations. We have the following reduction measures in place:

- Investing in video conferencing and telecommunication services that enable communication to reduce travel.
- Focus on technology to replace paper reports. To the extent that paper reports are essential, we have a recycling programme.
- Corporate subsidised public transportation for US-based employees.
- Cycle-to-work scheme and loans for season train tickets for UK-based employees.
- Payden's Boston and LA offices are LEED gold-certified buildings that provide the following environmental policies:
  - Water use is benchmarked using the Energy Star Portfolio Manager tool.
  - Electrical use is benchmarked using the MACH Energy tool.

In 2024, we met our objective to publish our second Taskforce on Climate-Related Financial Disclosures (TCFD) report, available on the Payden website. We view this as an important action in Payden's climate disclosures and setting out our organisation-wide response and adherence to the recommendations of the TCFD.

Climate Change in our Approach to Investments and Client Offering.

Climate change is a global concern that has the potential to drive economic transformation. As such, climate change metrics are included in Payden's Sector and Portfolio Frameworks and client reporting. In addition, as part of our customised approach to portfolios, we partner with clients on their objectives, which include ways in which climate change and environmental objectives may be reflected in their portfolios (for more details, please see Principle 7).

SFDR Article 8 Funds Range: Payden has 14 Irish-domiciled funds designated Article 8 pursuant to SFDR, which promote the E/S characteristic of Climate Change Mitigation. Climate Change Mitigation is measured via greenhouse gas intensity data for corporate and sovereign holdings and the climate score of the underlying securities for the US securitised issues. The portfolio's greenhouse gas intensity is managed below a relevant comparable ESG universe, which is representative of the broad portfolio allocation for the Fund. In addition, Climate Change Mitigation is promoted through the application of the Payden ESG Investment Exclusion Policy. This policy, applicable to Payden Article 8 Funds, excludes issuers based on revenue thresholds and applies to the relevant conduct-based screens. The exclusions are for activities that could be deemed harmful to society or the environment. Environmental screens are related to companies with more than a determined percentage of revenue from various oil & gas or thermal coal activities.

Separately Managed Accounts: The majority of our AUM is in highly customised separately managed accounts, which we can tailor to meet both financial and non-financial objectives, including those related to climate. We use MSCI as our primary source of ESG & climate data, which we utilise in our proprietary tools to customise portfolios and ESG reporting. In addition, we can report on a wide variety of environmental indicators in line with TCFD recommendations on client request. In 2024, to further enhance our client offering, we began a project to improve client climate reporting capabilities by designing a climate-specific corporate report for separately managed account clients and quarterly reporting for Payden SFDR Article 8 Funds. The new reporting was successfully launched in Q1 2025.

Climate Portfolio Solutions

To further support specific clients and their climate objectives in 2024 we created Payden's climate portfolio solution, which was successfully released in March 2025. It provides an overview of Payden's customised capabilities to support clients seeking portfolio alignment with the goals of the Paris Agreement and/or decarbonisation ambitions, including:

- **Glidepath Decarbonisation:** Portfolio emissions decrease on a pathway versus historic portfolio emissions.
- **Relative Decarbonisation:** Portfolio emissions decrease relative to an ESG Universe and trend lower over time.
- **Emissions Alignment:** Portfolio emissions maintained below a pre-determined threshold to actively manage portfolio emissions/. Payden's Irish-domiciled Article 8 Funds promote climate change mitigation through this solution.
- **Positive Selection & Exclusions:** A place to begin your path to decarbonisation through custom thresholds to reduce the investable universe.
- **Enhanced Engagement:** A customised solution for clients looking to directly link engagement activity on long term issues into investment decisions in their portfolio.
- **Climate Reporting:** Payden can provide portfolio-level climate reporting, which is designed to cover a broad and diverse range of metrics.

Click here to learn more or scan the QR code

The above is testimony to our processes concerning climate change for separately managed accounts; this is an area of rapidly developing initiatives and growth in the availability of tools to further add to our competence in this area. Payden is committed to assessing additional data providers, investing in the resources where appropriate, and evaluating memberships to various organisations to most effectively manage this aspect of stewardship going forward.

PRINCIPLE 5: REVIEW AND ASSURANCE

Signatories review their policies, assure their processes and asses the effectiveness of their activities.

The firm has a programme of both internal and external assurance which has a bearing on stewardship.

INTERNAL ASSURANCE

Payden has a rolling programme to review and update our policies and procedures. This programme integrates stewardship considerations. The Managing Committee (Principle 2) plays a major role in the direction and management of the firm, overseeing our investment, operational, and stewardship activities. The IPC (Principle 2) is responsible for firm-wide strategy oversight and investment risk management, ensuring that all investment strategies are behaving in a manner consistent with client expectations.

Our framework for controlling operational risks, within the supervision provided by the Managing Committee and IPC, includes the following groups and functions:

Our Compliance Group reviews firm-wide operations as part of its ongoing compliance checks. The firm's internal control structure has been designed to ensure segregation of duties between functional areas. The Compliance Group is headed by our firm's General Counsel and Chief Compliance Officer. Reflecting the importance of the compliance function, the Chief Compliance Officer reports directly to Payden's CEO and Managing Committee.

The Head of Information Technology leads the oversight of the firm's systems and risk control procedures. The firm maintains documented information technology policies and procedures, which include policies surrounding data security. Specific procedures include a combination of physical access controls (restricted access to the office environment and server rooms) and logical access controls (password requirements, lockout periods, firewall, and virus/malicious code policies). Access controls are supplemented with ongoing reviews of firewall and network logs by the firm's Network Administration Group.

Payden departmental managers are responsible for ensuring that sufficient staffing and controls are in place to avoid operational errors and to ensure consistency in the quality of information given to clients.

The Reporting and Settlements groups manage reconciliation and trade settlement activities for portfolios and are heavily equipped with systems to ensure these duties are conducted in a timely and accurate manner.

To assure that it meets its fiduciary responsibilities as an investment adviser, the firm has in place policies and procedures covering, for example, conflicts of interest, confidentiality, dealing with material non-public information, personal securities trading, and the like. Each policy clearly describes required procedures and responsibilities as well as the types of testing and frequency for such tests. There are regular training programmes for employees in these areas and a variety of monitoring processes to ensure compliance with these policies and procedures. A formal review of firm policies, procedures, and risk controls are conducted annually. Additionally, changes to the firm's risk controls are made as the business and market environment changes.

To ensure continued viable operations in the event of potential disasters, the firm has developed a formal business continuity/disaster recovery plan to ensure that critical functions continue in the event of a disaster. A summary of the policy is available on the Payden website.

EXTERNAL ASSURANCE

During 2024, BDO USA LLP produced a System and Organisation Controls (SOC 1) Type 2 Report on Payden's description of its investment processing and reporting system and on the suitability of the design and operating effectiveness of controls. The report examined 16 control objectives relating to stewardship covering internal controls related to the firm's portfolio operations, investment strategy and securities trading, portfolio management, compliance, and information technology functions. The report had no adverse findings. In line with our culture of transparency, the report is available to clients upon request.

Our firm has chosen to have its compliance with the GIPS standards independently verified. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and that the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Payden Global Funds plc management company for our Irish UCITS umbrella, Payden Global Funds plc, and our Irish AIF, Payden Global AIF ICAV, Waystone Management Company (IE) Limited, add additional dimensions of stewardship in the form of corporate governance, oversight, and risk management robustness for our Irish-domiciled Funds. Waystone performs both ad hoc and cyclical monitoring. Our independent directors in our Irish-domicilied Funds contribute to the corporate governance and good stewardship programme by reviewing all policies annually.

FAIR, BALANCED & UNDERSTANDABLE

External client marketing, RFPs, and documents are subject to a thorough approval process before distribution. Members of the Compliance Group are charged with reviewing stewardship-related documentation to ensure it is clear, fair, and not misleading. In addition, RFPs need to be signed off by a senior member of the firm. Presentations and other marketing materials are centrally stored and accessible to employees using a third-party content management platform. Employees receive comprehensive training on how to use the platform, and procedures are in place to ensure that the most current approved materials are accessible, thus achieving consistency and quality assurance in our client and product literature.

To further improve the transparency in our communications to clients, we include links to relevant Payden policies, procedures, and disclosures in our standard monthly and quarterly reporting. This includes:

- **ADV**
  Is the uniform form used by Payden to register with the SEC and state securities authorities.
- **Proxy Voting Policy**
  Sets out the manner in which Payden votes with respect to the securities of each client.
- **Client Relationship Summary**
  Summarises information about Payden services, fees and costs, conflicts of interest, legal standard of conduct, and disciplinary history.
- **Terms of Use**
  Sets out the legal rights and obligations between Payden and the users of the Payden website addressing ownership and copyright of the website's content, acceptable and unacceptable use of the website and content.
- **Conflicts of Interest Policy**
  Sets out the manner in which Payden reviews all relationships between itself and any of our clients and takes necessary precautions to ensure that transactions do not present a conflict of interest.

- **Exclusion Statement**
  Sets out the manner in which Payden considers ESG exclusions for clients.
- **TCFD Report**
  Includes disclosure of Payden's Governance, Strategy, Risk Management, and Metrics and Targets related to climate change.

POLICY DEVELOPMENT

During 2024, we adopted and/or updated the following policies and statements that each have a bearing on stewardship:

- **Payden ESG Policy**
  Sets out the manner in which Payden incorporates ESG factors into the investment processes of the firm. The policy was updated in September 2024 in accordance with improvements to Payden's proprietary ESG frameworks and changes to ESG membership groups.
- **Payden & Rygel Global Limited Shareholder Rights Directive II Engagement Policy**
  Explains how Payden & Rygel Global Limited, complies with its obligations under the revised Shareholder Rights Directive with regard to shareholder engagement with public companies, as required by the FCA rules at COBS 2.2B.5R.

SFDR Article 8 Policy Development

Payden and affiliated companies has been appointed as investment manager/adviser to various EU-domiciled collective investment schemes. Many of these investments are managed so that they can be designated as Article 8 financial products pursuant to the Sustainable Finance Disclosure Regulation. Payden has further been appointed by certain clients under separately managed accounts to manage assets in accordance with SFDR Article 8. During 2024, we updated the below Policies applicable to the management of such assets, and can also be applied, upon request, for clients wishing to voluntarily adopt and implement these ESG factors into their investment guidelines.

- **ESG Investment Exclusion Policy**
  Sets out the way in which we apply exclusions in respect of certain investments on the basis of ESG factors. The restrictions and exclusions are for activities that could be deemed harmful to society or the environment and include both business-related and conduct-based exclusions.
- **ESG Engagement Policy**
  Pursuant to its commitment to its signatory status of the UK Stewardship Code, the policy sets out how ESG engagement activity is applied to the investment process and consideration of Principal Adverse Impacts in Payden SFDR Article 8 Funds.

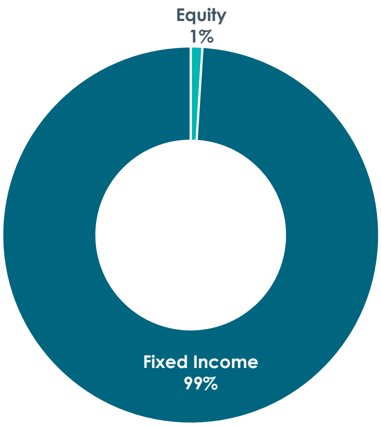
INVESTMENT APPROACH

PRINCIPLE 6: CLIENT AND BENEFICIARY NEEDS

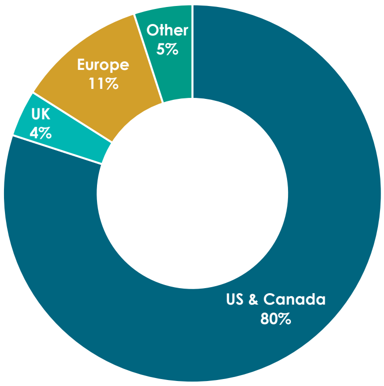
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Our client base as of 31st December 2024:

