

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: PAYDEN US DOLLAR LIQUIDITY FUND Legal entity identifier: 5493003BC0P4IOHC4X17

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes   No

It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of sustainable investments with a social objective: \_\_\_%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but will not make any sustainable investments

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What environmental and/or social characteristics are promoted by this financial product?** *[indicate the environmental and/or social characteristics promoted by the financial product and whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

This relates to Payden US Dollar Liquidity Fund, the (“**Fund**”). KBA Consulting Management Limited (the “**Manager**”), in consultation with Payden Global Funds Plc (the “**Company**”), has classified the Fund as a financial product subject to Article 8 of SFDR. The Fund promotes (i) the goal of climate change mitigation through the application of carbon metrics and climate scores, (ii) restrictions on activities that could be deemed harmful to society or the environment through the application of the Payden ESG Investment Exclusion Policy, and (iii) Good Governance through the application of the Payden ESG Good Governance Policy.

The Fund shall conduct ESG engagement as part of its stewardship commitment as outlined in the Payden ESG Engagement Policy. Please see “Where can I find more product specific information online?” below.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Below are the sustainability indicators used to measure the attainment of the E/S Characteristics of the Fund. The sustainability indicators are binding criteria relating to (i) climate change mitigation, (ii) exclusions and (iii) good governance. These sustainability indicators are expressed as the degree to which the Fund aims to compare E/S Characteristics with that of the relevant ESG Universe (defined below), where appropriate. Each component of the E/S Characteristics is set in respect to the Fund and updated from time to time as set out in this document.

- (a) Climate Change Mitigation: The Fund promotes certain environmental characteristics focusing on climate change mitigation (“**Climate Change Mitigation**”). Climate Change Mitigation is measured via greenhouse gas intensity data and climate score of the underlying securities of the Fund. The Fund