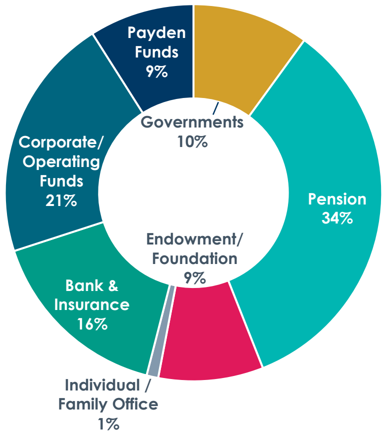
ASSET CLASS



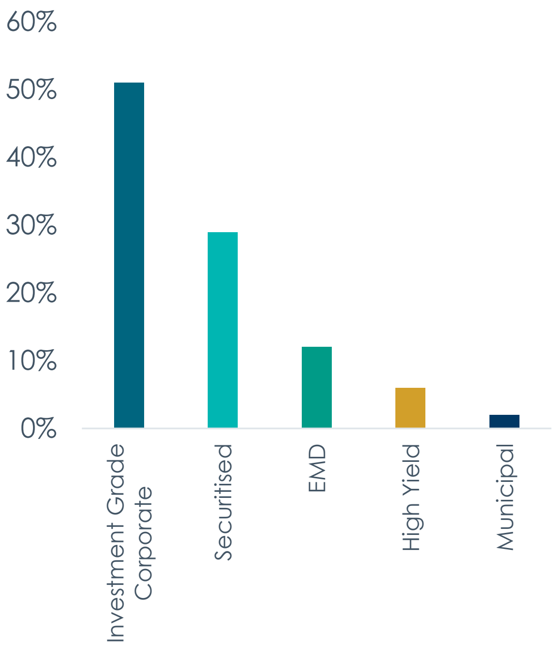
DOMICILE



CLIENT TYPE

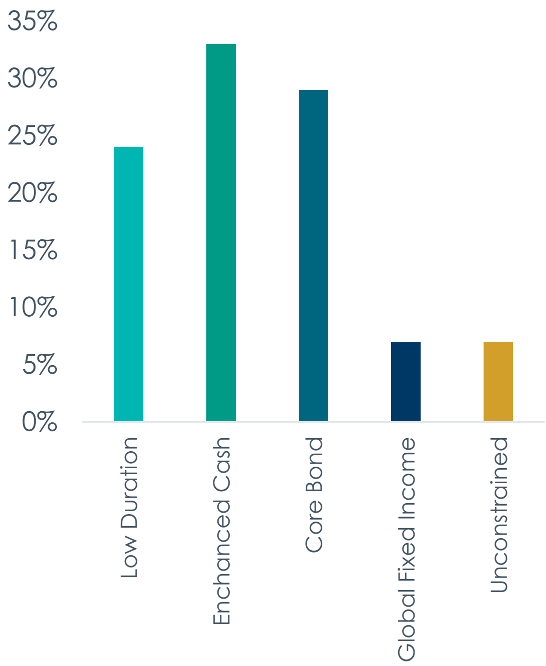


DEDICATED FIXED INCOME STRATEGIES*



*Excludes assets in multi-sector strategies.

MULTI-SECTOR FIXED INCOME STRATEGIES**



**Unconstrained includes absolute return bond, multi-asset credit, and strategic income assets

Our philosophy for managing portfolios is that active management with appropriate risk controls seeks to provide superior performance. We do this on a customised basis while bringing our long history of managing operating portfolios and their unique needs to the benefit of our clients.

We are a registered investment advisor under the US Investment Advisors Act of 1940 and will act in a fiduciary capacity as an investment advisor with full discretion to all clients. Our role and responsibility is to work with each client individually, and our investment solutions are designed to fit the unique nature of our clients' needs. The management of portfolios is a continual process, and it is our goal to ensure that the investment strategy remains materially consistent with the understood goals and objectives. For this reason, we do not stipulate a time frame for our investment horizon but work with each client to ascertain their overall investment objectives and their thoughts as to time commitments. Time horizons are often expressed in the assignments themselves. E.g., a true cash assignment denotes a need for short-term success, while a pension "LDI" mandate requires longer-term success, which normally takes mid-stream volatility in stride.

To ensure we act in the best interests of our clients and fulfil our fiduciary responsibility, we maintain a comprehensive Code of Ethics, in accordance with relevant SEC rules and regulations. The Code of Ethics is designed to set the tone for the conduct and professionalism of our employees, officers, and directors. The principles which form the foundation of our Code of Ethics are designed to emphasise Payden's overarching fiduciary duty to its clients and the obligation of every employee to uphold that duty:

1. The duty at all times to place the interest of our clients first.
2. The requirement that all personal securities transactions of every employee shall be conducted in such a manner as:

    (a) to be consistent with the Code of Ethics, and

    (b) to avoid any actual or potential conflict of interest, or any abuse of an employee's position of trust and responsibility.

3. The principle that no employee shall take inappropriate advantage of his or her position.
4. The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
5. The principle that independence in the investment decision-making process is paramount.
6. Payden's good reputation is dependent every day upon each employee conducting himself or herself in a manner deserving of the trust each client gives to the firm and the employee's understanding that any breach of that trust can, and will, irreparably harm that good reputation.

Additionally, Payden subscribes to the CFA Institute Code of Ethics and Standards of Practice, which are included in our employee manual.

OUR CLIENT SERVICE MODEL

Client relationships should not be an "off the shelf" experience; we customise our approach to fit the unique nature of each of our relationships. Relationship management is led by senior investment professionals who are directly involved in the management of client portfolios.

Our role as an investment manager often extends into a consultative role; we work with clients to help them navigate through a variety of market environments, achieve specific objectives beyond investment performance, and provide guidance with their investment policies. We are pleased to be a responsive source and partner for their evolving needs, providing both long-term consistent investment strategies and, when appropriate, new solutions tailored to specific situations.

A key part of our stewardship is that each client relationship is led by two Client Portfolio Managers. They are the day-to-day contact and are responsible for ensuring that the mandate being delivered is fully consistent with client objectives.

The Client Portfolio Managers serve as advocates for the client and bring together all of Payden's resources to the client, including the investment strategy, operations, ESG, reporting, compliance, and IT groups. The Client Portfolio Managers and investment strategy team work together to ensure that the ideas that are generated and researched are appropriate for each portfolio. The Client Portfolio Managers' goal is to help identify and communicate the client's objectives, constraints, risk tolerances, and time horizons to the investment strategy team. We believe that client issues are as important as market issues, and therefore, the interchange between our Client Portfolio Managers and investment team is critical to our stewardship activity. A dedicated reporting analyst is assigned to each relationship to ensure timely and accurate reporting as well as to implement any customisation requested.

Client satisfaction is monitored and measured by the feedback that we receive from clients, as well as by our ability to meet client investment objectives and long-term goals. Addressing the needs of our clients in a timely and accurate fashion has been a hallmark of the stewardship activity of our firm since its inception.

Examples of ways in which we monitor and measure client satisfaction are:

- The level of ongoing and open communication with clients.
- The timely release of investment reports.
- Customised investment reports meeting the specific needs of each of our clients.
- The way in which we respond to changes in clients' objectives and needs.
- The nature of our clients' comments, questions, and concerns.

The objectives of our client service effort are twofold:

- Ensure that our clients understand and are comfortable with the makeup of their portfolios at all times.
- Construct and manage investment portfolios that consistently meet our clients' varied objectives.

We have distinguished ourselves as a hands-on partner in the management of investment portfolios and welcome an active two-way relationship with full access to our investment professionals and ongoing strategy communication. We believe that one of the paramount tenets of a successful investment management/client relationship involves regular dialogue.

We achieve ongoing communication through several means:

Meetings

Our Client Portfolio Managers and other appropriate professionals are available to attend periodic client meetings to discuss the current economic environment, its implications for the existing portfolio, and portfolio performance.

Email/Telephone/Video Conference Calls

Strategists, traders, and portfolio managers are accessible to our clients for an in-depth discussion of our current analysis of the global economy via conference calls and email. Calls can be scheduled as needed to address issues between regular meetings.

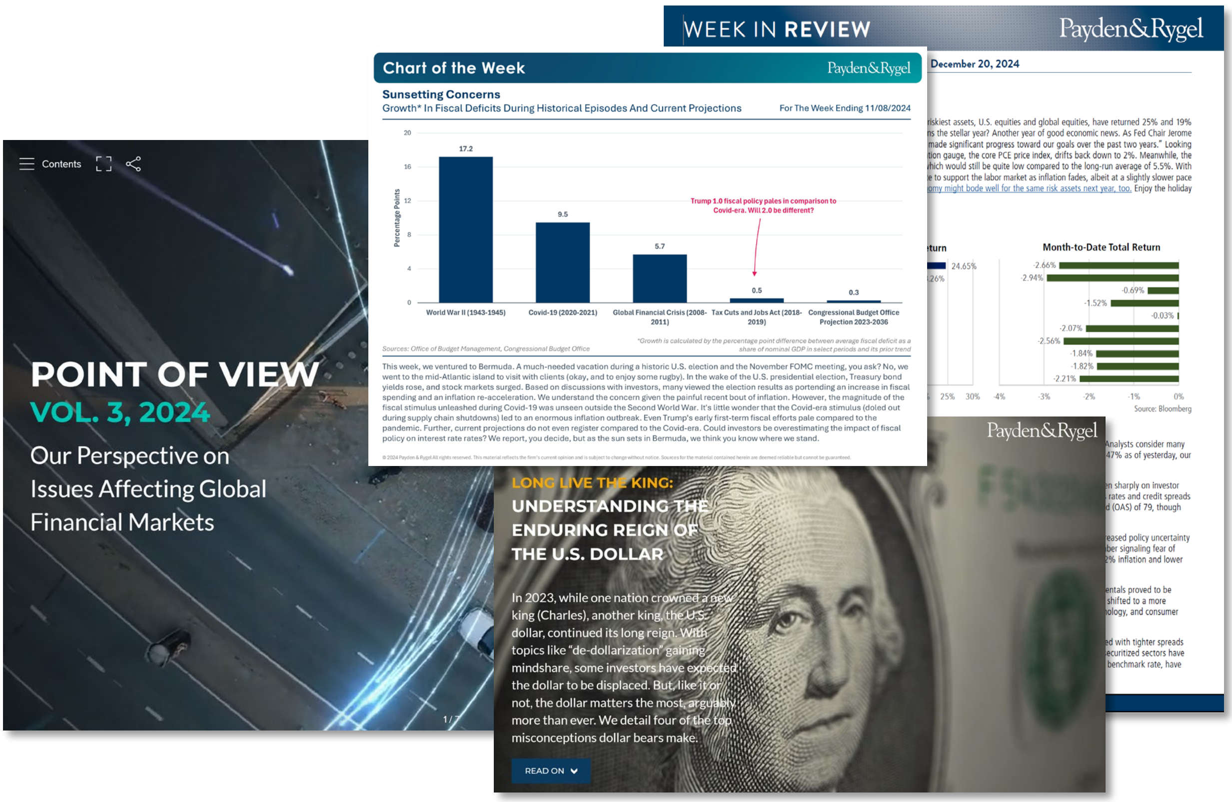
24/7 Online Access

Clients have 24-hour access to portfolios via the Internet through our secure online portfolio viewing system, Juneau. This online access functionality contains portfolio summary reports of market values, unrealised gains, and analytics, as well as detailed reports of security holdings, transactions for the trailing three months, and calculations of realised gains and losses. The data is customisable; users can select only those fields that they are interested in viewing, and these settings are saved for future access.

Publications & Research

Payden is dedicated to comprehensive, independent research and does not rely on third-party sources for information. The firm's in-house analysts conduct objective research based on fundamental analysis, global research trips, and contact with corporate managers and market makers. In addition to publishing timely research on issues that affect the markets, the firm provides research publications on a weekly and quarterly basis.

Examples of our client communication are available on the Payden website:



EDUCATIONAL RESOURCES

We work with clients in a number of ways to increase their knowledge about investing. As a full-service investment firm, we welcome the opportunity to serve as a sounding board on a wide range of financial issues.

In addition to periodic meetings, we are also available to clients through:

- **Seminars and Training:** Senior portfolio managers, strategists, and IPC members are available to give seminars on issues including investment and strategy discussions, as well as reporting issues and accounting topics.
- **"On the Job" Training:** We invite clients to visit our offices where our professionals spend time with their staff, individually or in groups, discussing the markets.
- **IT and Compliance:** Our dedicated information technology and compliance professionals are available to provide an overview of our processes and industry best practices.
- **Customised Reporting:** Assistance in preparation of Committee and Board reports, including economic review, outlook and forecasts, and preparation of charts and analysis, assistance in writing up analysis of market events for reports to the Board, reconciliation with custodian on positions, performance, and risks, and assist in any necessary analyses (GASB, etc.) for annual reporting.

Specific examples of training for clients include:

- In-person seminars and webcasts tailored to their interests and concerns, ranging from 1-hour webcasts to all-day education seminars.
- Participation in clients' annual finance seminars.
- Economic and market updates, ranging from basic "Finance/Economics 101" level to advanced topics.
- Recommendations on investment policy, we review existing guidelines and suggest modifications.

Payden Climate Portfolio Solutions

In 2024, we continued to see an increase in demand from our separately managed account clients for customised climate investment criteria in their portfolios and TCFD-aligned reporting. In addition, we have seen a higher volume of climate-focused RFPs and DDQ questions as well as client requests. As a result, we set about to create an informational guide designed to be an introduction to the options available for clients seeking portfolio alignment with climate objectives. Leveraging the wide-ranging customised analysis and educational materials we created for current clients, we developed Payden's Climate Portfolio Solutions (further described in Principle 4). Finalised in 2024 and released in Q1 2025, the guide covers a broad range of topics, including portfolio decarbonisation, emissions management, customised issuer engagement, and new climate reporting capabilities. This is available for separately managed account clients.

PRINCIPLE 7: STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

Signatories systematically integrate stewardship and investment, including material environmental, social, and governance issues, and climate change, to fulfil their responsibilities.

Our investment philosophy (Principle 1) and process have not changed significantly in recent years, but we have continued to evolve our process organically over time, looking for opportunities for incremental improvements in our stewardship. Our approach remains consistent in that portfolios are managed with an emphasis on risk control and in a way that is consistent with clients' guidelines and client specific investment objectives. Portfolio strategies are developed according to our expectations for the macroeconomic environment. We employ a team approach, combining a top-down broad macro-outlook with bottom-up security selection.

ESG & STEWARDSHIP IN THE INVESTMENT PROCESS

We recognise that many investors regard ESG criteria to be an important component in the investment process. We incorporate ESG, where appropriate, in accordance with client guidelines. Payden's ESG investment processes are dynamic; they are designed to be adaptive to changing market conditions, data coverage, developments in the global ESG landscape, and broader sustainability analysis, and therefore may change over time. Where relevant, ESG factors are identified, monitored, and managed by Payden using both quantitative and qualitative processes and frameworks. Payden's ESG Policy outlines key responsibilities.

Payden's integration of stewardship efforts involves collaborative efforts across the organisation, further described in Principle 2, by multiple groups:

Managing Committee: responsible for overseeing Payden's stewardship strategy and has ultimate decision-making authority for our relevant stewardship-related memberships, affiliations, and firm-level exclusion lists. The Managing Committee has delegated the management of the day-to-day ESG investment processes to the ESG Committee.

ESG Committee: includes members from Payden's ESG, research, strategy, client portfolio management, and compliance teams. This structure enables each team to incorporate ESG factors into their process as applicable and in the context of their specific market expertise and forms the hub for the coordination of Payden's ESG investment processes and for the dissemination of ESG-related information. The ESG Committee coordinates activities with Payden's ESG team, which performs a centralised resource role for Payden's ESG investment processes.

ESG Team: Payden's four-person dedicated ESG team is responsible for coordinating ESG efforts across Payden. This includes partnering with strategy teams to design custom ESG solutions for clients, developing firm-wide scalable tools and reporting, as well as centralised ESG issuer engagement.

Compliance Group: performs oversight of the ESG policy, reports to the Managing Committee regarding the reasonable design and effective implementation of the policy, and monitors compliance with client and regulatory guidelines through trade compliance.

ESG Compliance Sub-Committee: The ESG Compliance Sub-Committee is responsible for the monitoring and testing of our stewardship-related policies, including those applicable to SFDR Article 8 portfolios.

Investment Policy Committee: Maintains oversight over all strategies and is an integral part of Payden's investment and risk management processes. The IPC monitors the impact of ESG considerations and regulations, such as the SFDR, on strategies.

There are no regional distinctions in the way we implement our approach, and investment teams work collaboratively across Payden's global mandates. We evaluate numerous factors, which may include ESG, when evaluating potential performance. For separately managed accounts, the importance of ESG factors is considered in the context of client guidelines. For portfolios that do not include any ESG criteria in the client guidelines and/or prospectus, ESG considerations relate to their potential impact on the investment performance of an issuer over the near term, and where relevant. ESG factors are incorporated into the overall investment process in the context of the portfolio and markets.

INTEGRATION TOOLS

The majority of our AUM is in highly customised separately managed accounts. Given this, and given the rapid pace of ESG evolution, we have developed ESG tools, solutions, and exclusions that we apply to client portfolios, where applicable:

Sector Frameworks organise issuer-level ESG factors by sector-specific environmental, social, and governance factors and correspond to major capital market issuer types:

- **Corporate Frameworks:** includes ESG factors informed by global frameworks such as Sustainability Accounting Standards Board (SASB), and includes factors such as labour management, health and safety, implied temperature rise, and GHG emissions.
- **Sovereign Frameworks** (Developed and Emerging Markets): includes ESG factors such as GHG per GDP and per capita, income inequality, youth unemployment, and political stability.
- **Securitised Framework:** includes physical climate risk and climate scenario metrics, demographics, and income factors.
- **Municipals Framework:** includes factors such as entity disclosure, project outcomes, sustainability reporting, and certifications.

Driven by third-party data, Sector Frameworks allow for issuer-level reference and assessment for a broad range of factors and are used for monitoring the investment universe and engagement prioritisation.

Portfolio Frameworks are used to view a portfolio's ESG profile and may be applied to client accounts as outlined in client guidelines or regulations such as SFDR. Portfolio Frameworks may complement Payden's assessment of portfolio positioning and may support signatory commitments and client requests. Portfolio Frameworks, driven by third party data, include portfolio level metrics such as GHG per GDP/per Capita, weighted average carbon intensity, percent alignment with an SBTi target, board diversity, board independence, and exposure to severe controversies.

ESG Single Account Monitor is Payden's proprietary portfolio management tool that provides a detailed view of portfolio and benchmark exposures across many dimensions, including duration, sector allocation, and yield curve placement, alongside a detailed view of ESG exposures. In addition, it includes tools to aid in ensuring suitability for portfolios with ESG criteria, such as "what if" scenarios for GHG management and deal search to check if issuers pass relevant exclusion and governance criteria for a portfolio.

Engagement activity is further described in Payden's SFDR ESG Engagement Policy. We deem engagement to be a tool for understanding how issuers intend to deal with ESG issues over time and is an opportunity to learn about an issuer's response to the evolving ESG landscape. We catalogue ESG issuer engagement via a third party data aggregation tool and a proprietary tracking system. We further elaborate on our engagement practices and approaches in Principle 9.

INTEGRATION ACROSS SEPARATELY MANAGED ACCOUNTS AND FUNDS

Separately Managed Accounts, Article 6 Funds, and Other Pooled Funds

For separately managed accounts without client specific ESG guidelines, Payden US-domiciled mutual funds and Irish-domiciled funds designated Article 6 pursuant to SFDR, ESG considerations relate to their potential impact on the investment performance of an issuer over the near term, and where relevant. Payden applies baseline exclusions that prohibit investments in securities of companies in a Bloomberg industry subgroup designation of Tobacco or Private Corrections ("Baseline Exclusions"). Baseline Exclusions are applied in the management of Payden US-domiciled mutual funds. Payden adopts a client-centric approach in its ESG investment processes, allowing separately managed account clients to determine their participation in Baseline Exclusions. New clients are asked during the onboarding process if they would like to opt out of the Baseline Exclusions. Baseline Exclusions for existing clients may be removed from each separate account by client request or by manager discretion based on the client relationship.

ESG Customised Segregated Portfolios

We manage portfolios for numerous clients who have established their own set of exclusions; examples include other business activities related to specific environmental, social, ethical, or religious concerns or have implemented specific ESG objectives. For clients with ESG guidelines, we customise portfolios to reflect their ESG values and objectives in a manner that is consistent with client requests and risk/return expectations. This includes where Payden has been appointed as investment manager/adviser to EU-domiciled collective investment schemes and manages these investments so that they can be designated as Article 8 financial products pursuant to SFDR. We apply a variety of approaches in our customisation of ESG criteria:

- **ESG Exclusions:** We work with clients to exclude investments with poor ESG factors or prioritise investments with positive ESG factors in certain countries, industries, and/or areas of practice relative to industry peers or specific ESG criteria.

- **ESG Positive Selection:** Begins with an awareness and understanding of the ESG criteria that is important to our clients. Promotion entails identifying issuers with specific ESG factors and constructing portfolios with targeted ESG metrics. These may be absolute or relative to an appropriate reference index. This is implemented during portfolio construction. We pursue the most appropriate opportunities given the risk/reward profiles of various investment options and how they would fit in the context of the overall portfolio.

Payden Funds Designated Article 8 Pursuant to SFDR:

Payden manages 14 Funds designated Article 8 pursuant to SFDR, which promote environmental and/or social characteristics. The Funds include binding ESG criteria, the application of which reduces the investible universe and impacts portfolio construction and investment decision-making. This binding criteria relates to:

- The goal of climate change mitigation is targeted through the application of carbon metrics and climate scores. Each Fund has a different promotion target and a tailor-made ESG Universe, designed to be representative of the Fund's allocation over time. Promotion is achieved across varying fixed income sectors and climate metrics, where emissions are managed below the Fund's ESG Universe and/or where the Climate Score promotes securities with below average climate risk:
  - **Corporates:** GHG Intensity (Scope 1, 2, & 3 tCO_2e/€m Revenue)
  - **Sovereigns:** GHG Intensity (tCO_2e/€m GDP)
  - **Securitised:** ICE Climate Score
- Restrictions on activities that could be deemed harmful to society or the environment through the application of the Payden ESG Investment Exclusion Policy. The revenue or behaviour-based ESG exclusions for the Fund include oil and gas, thermal coal, tobacco, for profit prisons, weapons, civilian firearms, and MSCI-determined EU and UN trade sanctions.
- Exclusion of companies that fail to demonstrate good governance through the application of the Payden ESG Good Governance Policy. The Payden investment teams follow the ESG Good Governance Policy in their evaluation of corporate issuers based on available, quantitative information in order to define a broad and global investment universe. The Governance Assessment conducted pursuant to the Policy covers industry-established recommended practices relating to disclosure, structure, practices, and transparency.

Investment Example: Public Utility Company
SFDR Article 8 Fund

For SFDR Article 8 portfolios, the strategy team evaluates certain environmental criteria in its selection of suitable issuers. The strategy team deemed a public electricity utility operating in Africa, which generates, transmits, and distributes electricity to be an attractive short-maturity relative value opportunity. The strategy team chose not to purchase this in their SFDR Article 8 Fund as the issuer has high GHG emissions relative to peers and therefore was not suitable to meet the ESG promotion criteria of climate change mitigation. In addition, it failed to pass the environmental screens due to thermal coal production.

Investment Example: Publicly Traded C Corporation
SFDR Article 8 Fund

The strategy teams evaluated a publicly traded company that owns, leases, and manages correctional facilities, mental health facilities, and community re-entry programs in the US, UK, Australia, and South Africa. It was considered to be an attractive new issue relative value opportunity, and the secured notes appeared well covered by the cash generative service business. The strategy team did not participate as it failed to meet our social exclusion criteria due to the company having revenue ties and as a service provider of prisons.

INTEGRATION OF THIRD-PARTY DATA

Payden places reliance on a combination of third-party data and internal analysis in the implementation of its ESG investment processes. Where we rely on third-party data for this analysis, we periodically evaluate the data and service providers. Payden's use of external data providers may vary from time to time, including the selection and deselection of relevant data providers. Payden periodically reviews the data sources and methodologies used to inform its policies, and accordingly, the policies may be updated from time to time. We use several third-party providers for ESG data and analytics, which inform Payden's proprietary tools and ESG frameworks and aid our investment monitoring and reporting. Payden's use of third party data providers are further described in Principle 8.

Members of the ESG Team and ESG Committee meet with existing and potential data providers on topics such as evolving coverage, enhanced analytical capabilities, and advancements in methodology. Furthermore, the ESG Committee provides an annual review of the data providers to the Compliance Group.

Third-party data is utilised in our client reporting, and we can report on a wide range of ESG factors:

Environmental indicators include:

- Scope 1 and 2 emissions and 1, 2 & 3 weighted average carbon intensity (WACI) (tCO2 e/$M Revenue)
- Scope 1 and 2 emissions and 1, 2 & 3 carbon footprint (tCO2 e/$M EVIC)
- Implied temperature rise
- Percent of portfolio with SBTi approved targets
- Exposure to fossil fuels, thermal coal, and oil and gas revenue
- Sovereign metrics such as scope 1 and 2 and scope 1, 2 & 3 emissions per GDP (tCO2 e/$M GDP)

Social indicators include:

- Exposure to controversial weapons
- Exposure to civilian firearms
- Exposure to tobacco revenue
- Sovereign metrics such as exposure to MSCI-determined EU and UN trade sanctions

Governance indicators include:

- Exposure to severe violations of international norms
- Presence of accounting investigations
- Board independence

For separately managed accounts, reporting frequency is tailored to client requirements. The use of data providers may evolve or be discontinued over time at our discretion.

PRINCIPLE 8: MONITORING MANAGERS AND SERVICE PROVIDERS

Signatories monitor and hold to account managers and/or service providers.

In selecting and approving prospective third-party service providers, we have developed a framework as follows:

- Establish ultimate ownership and control of the entity.
- Establish regulatory status and good standing.
- Meet key individuals for interview.
- Visit relevant premises where appropriate.
- Request, receive, and review recent financial statements.
- Request and receive, where relevant, external third-party audit reports.

For more complex services, we perform a gap analysis of the services to be provided, and we examine the structures and processes governing the service. The due diligence process also confirms in advance the proposed service level agreements and an agreed-upon monitoring and review process.

The selection and due diligence process typically involves several senior members of the firm, including the relevant department heads. The results of the due diligence process are discussed with, and the decision is approved by, the firm's Managing Committee.

MONITORING & REVIEWS OF SERVICE PROVIDERS

We conduct management meetings with key service providers on up to a monthly basis with an agenda to discuss ongoing business service and any issues that arise. These meetings afford us the opportunity to address any service deficiencies in a timely, constructive, and proactive manner, treating our service providers as valued partners. We conduct annual due diligence on specific key third-party service providers. Reviews are tailored to the particular year's events and development, but generally consist of a discussion of each provider's policies, procedures, and strategies for event recovery and discussions of tests of those plans. External audits and/or assessments of the providers' business continuity plans, processes, SOC1, SOC2, or other applicable independent reports, and other systems are also reviewed, when available.

We additionally monitor critical and high-risk vendors' cybersecurity stances using Bitsight Technologies. BitSight alerts us to significant changes in the cyber-risk posture of our providers, including new developments in compromised systems (e.g., botnet infections, spam propagation), diligence (e.g., open ports, patching cadence, configuration of DKIM records and TLS/SSL certificates), user behaviour (e.g., file sharing and exposed credentials), and public disclosures of security incidents or other disclosures.

Finally, we discuss the details of any disruption events that occurred since our last review, including the impact on services provided to the firm, lessons learned, and resulting remediation. In 2024, the need did not arise to terminate any key service provider relationships, but we have implemented several transitions of key service providers in recent years.

How We Work with Our Service Providers

It is important to us that our service providers understand and share our approach to stewardship. We have appointed Brown Brothers Harriman Fund Administration Services (Ireland) and Brown Brothers Harriman Trustee Services (Ireland) Limited as administrator and depositary, respectively, of Payden's Irish-domiciled funds. We maintain daily contact with fund service providers and monitor their activity in several ways, such as:

- Conducting frequent calls to discuss open items, with attendance from the Compliance Group, as necessary.
- Receiving and reviewing frequent reporting, for example, on potential money laundering activity, suspicious transactions, market timing, and frequent trading.
- Reviewing all investor flows and correspondence.
- Canvassing feedback from the service provider's other clients, our legal advisers, independent directors, and our auditors.

We monitor staffing continuity and operations upgrades through frequent service provider relationship management calls. These meetings afford us the opportunity to address any service deficiencies in a timely, constructive, and proactive manner, treating service providers as valued partners in the provision of services.

ESG DATA VENDORS

Like most asset managers, external data is useful for certain elements of our investment processes and client reporting. There can be no assurance that data based ESG investment methodologies will be successful at capturing all ESG factors. We evaluate the use of data and data service providers as a matter of course through due diligence and may adjust data providers, sources, or methods as the availability and quality of data evolves. We recognise that service providers may be backward-looking in their data assessment. As a result, to ensure that we exercise judgment in the use of externally sourced data, we have established a process to allow investment teams to challenge the data provided by service providers. Examples include, but are not limited to, instances where company governance data may be available from different data sources or instances where sub-sovereigns have an implicit sovereign guarantee. Under this override process, a member of the investment team must first escalate the data challenge to a senior member of the relevant investment strategy team, who will form a view and consult with Payden's Compliance Group and members of the ESG Committee. The decision to authorise an override is taken outside of the investment team by the Compliance Group and recorded appropriately. Thus, any scenario where the data vendor assessment is overridden goes through a comprehensive review process, and the rationale is clearly documented.

As elements of the fixed income market do not yet have reliable ESG data, Payden monitors the development of additional data sources and providers to assess if additional areas of the market have reliable and relevant data coverage. As new data providers are evaluated and onboarded, our provider list will be updated or changed.

The following summarises the nature of the ESG research and metrics we source:

DATA PROVIDER	RESEARCH & METRICS
MSCI ESG Ratings	▪ Environmental, social, and governance indicators for sovereign and corporate issuers.
MSCI Net Zero Solutions	▪ Temperature alignment, carbon emissions target, climate scenarios (transition and physical), and other climate-related industry and security level indicators.
MSCI Screening	▪ Business & product involvement screens, global sanctions, controversies, and climate risk indicators.
MSCI EU Sustainable Finance	▪ EU Taxonomy alignment and adverse impact metrics for SFDR regulation.
ICE (previously risQ Analytics and Level 11)	▪ Physical risk and Value at Risk (VaR) indicators for local government and public enterprise issuers. ▪ Physical risk and Value at Risk (VaR) indicators for securitised structures and issuers.

The data and research provider industry continues to undergo a period of rapid growth, transformation, and consolidation. To remain current with industry developments and analytics, our ESG team, members of the ESG committee, sector and industry analysts, and strategists frequently meet with new or specialised data providers and learn about emerging analytical tools and datasets, which include ESG-related information. Furthermore, we engage with our current providers on evolving coverage, enhanced analytical capabilities, and advancements in methodology.

ESG Data Providers Review

A particular focus in 2024 was the provision of governance data for the management of Payden SFDR Article 8 Funds. One of the core components under SFDR Article 8 is that corporates must demonstrate good governance to be considered for investment in these funds. The Payden investment teams follow the ESG Good Governance Policy in their evaluation of companies based on available, quantitative information in order to define a broad and global investment universe. The Governance Assessment conducted pursuant to the ESG Good Governance Policy utilises third party data and covers industry-established recommended practices relating to disclosure, structure, practices, and transparency.

The Payden ESG team reviewed seven data providers and performed a detailed analysis on three to ascertain if adding or changing ESG data providers could improve coverage for governance factors and/or enhance Payden's good governance assessment for corporates. This was a complex review with the providers having very different data structures, underlying scoring methodologies, and factors. We decided not to add to our suite of ESG data providers in 2024. We found that data coverage and related financial expense varied dramatically across vendors, and the providers reviewed did not provide additional benefits at this time. We believe that ESG data and technology integration options will continue to improve as the market demands better transparency and implementation capabilities. We will continue to evaluate the rapidly changing data landscape in 2025 and continue to provide annual reviews in line with the Payden ESG Policy.

ENGAGEMENT

PRINCIPLE 9: ENGAGEMENT

Signatories engage with issuers to maintain or enhance the value of assets.

Our research analysts engage with numerous corporate, sovereign, securitised and municipal issuers on a proactive basis. We engage through participation in industry conferences, roadshows and research trips, meeting with government policymakers and issuer management teams. The majority of engagement activity takes the form of in-person or virtual meetings, calls, and written communication focused on direct engagement with issuers on stewardship related industry standards and practices.

ESG & ENGAGEMENT

Payden differentiates engagement activity into categories to better navigate the ESG topics, priorities, and purpose for engagement conducted:

Integrated Engagements look to understand dynamics where ESG topics and traditional key performance indicators overlap, and where this overlap can impact the performance of relevant securities over our typical near term investment horizon. Investment teams may use the information derived from integrated engagements as inputs along with a host of other qualitative and quantitative information to assess the overall attractiveness of the risk/return of an investment.

- We engage with issuers to understand their plans to address relevant ESG-related topics, as well as at times to communicate ESG-related characteristics we believe will improve the risk/return profiles of those issuers' securities.
- We engage with issuers directly on ESG factors that may impact financial and operating performance. Engagement may occur during the new issuance process, at industry conferences, roadshows, country research trips, or at individual meetings set up upon request.
- Where appropriate, we may also engage with broker dealers for additional insight into market trends related to ESG to gain an improved understanding of the evolving pricing dynamics across various asset classes.
- We may engage with Nationally Recognized Statistical Ratings Organizations to understand how they view ESG-related risks for an asset class, sector, or issuer.

Targeted Engagements focus on specific themes related to ESG. These align with initiatives we believe can support long-term value creation and protection, and which reflect the values of those on whose behalf we invest. We utilise several methods for conducting targeted engagements in our stewardship efforts. The method and frequency of engagement are determined by several factors, including our history of engagement with the issuer, the relevant issue, and asset class.

These engagements generally involve communicating with an issuer to make them aware of client expectations for the trajectory of a specific ESG-related metric or practice. These engagements take place via several methods, which include, but are not limited to, written communication and company meetings.

Enhanced Engagements focus on specific client-specified outcomes related to client ESG objectives. This customised solution goes beyond Payden's targeted engagement approach to include client-specified action when engagement activity is deemed unsatisfactory. Through enhanced engagement, we provide clients with tools to pursue their objectives, such as portfolio-specific escalation, limiting new issue purchases, and divestment. This solution is available on a customised basis upon request

DETERMINING ENGAGEMENT PRIORITIES

Members of Payden's ESG Committee are responsible for determining the priorities for Targeted Engagement themes. The ESG Committee seeks to ensure that we are efficiently utilising resources to align our efforts with regional-specific ESG engagement requirements and client-specific requests. The determination of relevant factors for targeted engagements will vary by asset class, as they may be driven by a combination of inputs. Payden is selective in its engagement activity. The method and frequency of engagement are determined by several factors, including our history of engagement with the issuer, the relevant issue, and asset class. Where relevant, the approach is informed by global frameworks (such as, UN Global Compact, OECD Guidelines, Sustainable Development Goals, Sustainability Accounting Standards Board (SASB) Engagement Guide, and UNPRI ESG Engagement for Sovereign Debt Investor, etc.) or aligned with broader projects.

Examples of initiatives that are part of the targeted engagement process may include:

- **Climate Change Mitigation**: Payden SFDR Article 8 Funds promote the environmental characteristic of climate change mitigation, and Payden engages with issuers via targeted topics related to climate change in line with the goals of the Paris Agreement. Engagement is focused on corporate issuers of debt and/or equity instruments, as there are credible methodologies associated with these asset classes. The target for issuers to be either aligned or aligning to a 1.5° pathway or engaged with to that end is 60% by 2025, 90% by 2030, and 100% by 2040. Sovereign issuer engagement on climate issues is conducted where relevant.

- **Principal Adverse Impacts**: Payden seeks to manage the risks connected with potential adverse impacts from SFDR Article 8 Fund investments in various ways, including engagement.

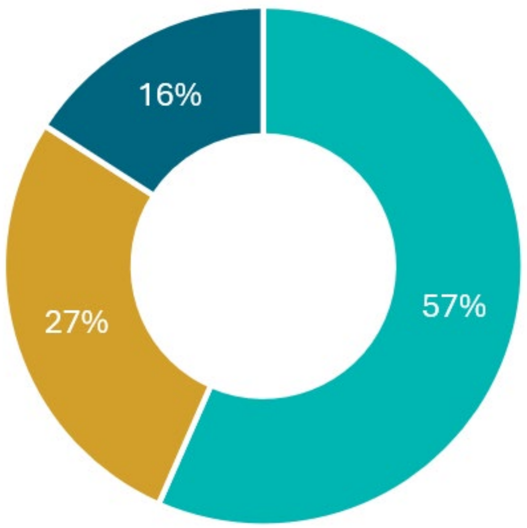
- **Governance Practices**: Payden's ESG Good Governance Policy is utilised where Payden has been appointed as investment manager/adviser to various EU-domiciled collective investment schemes designated as Article 8 financial products pursuant to SFDR. This assessment considers good governance to be a standard of governance widely reflective of industry established norms.

ENGAGEMENT MONITORING

Payden has a workflow methodology to track and monitor both integrated and targeted engagements. We catalogue engagement activity via a third party data aggregation tool and a proprietary tracking system. We provide a summary overview of engagement activities to required regulatory bodies and to clients or clients' shareholders upon request. Further information on Payden's approach, including escalation within the engagement process, is further described in Principle 11.

ESG ISSUER ENGAGEMENT BY NUMBERS

BY TOPIC



Environmental topics included

- Climate
- Biodiversity
- Hazardous waste
- Carbon reduction initiatives
- Emissions to water
- GHG intensity
- Energy consumption

Social topics included

- Labour rights
- Gender pay gap
- Board gender diversity
- Human capital (health, education)
- Domestic security

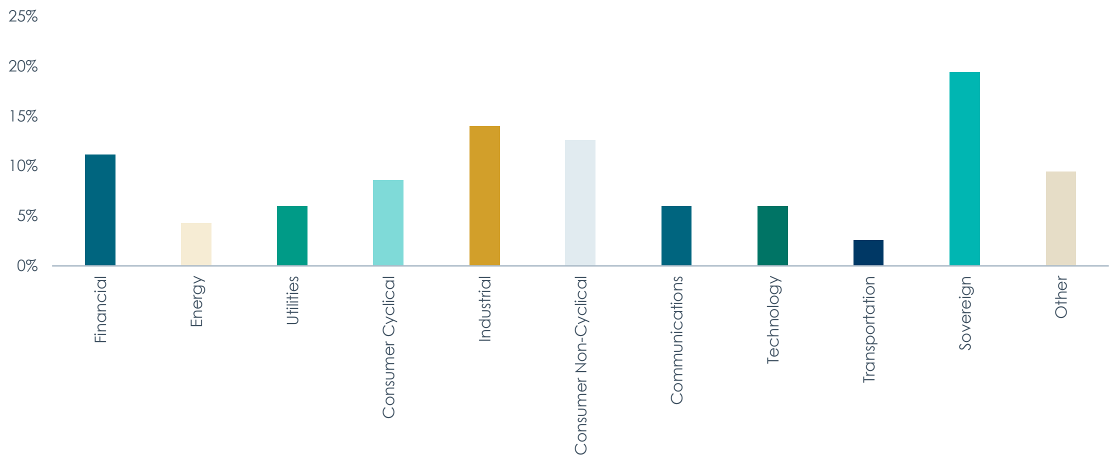
Governance topics included

- Processes to monitor global frameworks
- Government practices
- Capital allocation
- Adherence to global frameworks

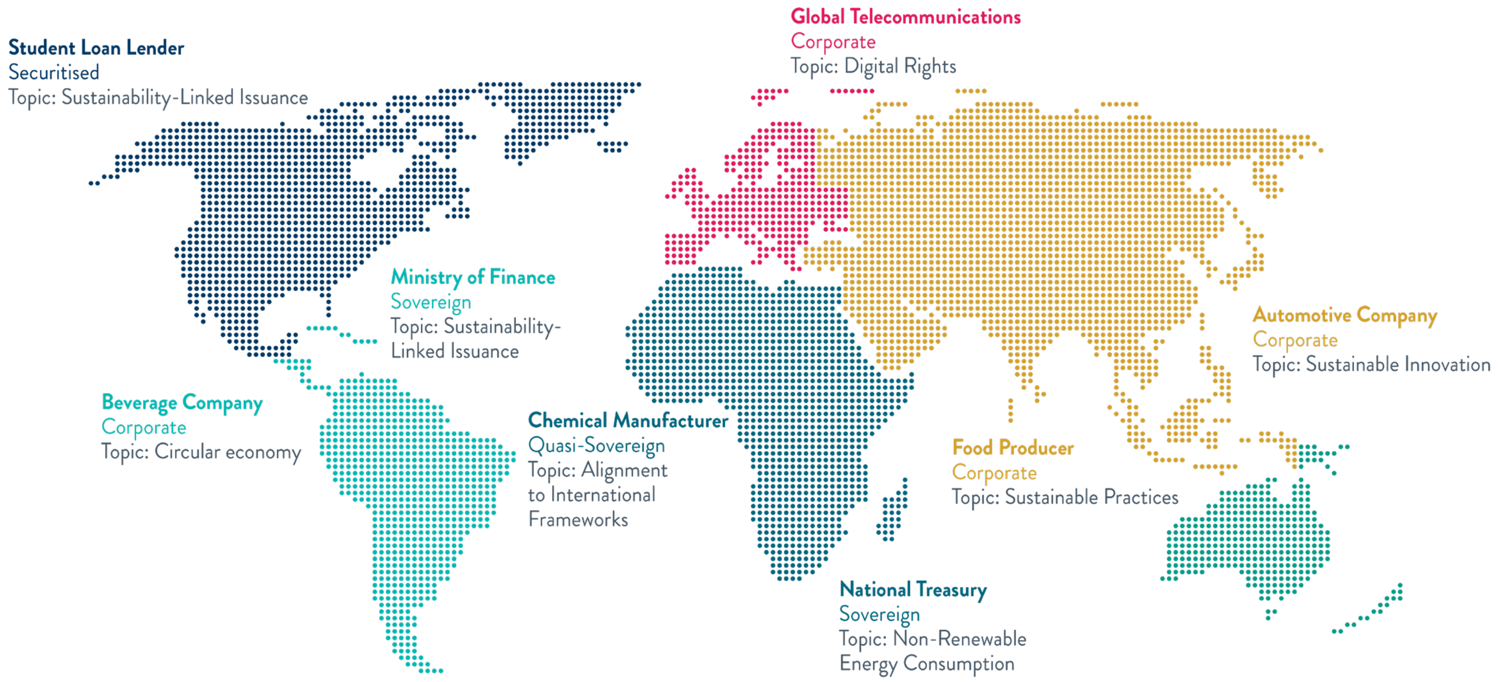
350+ engagements

on ESG topics in 2024

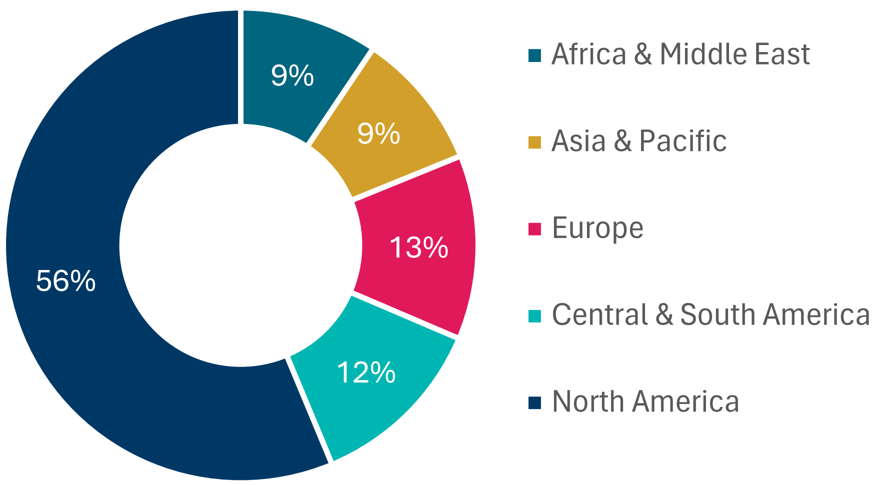
BY SECTOR



BY REGION



Engagements were representative of the assets in the client portfolios we manage.



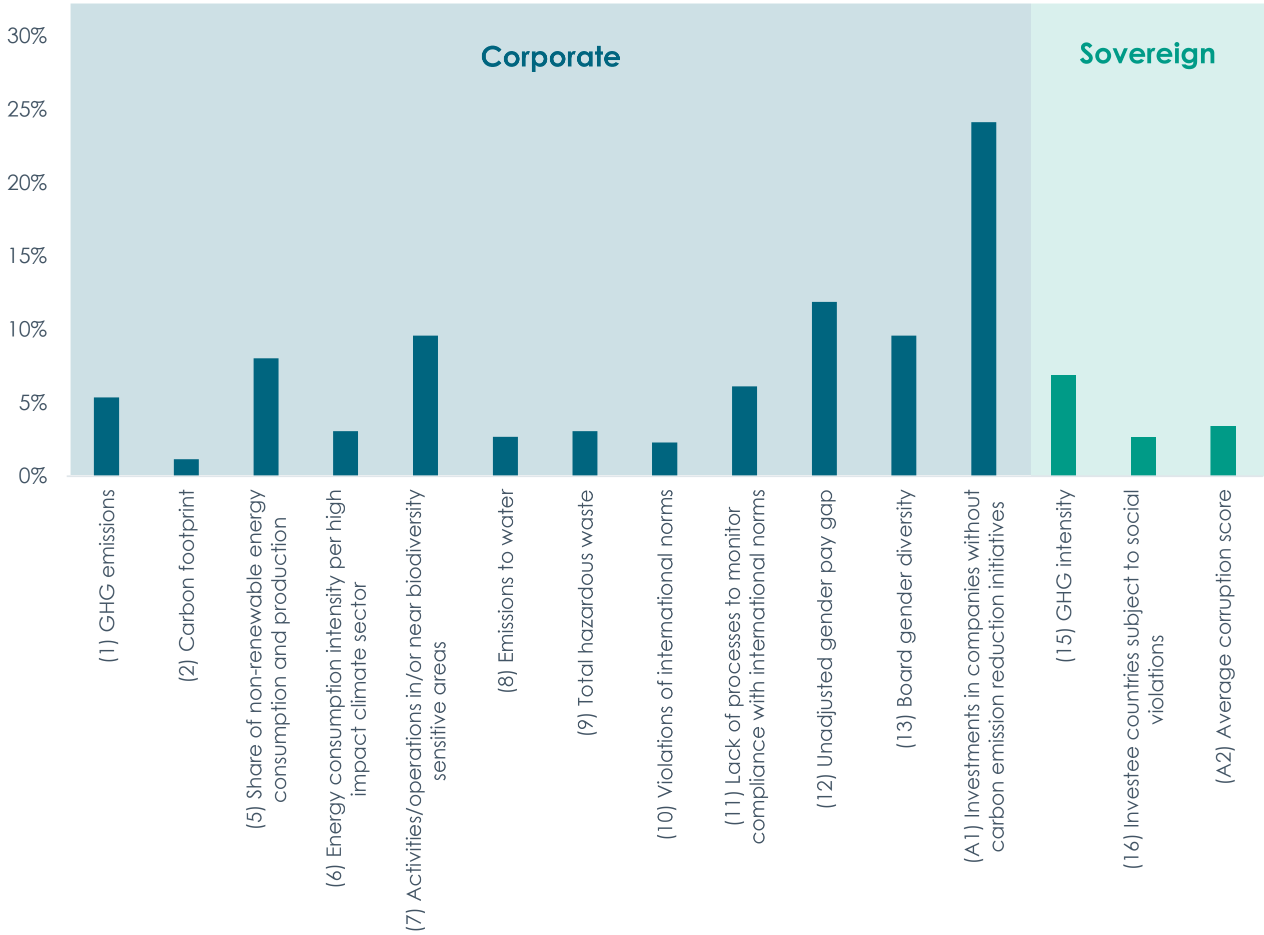
BY PRINCIPAL ADVERSE IMPACT

Payden is the investment manager to 14 Funds designated Article 8 pursuant to SFDR that promote environmental and/or social characteristics. For these Funds, we seek to manage the risks connected to PAIs from the Fund's investments in various ways, including engagement.

Payden's SFDR PAI statement is available on the Payden website.

The EU Commission defines a Principal Adverse Impact (PAI) as "any impact of investment decisions or advice that results in a negative effect on sustainability factors".

The chart below shows a summary* of engagement activity on PAI topics in Payden SFDR Article 8 Funds during 2024.



*We apply those PAIs that are relevant to the investment concerned, as not all PAIs are relevant to each investment. The primary mitigation method indicates the main action Payden takes in considering each PAI. Engagements on ESG topics not linked to PAIs are not included; figures shown are grossed up to 100%.

We conduct engagements across the asset classes in which we invest, however, the approach we take, and the engagement topics addressed will vary from issuer to issuer. Below we demonstrate engagement activity during the reporting period to highlight how we engage across issuer types, sectors, geographies, and ESG topics.

Engagement on Corporates

Engagements with corporate issuers on ESG issues can be viewed as a two-way dialogue between analysts and companies. The point of contact is usually investor relations and C-suite representatives. For integrated engagements, engagement topics can include overall business strategy, governance factors, risk and financial management, board composition, remuneration, and employee relations. We also use engagements to gain clarification and/or new information on ESG topics that could impact investment decisions.

Targeted engagements may focus on general disclosure, ESG practices or to explain the expectations of our clients. Members of research and ESG teams primarily conduct engagements with corporate issuers. There are many instances where we have members from multiple teams participating in corporate engagements to navigate the complexities among issuers, sectors, and regulations.

Engagement Case Study: Waste Management (PAI 9)
Global Packaging Manufacturer

As one of the world's largest producers of fiber-based consumer packaging, the company offers its products to a variety of consumer-end markets, including food, beverage, food services, household products, and health and beauty. The company primarily manufactures paperboard and paper-based packaging, and as a consequence of the manufacturing process for these products, types of solid waste and sludge are generated. Sludge is a by-product of wastewater treatment, which may contain high levels of hazardous contaminants.

The company shared that it has been measuring its waste footprint for two years. They reported that the majority of their waste was paper-based production waste, and less than 1% was classified as hazardous waste. Hazardous waste is characterised based on local regulations and primarily production-related chemical waste (such as inks, paints, laboratory chemicals), batteries, fluorescent bulbs, and other materials that are sent off-site for treatment and disposal by authorised, third-party contractors.

One of the main drivers of the company's generation of waste comes from the company's use of ink in its manufacturing processes. In recognition of this as a main contributor, the company has implemented an initiative to eliminate the use of plastic from its ink cartridges by utilising paperboard containers instead. The paperboard cartridges can be recycled and reused in the future, unlike the former plastic cartridges. In addition, the company shared that 96% of its sites have an active waste diversion programme in which 1.1 million metric tons of materials have been recycled.

Disclosure around the production of waste is still largely an underreported metric, which is consistent across sectors. The company's progress in measuring waste, understanding its hazardous waste, and implementing reduction initiatives are positive steps forward. We will continue to monitor updates from the company as it progresses on its waste reduction journey.

Engagement Case Study: GHG Emissions (PAI 1)
Mining company

The World Gold Council research indicates the gold industry's annual carbon footprint is 0.4% of global annual emissions, with nearly all GHG emissions associated produced from mining operations. As one of the world's largest gold mining companies, we sought to engage to better understand its publicly disclosed decarbonisation plan and wider environmental initiatives.

The company shared that it has partnered with a global manufacturer of construction equipment to support its carbon reduction initiatives. The Company reported that this collaboration has a combined investment of more than $100 million and is aimed at creating all-electric surface and underground mining solutions. The company is expecting to begin operational testing in 2025 for this solution. In addition, the company shared that it is utilising technology to deploy autonomous machinery. These machines were noted to have a 31% improvement in fuel efficiency, and in 2023, the company successfully deployed five machines at one of its largest operating sites. Both of these initiatives support the company's goal to decrease Scope 1 and 2 emissions by 32% by 2030. The industry is broadly known to negatively impact the environment, so it is promising to see the company's developments surrounding its innovation to support progression on its environmental strategy. We may engage in the future.

Engagement Case Study: Decarbonisation Targets (PAI A1)
Midstream Company

We decided to engage with this US energy company to better understand its long-term carbon reduction strategy and see if the company was on track to meet its interim 2025 goal in support of its GHG reduction targets.

The company highlighted its GHG reduction strategy, wherein 2020, it had set a Scope 1 and 2 GHG emission reduction target of 30% by 2030. The company was pleased to share that it was ahead of its reduction plan, and at the time of the engagement, it had reduced Scope 1 and 2 emissions by 27%. After re-evaluating, the company extended the 2030 goal to 2035 and is now aiming to reduce Scope 1 and 2 emissions by 38%. In addition, it set a 2030 target to reduce Scope 3 emissions by 15%, making it one of four companies in its industry to have set a goal of this kind. The company reported that it had already reduced 6% of its Scope 3 emissions and is working to innovate new ways to remain on track for this goal. To support its carbon reduction targets, the company has set interim goals to support its efforts to remain on track. As part of the initial outreach for the engagement, the company shared that it set a 2025 goal to install low-emission rod packaging and measurement ports on 100% of its reciprocating compressors. By replacing old rods, the company shared that it is able to reduce leakage of emissions during the refining process and is on track to meet this goal. Given the progress the company has made on its carbon reduction initiatives, the engagement had a satisfactory outcome. At the end of the discussion, the company highlighted that it is working to align annual bonuses to the company's progress on reducing emissions. This alignment further demonstrates the company's commitment to reducing its emissions, and it is an area that we will continue to monitor. We may engage in the future.

Engagement on Sovereigns

ESG engagement with sovereigns comes with additional challenges compared to engagement with companies, as it can be misinterpreted as lobbying, advocacy, or an attempt to interfere in governments' policy choices. Engaging with sovereigns on ESG issues has the potential to improve the quality and frequency of disclosure, while also providing valuable feedback to issuers on areas of ESG that investors view as important. Our analysts attend conferences, roadshows, and conference calls with key policymakers, and we reinforce relationships with officials via regular research trips to emerging markets. These research trips (Latin America, Emerging Europe, Asia, the Middle East, and Africa) provide important inputs to the investment processes and sovereign risk assessment. We typically visit over 20 countries per year, where our senior analysts meet with high-level government officials, representatives of the International Monetary Fund (IMF) and World Bank, local political analysts, economists, and top management of major bond issuers.

Engagement Case Study: Governance (PAI 16)
African Sovereign

We regularly engage with stakeholders as the country has a significant presence in Emerging Markets and faces a variety of ESG-related challenges. Members of Payden's EMD Team attended an event with the International Monetary Fund's (IMF) Mission Chief for the country. The IMF plays an important role with policymakers and sits at the juncture of financial markets, global institutions, and governments.

This engagement was an opportunity to better understand the current state of the government and its reform agenda, specifically focusing on the new National Unity government and the generation of employment opportunities. The IMF highlighted that sustainable solutions for the monopoly energy utility in the country were paramount, as was better governance of rail and port infrastructure.

We discussed the potential for small and medium enterprises (SMEs) to be a positive catalyst to unlock greater employment and lift growth, given that this area has not been prioritised in recent years. Whilst labour laws in the country have been viewed as too restrictive and challenging to reform, a recently approved government business-friendly reform programme is viewed positively and needs more rapid implementation. There were no direct portfolio allocation changes resulting from the engagement, and engaging with the IMF is a key part of sovereign analysis and investing.

Engagement Case Study: Governance/Environmental (PAI 15)
East Asian Sovereign

Payden's EMD Team met with officials from the country's Ministry of Finance to better understand the consideration for issuing debt for nature swaps. Our analysts also discussed the country's plan to reduce carbon emissions from its production of coal. For a broader context, the country is a significant exporter of coal and has recently increased its export volumes to another country in its region.

The official explained that the country had looked into the potential to issue debt for nature swaps in the past. However, at the time of the review, the country concluded that issuing this type of instrument was not an avenue to pursue, as the country's focus is to issue traditional debt instruments in the market. Though the country is not exploring labelled bond issuance, the official did confirm that the country is working to reduce its carbon emissions. We will continue to monitor the country's progress on the various environmental topics discussed and may engage in the future.

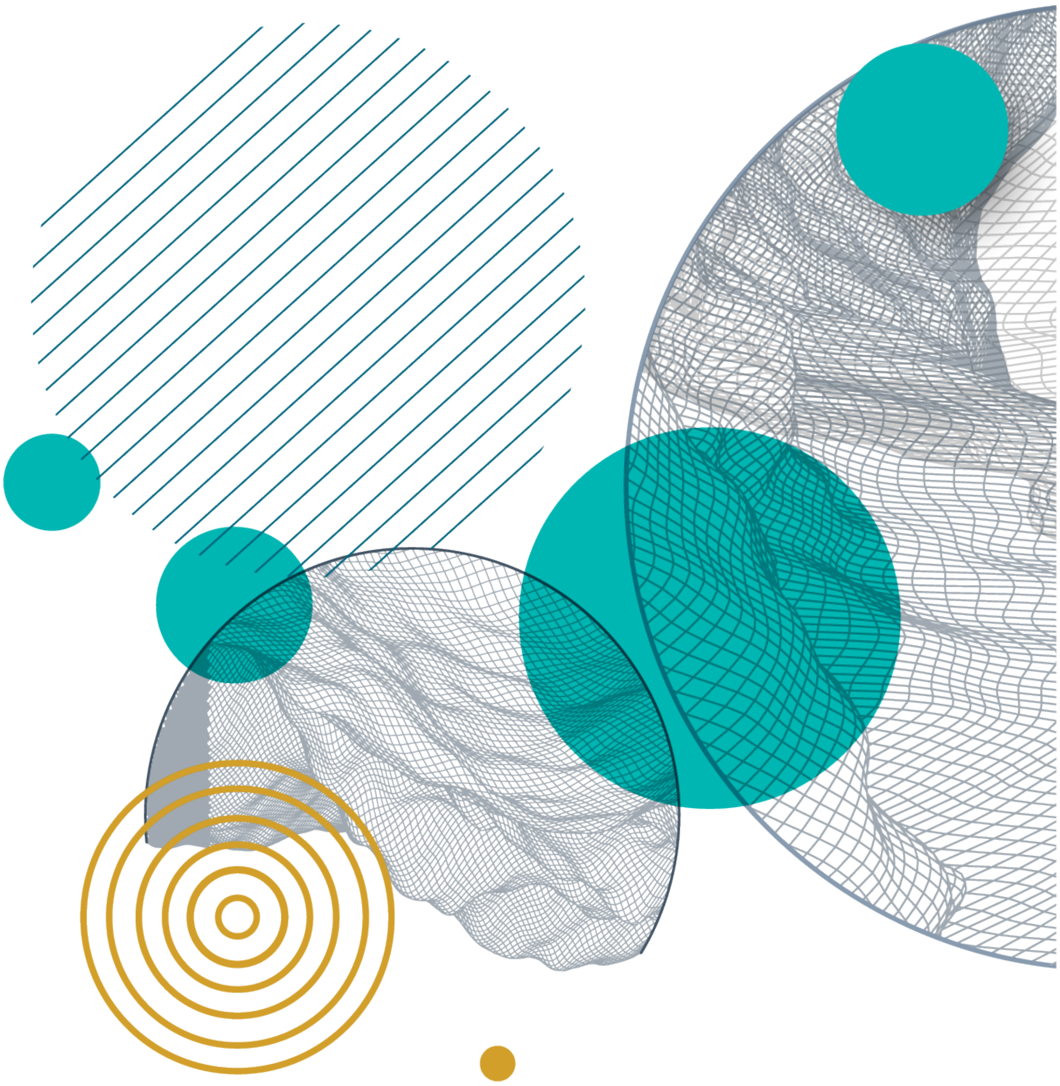
Engagement Case Study: Governance (PAI 15)

CEEMA Sovereign

Funding "green" projects continues to be a relevant topic for EU sovereigns. The country is a relatively new entrant in the green issuance market, having completed its first green Eurobond issue within the last 12-18 months. While we have engaged on this topic in the past, the purpose of the engagement was to get an update on the country's philosophy towards labelled issuance. Members of Payden's EMD Team engaged virtually with representatives from the country's Ministry of Finance and National Bank.

The representatives explained that there are advantages to utilising green bonds over budget financing, as it is a form of direct project funding. Regarding the country's consideration of attaching metrics to labelled issuance in line with best practices, it was discussed that the country is not ready to issue such bonds due to the lack of relevant metrics, making the assessment of fulfilling an objective difficult.

The representatives shared that it is possible for the country to expand into social/sustainable issuance, where spending could be more targeted, but the focus remains on financing "green" projects. The engagement continued to inform our understanding of the country's labelled bond issuance and future plans.



Engagement on Securitised

ESG engagement in securitised is often overlooked compared to other fixed income sub-asset classes due to the complex nature of the market, which poses additional challenges. There are very few ESG disclosure requirements directly impacting securitisation, and issuers are often not accustomed to providing disclosure of ESG factors. Furthermore, securitised fixed income is distinct in that the idiosyncratic risk associated with individual loans are, in many cases, reduced due to potential diversification of the underlying collateral. This has led us to take a broader examination of the potential effects that lending and underwriting standards, as well as broader ESG variables, can have on security cash flow.

Engagement Case Study: Social
US National Lender

We have long-standing relationships with securitised lenders and US Agencies and may engage with them outside of deal roadshows as part of ongoing monitoring. During a non-deal roadshow, representatives from the agency discussed its sustainability strategy and highlighted its labelled bond framework.

The agency shared that under its green bond framework, the single-family green MBS program finances the purchase of mortgages that align with ICMA's Green Project categories. Some of these categories include the use of renewable energy and the management of energy efficiency and consumption. Through the use of proceeds, eligible collaterals may relate to where borrowers can use refinance proceeds to finance energy-efficient home improvements or the development of new construction with a renewable energy source. In addition, the agency highlighted its single-family social MBS and corporate social debt bond framework, which may include investments made in underserved communities, as well as support affordable rental housing for low- to moderate-income individuals.

The agency was also pleased to highlight that it is actively expanding the capabilities of lenders to form social MBS guarantee pools. The engagement provided useful colour on the agency's approach to labelled bonds. It also highlighted how the agency is working to align efforts to its sustainability strategy, focused on three long-term goals: protect the future of housing, promote inclusive communities, and uphold responsible operations.

Engagement on Topical Events

We monitor significant ESG news events that occur concerning the issuers held in client portfolios with an engagement focus. We engage on these ESG news events to better inform our understanding and report to clients who may be concerned about their potential impact on their portfolios.

Engagement Case Study: Environmental
Science Based Targets Initiative (SBTi) Target Removal

SBTi has developed standards, tools, and guidance to give credibility to companies' voluntary decarbonisation plans and set "science-based targets" for emissions reductions in line with the Paris Agreement goal of limiting global temperature increases to 1.5°. The organisation implemented a new policy, which went into effect in March 2024, whereby companies that had made a commitment to emissions reductions had 24 months to submit their strategy for meeting their goals. In the first half of 2024, it was reported that more than 200 companies had their net zero commitments removed by SBTi as they failed to comply with this new policy. Members of Payden's ESG Team engaged with multiple issuers across sectors on this topic, in which we engaged with a range of representatives, including the companies' investor relations and sustainability teams.

In general, the companies engaged were keen to share their progress with regard to emission reduction initiatives. Companies expressed their plan to continue their net zero journey and resubmit updated targets to SBTi in the future. A common trend reported by the companies was that due to the increasing complexity of continued reductions, they struggled to meet the new deadline for submissions. We view the outcome of these engagements as positive, with companies demonstrating a desire to continue to make progress on their net zero commitments. We will continue to monitor the SBTi targets set by companies in Payden clients' portfolios and their journey to net zero.

Engagement Case Study: Social
The Unadjusted Pay Gap

In Q1 of 2024, the Australian government released for the first time data on the gender pay gaps at firms with more than 100 employees, which followed legislation passed in March 2023. As a result, Bloomberg published a report highlighting the growing gender pay inequality within the financial sector operating in Australia. We used the findings in this report as a baseline for the engagement. We analysed client portfolios for companies named in the Bloomberg report and prioritised those for engagement.

The engagement began with written correspondence to each of the target companies focused on setting the foundation for a discussion on their initiatives around gender pay equity and broader diversity initiatives. A common theme the engaged companies reported was that the unadjusted pay gap metric required under Australian disclosure regulation was not the preferred method. Many discussed that the adjusted gender pay gap is more representative of their gender initiatives as it takes into account factors such as seniority level, position, and educational background. A positive outcome from these engagements is that the companies disclosed they have set both specific targets for inclusion as well as aspirational goals. The companies engaged shared that they have procedures in place to monitor progress against these goals, which includes employee engagement. In addition, they reported a wide range of initiatives designed to support the improvement of inclusion within their organisations, such as offering enhanced employee and educational training and mentorship programs.

Engagement on Climate Change Mitigation Under EU SFDR Regulation

Climate change presents a long-term systemic risk, and in accordance with the Payden SFDR ESG Engagement Policy, Payden engages with issuers via targeted topics related to climate change in line with the goals of the Paris Agreement. Engagement is focused on corporate issuers of debt and/or equity instruments, as there are credible methodologies associated with these asset classes. The target for issuers to be either aligned or aligning to a 1.5° C pathway or engaged with to that end.

Target % for engagement with issuers by target years:

60% by 2025	90% by 2030	100% by 2040

For separately managed accounts, we can partner with those clients who express an interest in developing portfolios with a lower carbon or net zero aligned profile and help them to set their own reduction targets to reflect their decarbonisation goals within their portfolio.

Engagement Case Study: Climate Change Mitigation (SFDR)
US Utility Company

As part of Payden's ESG monitoring process, we produce a quarterly report highlighting issuers considered outliers on ESG metrics. In 2024, this company was highlighted, as according to third-party data, this utility is one of the highest Scope 1 and 2 greenhouse gas emitters in SFDR Article 8 client portfolio holdings.

The company welcomed the opportunity to discuss its GHG emissions and its current and planned initiatives to decrease emissions over the long term. An example of these initiatives includes the company investing in six solar projects in the Midwest of the US to provide its customers with greater access to renewable energy. Three projects are expected to be completed by the end of 2024, while the remaining projects are on track to be completed before the end of 2026. In addition, the company highlighted its plan to invest in new and upgraded substations, smart technology, stronger poles, and upgraded power lines to reduce outages. At the time of the engagement, the company shared that it had updated more than 200 miles of power and added more than 1,500 smart switches and 1.1 million smart meters in its customers' homes to reduce energy consumption, decreasing overall GHG emissions.

The outcome of the engagement was positive as the company continues to work to decrease emissions across its operations. It also shared that it is exploring more avenues on how to reduce its negative impact on biodiverse-sensitive areas. We will monitor further updates from the company and may engage in the future.

PRINCIPLE 10: COLLABORATION

Signatories, where necessary, participate in collaborative engagement to influence issuers.

We are involved in ongoing conversations with several responsible investment organisations and industry thought leadership groups that support stewardship practices.

PRI

Since 2013, Payden has been a signatory to the United Nations Principles for Responsible Investment. As signatories, we provide transparency on Payden's responsible investment activity and report annually. The PRI produces tools and guidance to inform investors how to incorporate ESG considerations into investment processes and ownership practices.

For two years, senior members of Payden's ESG team have been engaging with the PRI to discuss the regulatory and legal environment around ESG investing in the evolving and diverging global landscape. ESG regulation in the financial sector has been rapidly evolving over the last few years, and signatories to the PRI operating in different jurisdictions, who are regulated by different entities and subject to varying regulatory standards, are approaching the PRI assessment differently.

To date, we have conducted monthly calls and engaged with a range of representatives from PRI with the aim of helping foster the future of sustainable investing and ensuring ESG reporting can be transparent and consistent. Examples of how Payden progressed this engagement in 2024 include:

- Shared client-facing educational materials regarding the practical implementation of ESG and GHG management considerations in client portfolios for internal PRI distribution.
- Ahead of the 2024 PRI Conference in October, senior members of the ESG Team attended a lunch with PRI's CEO for a one-on-one discussion regarding the changing landscape of responsible investment and issues facing PRI signatories. We discussed the importance of the investment manager's perspective in taking practical steps forward in ESG investing and the differences we observe regarding different time horizons and asset classes. The lunch was followed by a small group discussion with other signatories regarding PRI's strategy and focus through to 2027.
- Introduced to the Head of Fixed Income to discuss the future of the reporting structure and the prospect of further engagement in the form of workstreams regarding the guidance needs within the market as it relates to ESG in Fixed Income.

PRI Sovereign Debt Advisory Committee

Payden has been actively involved, as one of only 24 global members of the PRI Sovereign Debt Advisory Committee, with Kristin Ceva, PhD, CFA, Managing Director, Head of Emerging Market Debt, as the firm's representative. This provides opportunities to contribute to research and discussion papers, workshops, practical guides, and webinars.

IFRS SUSTAINABILITY ALLIANCE

Since early 2017, Payden has been part of the IFRS Sustainability Alliance (formerly the SASB Alliance), a global membership programme for sustainability standards, integrated reporting, and integrated thinking. The IFRS Sustainability Alliance combines the SASB Alliance and <IR> Business Network to provide a coherent and comprehensive system for corporate disclosure and an approach to the way organisations plan and disclose their approach to value creation.

EMERGING MARKETS INVESTOR ALLIANCE (EMIA)

The Emerging Markets Investors Alliance (EMIA) brings together policy experts, investors, and government and corporate leaders to address global challenges. Members of Payden's Emerging Markets Debt Team joined the Sovereign Decarbonization & Biodiversity and Sovereign Debt & Fiscal Governance programmes focused on carbon taxes and climate finance.

During Q4 2024, we participated in a working group focused on engaging with Romania to better understand its progress in aligning with international frameworks, such as the OECD, and broader anti-corruption efforts. In addition, the working group drafted a request for the government to increase its transparency related to its budget management practices. This engagement is still ongoing, and the working group is planning to engage with the country's Ministry of Finance on these topics in 2025.

THE FORUM PER LA FINANZA SOSTENIBILE

We have been a member of the Forum per la Finanza Sostenibile since 2019. The membership includes financial operators and other organisations interested in the environmental and social impact of investments. They conduct research, working groups, and training activities to contribute to the analysis and dissemination of sustainable investments. As members, we raise awareness about sustainable and responsible investment finance through communication initiatives and attendance at conferences, seminars, and cultural events. In 2024, Payden sponsored and presented at an event regarding sustainability in the Italian insurance sector.

Through participation in investor initiatives and industry thought leadership, we leverage our standing as financial industry participants to encourage a greater commitment to disclosure, transparency, and improved practices for stewardship objectives.

PRINCIPLE 11: ESCALATION

Signatories, where necessary, escalate stewardship activities to influence issuers.

Payden is a predominantly fixed income manager; as such, escalation opportunities in engagements do not include proxy voting as in other asset classes. We seek to create multiple channels of communication and employ a broad range of tools to ensure we act in accordance with clients' expectations and our stewardship duties.

We have further developed workflow methodology in line with the Payden SFDR ESG Engagement policy (Principle 9), to record engagement and any client directed escalation activities. Payden's research and ESG teams catalogue engagement activity, proprietary research analysis, and updates via a third-party data aggregation tool and a proprietary tracking system. Engagement, and escalation of engagement where necessary, is one of the tools available in our ongoing monitoring to assess continued investment.

In order to reflect specified client preferences where applicable, there are various reasons why we may choose to escalate a targeted engagement. Examples of incidences that would indicate a need for escalation include, but are not limited to, where an issuer has failed to respond to or address investor ESG inquiries, failed to implement a stated strategy, or a deterioration in standards. We consider escalation within targeted engagements based on the nuances of the engagement and in the context of client guidelines regarding engagement and escalation. Client directed next steps may include escalating the targeted engagement to more senior investment personnel, such as the Head of Research or Head of ESG. An insufficient outcome has the ability to inform investment decisions for clients targeting specific ESG criteria in their portfolios.

The escalation avenues with a non-corporate issuer, such as a sovereign, are potentially more limited than the routes available in engagement with a company. Given the many stakeholders involved in government and the political process, even though we continue to express views, we cannot attribute political change to our own efforts, and engagements may be a protracted process.

Issues can be identified through in-house analysis and proprietary Sector Frameworks or through issues raised by our clients or other investors. As an active, primarily fixed income manager, most of our engagements with investee companies are one-to-one. It is our preference to seek to achieve client stewardship objectives privately and confidentially and through agreement with investee company management, thus building an effective relationship with management teams. We have found that constructive dialogue with management is more productive.

Engagement Escalation Evaluation Case Study

Mineral Mining Company

As part of our ESG monitoring process, we produce a quarterly report highlighting issuers considered outliers on ESG metrics. This contains elements that are covered in the Payden ESG Good Governance Policy, applicable to SFDR Article 8 Funds, including issuers identified as in violation of the United Nations Global Compact (UNGC). Issuers with severe controversies, such as regulatory action or violations of commonly accepted international norms, are deemed to have operations or products that may have a negative ESG impact. Companies highlighted as in violation are prioritised for engagement and considered for escalation actions; they are also not permitted for investment in Article 8 Funds.

This state-owned enterprise was categorised as a red flag issuer by third-party data providers with severe ongoing social controversies. The issuer operates a phosphate mine and faced criticism from the international community and human rights organisations, who consider the issuer’s continued operation of the mine a possible violation of international norms.

Following the initial inquiry, the company shared that it is not a member of UNGC. Given that the company is state-owned, it adds an element of complexity for it to be recognised for adherence to international frameworks by third-party data providers. Despite this, the company did explain that it has made efforts to align with the principles of global bodies, including UNGC, UN Guiding Principles on Business and Human Rights, TCFD, and SASB. To aid in its transparency in this effort, its alignment with international norms is publicly reported through the company's annual sustainability reports.

Whilst the issuer’s public reporting and efforts to align with recognised frameworks are a positive step forward in disclosure and transparency. Due to the complexities outlined by the issuer with regard to its ownership structure, it remains in disagreement with third party evaluation and remains a red flag issuer and is not included in Payden SFDR Article 8 Funds.

CLIENT-DRIVEN APPROACH

We strive to exceed our clients' expectations across the various elements of their mandate. Over the last few years, we have seen a growing divergence in how US and non-US clients define fiduciary responsibilities, with non-US clients taking a much broader view of what it means to be a fiduciary and formally incorporating ESG into their investment portfolios. Given our diverse client base and the rapid pace of ESG evolution, we have developed ESG tools and solutions that we can apply to client portfolios, where relevant. We can customise client portfolios to meet their financial and non-financial objectives and seek to develop portfolio solutions that meet specific client needs through our partnership approach. This includes Payden’s Enhanced Engagement Solution. Through this solution, we provide clients with tools to pursue their objectives, such as portfolio-specific escalation, limiting new issue purchases, and divestment. This solution is available to separately managed account clients on a customised basis upon request.

Enhanced Engagement provides the opportunity to:

- **Communicate with issuers on specific long term ESG topics**
- **Provide issuers with feedback from our clients**
- **Focus on items that can be measured and monitored**
- **Utilise engagement outcomes in portfolio construction**

Enhanced Engagement in Action

We partner with clients to target specific outcomes and link engagement activity to investment decision-making in their portfolio. Many clients have established climate related goals and targets as part of their fiduciary or oversight responsibilities. Often, this climate focus looks beyond the typical investment horizon for a portfolio. Given the difference in time horizon between portfolio decisions and climate engagements, Enhanced Engagement enables clients to bring longer term engagement outcomes into near term portfolio construction. Client participation in this solution is designated in client guidelines.

Enhanced Engagement Example
Separately Managed Account

We utilise Payden's ESG Sector Frameworks to analyse issuers in the portfolio. We evaluate select climate metrics relative to companies and their peers. For example, for a client with an expressed focus on climate mitigation, issuers identified as having low transition profiles are reviewed for further evaluation of corporate initiatives and prioritised for potential engagement. We would then engage with issuers held in the portfolio to enquire about decarbonisation targets, SBTi alignment, progress on interim net zero targets, or significant changes to climate mitigation plans. Any resulting actions taken, including escalation, are based on alignment with the client's climate goals and ongoing monitoring. Escalation steps may involve multiple Payden teams and can include:

- **Maintaining credit weight**
- **Restriction of new purchases**
- **Potential divestment**

EXERCISING RIGHTS AND RESPONSIBILITIES

PRINCIPLE 12: EXERCISING RIGHTS AND RESPONSIBILITIES

Signatories actively exercise their rights and responsibilities.

EXERCISING VOTING RIGHTS AND RESPONSIBILITIES

The exercise of voting rights is an important component of stewardship and a demonstration of good corporate governance. We expect to fulfil our fiduciary obligation to our clients by monitoring events concerning investee companies and then voting the proxies in a manner that is consistent with the best interests of our clients. The exercise of these rights may enable us to better protect investor value and serves as a demonstration of our engagement. To that end, Payden has a Proxy Voting Committee described below to consider any issues related to proxy matters. We consider multiple aspects of the issues presented by a proxy matter, and, depending upon particular client requirements, we may vote differently for different clients on the same proxy issue.

We consider issues as it relates to a company, and work with Glass Lewis & Co.'s proxy research service, which provides additional, detailed information on issues to be voted upon.

PROXY VOTING COMMITTEE

Payden's Proxy Voting Committee consists of senior employees and Managing Directors of the firm who consider any issues related to proxy matters, any one of whom can issue voting instructions on behalf of the Committee. In their absence, any member of the IPC (Principle 2) may issue voting instructions on behalf of the Proxy Voting Committee.

The Proxy Voting Committee, established pursuant to the Proxy Voting Policy, documents how it has voted with respect to the securities of each client. The Proxy Voting Committee documents any material conflicts between its interests and those of one of our clients and how it resolved that conflict.

PROXY VOTING POLICY

In recognition of the need for transparency in our policies and procedures in supporting our stewardship, our Voting Policy is available on the Payden website.

Application of Guidelines: Clients routinely provide Payden with the authority to vote client securities. As a result, our Proxy Voting Policy governs how we will generally vote client securities. The Policy is applied to our listed equity holdings, and individual funds do not set their own policies.

At the same time, any client may contact us if they wish to direct the vote of a specific proposal for their account. That request, of course, will only apply to that client's account. If we determine that the client's request conflicts with other clients' best interests, we will vote on the proposal differently to best serve individual clients.

Any client or prospective client may contact us to obtain a copy of their proxy voting record and a copy of our Proxy Voting Policy.

PROXY VOTING POLICY SUMMARY

To the extent that a client has delegated to Payden the authority to vote proxies relating to equity securities, we expect to fulfil our fiduciary obligation to our client by monitoring events concerning the issuer of the security and then voting the proxies in a manner that is consistent with the best interests of that client and that does not subordinate the client's interests to our interests. We carefully consider various aspects of the issues presented by a proxy matter, and depending upon the particular client's requirements, we may vote differently for different clients on the same proxy issue.

General Proxy Voting Policy: Absent special client circumstances or specific client policies or instructions, we will generally vote as follows on the issues listed below:

- Due to the complexity of executive compensation plans and the extensive analysis required to thoughtfully consider these proposals, we employ a proxy voting service to review all proposed changes to compensation. Factors such as industry averages, historical company performance, and possible affects to shareholder dilution are considered. Using these and other factors, the proxy voting service will recommend a voting position, which Payden, absent special circumstances, will generally accept.
- Vote for programmes that permit an issuer to repurchase its own stock.
- Vote for proposals that support board independence (e.g., declassification of directors, or requiring a majority of outside directors).
- Vote against management proposals to make takeovers more difficult (e.g., "poison pill" provisions, or supermajority votes).
- Vote for management proposals on the retention of outside auditors. However, consideration is given to the level of non-audit fees paid to the outside auditor.
- Vote for management-endorsed director candidates, unless there are specific circumstances that would indicate a "no" vote.

Conflicts of Interest: From time to time, we may purchase for one client's portfolio securities that have been issued by another client. We do not have a policy against such investments because such a prohibition would unnecessarily limit investment opportunities. In that case, however, a conflict of interest may exist between the interests of the client for whose account the security was purchased and the interests of Payden.

To ensure that proxy votes are voted in a client's best interest and unaffected by any conflict of interest that may exist, we may abstain from voting on a proxy question that presents a material conflict of interest between the interests of a client and the interests of Payden. Votes on matters for which there is no conflict of interest, such as retention of auditors, will be voted on according to our standard policy.

ADDITIONAL PROXY VOTING PROCEDURES

Except in rare instances, abstention is not an acceptable position, and votes will be cast either for or against all issues presented. If unusual or controversial issues are presented that are not covered by the general proxy voting policies described above, or if circumstances exist that suggest that it may be appropriate to vote against a general proxy voting policy, the Proxy Voting Committee shall determine the manner of voting the proxy in question.

Many countries have "proxy blocking" regulations, which prohibit the sale of shares from the date that the vote is filed until the shareholder meeting. A Fund would be unable to sell its shares if a negative news event occurred during this time, thus harming its investors. We reserve the right to decline to vote proxies for stocks affected by proxy blocking regulations.

For segregated accounts, we do not conduct securities lending on behalf of clients but can provide data in order to permit clients to instruct third parties. We believe this helps to mitigate conflicts of interest in this area.

For segregated mandates, clients have the option of directing voting. However, votes cast for our pooled vehicles are the responsibility of Payden in accordance with our Proxy Voting Policy.

Many proxy matters that are routinely presented year after year are non-controversial, such as the retention of a company's outside auditors within recommended time limits. On the other hand, over time the major controversies in voting proxies have related to corporate governance matters (e.g., changes in the state of incorporation and provisions on mergers and other corporate restructurings), anti-takeover provisions (e.g., staggered board terms, “poison pills” and supermajority provisions), stock option plans and other management compensation issues and social and corporate responsibility issues.

We carefully consider the issues presented by a proxy matter, and depending upon the particular client's requirements, we may vote differently for different clients on the same proxy issue. For example, a union client may have specific policies on a particular proxy issue that may lead Payden to cast a “no” vote, while the policies of another client on that same issue may lead Payden to cast a “yes” vote.

In terms of seeking amendments to terms and conditions in indentures or contracts, our general approach is to raise these topics directly with the issuers, particularly in primary issuance. We evaluate the impact of an amendment on an issuer’s credit profile as well as the compensation received from approving the amendment.

USE OF THIRD-PARTY PROXY ADVISERS

Default Recommendations: For ballot items that are routine, we have set parameters that are listed in a template used by Glass Lewis, our third-party proxy voting service provider. For ballot items that are governed by our pre-determined voting template, our third-party vendor, Glass Lewis, executes votes in accordance with the template.

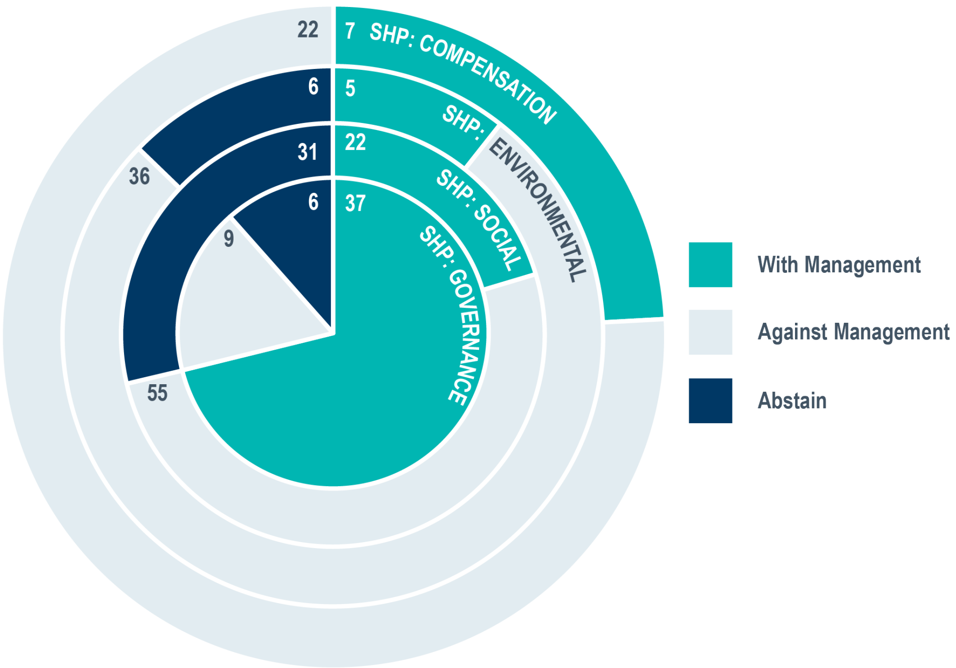
Significant Voting Events: For items that are more out of the ordinary, such as shareholder proposals, Glass Lewis provides research and advice that our Proxy Voting Committee takes into consideration when determining its voting decisions. When evaluating proxy matters, the Committee votes in a manner that is consistent with the best interest of the client and does not subordinate the client’s interests to its own. We do not automatically vote with management; we leverage the expertise of Glass Lewis in evaluating whether any particular shareholder or bondholder voting entitlement would be regarded as significant and in escalating these matters for further analysis. Very broadly, matters that require a special majority/special resolution are not likely to be routine matters and thus are likely to be significant voting events. Similarly, shareholder circulars can also be an indicator that a matter should be regarded as significant.

Monitoring Voting Rights: Additionally, we engage Glass Lewis to provide services that include gathering all the ballots from the client custodians and making them available to us on their website, which allows us to monitor ballots for our client holdings. We have created within the Glass Lewis system a notification process that will alert us when an unvoted ballot is approaching the voting deadline, thereby helping us ensure we are meeting our voting obligations.

VOTING RATIONALE

As described above, Glass Lewis provides the voting rationale for the majority of our voting decisions. For more complex events, the decision is discussed with the research analysts. There is a wide variety of social and corporate responsibility issues that are presented, and our general policy is to take a position in favour of policies that are designed to advance the economic value of the issuing company. We consider many aspects of the issues presented by a proxy matter, and depending upon the particular client's requirements, we may vote differently for different clients on the same proxy issue. For example, a union client may have specific policies on a particular proxy issue that may lead Payden to cast a "no" vote, while the policies of another client on that same issue may lead Payden to cast a "yes" vote.

Below we provide a summary of our 2024 proxy voting activities in shareholder proposals and the broad ESG categories they touched on:



VOTING RATIONALE FOR SFDR ARTICLE 8 FUNDS

In 2024, Payden implemented the Glass Lewis ESG Thematic Voting Policy for Payden Funds designated Article 8 pursuant to SFDR, to better align the voting approach with the objectives of Article 8 funds. Payden Funds not designated as Article 8 follow the Glass Lewis standard voting policy, which differentiates between non-ESG aligned funds/separately managed accounts and Payden Article 8 Funds. The ESG guidelines include an additional level of analysis for those seeking to vote consistent with specific environmental, social, and governance practices. Glass Lewis voting recommendations supplement, but do not replace, Payden's own analysis of voting proposals, and we retain the right to override any voting recommendation provided by Glass Lewis. We receive recommendations in advance from Glass Lewis and run voting statistics for Payden's Irish-domiciled Funds on a monthly basis.

COMPLIANCE REVIEW OF VOTING

Prior to August 31 of each year, our Chief Compliance Officer:

- Reviews our voting record and confirms that a random sample of proxy questions were voted according to the approved policy.
- Reviews any material conflicts that have been documented and determines independently whether the conflict was resolved in favour of the client's interests.

PROXY VOTING ACTIVITY

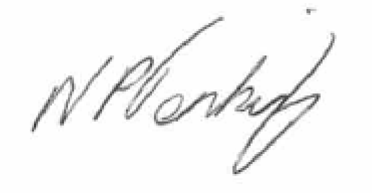
The following statistics detail the votes cast during 2024. The votes were cast according to our proxy policies and procedures.

- For the year, a total of 398 ballots were received.
- All ballots were voted on and consisted of 2,299 proposals.
- We voted on 83.1% with management.

The voting record for Payden US-domiciled mutual funds is publicly available and filed with the SEC. We do not publicly share the voting records for segregated managed accounts, we only share them with the client concerned for confidentiality reasons.

Payden & Rygel's UK Stewardship Code Report 2024 for the reporting period 1st January to 31st December 2024 has been reviewed and approved by the Managing Committee, Payden's most senior governance committee. This report shall be published on the Payden website.

The report is signed below on behalf of the Managing Committee by Nigel Jenkins, CEO, Payden & Rygel Global Limited & Managing Director, Payden & Rygel.



Nigel Jenkins

CEO, Payden & Rygel Global Limited & Managing Director, Payden & Rygel

30 April 2025

Payden&Rygel
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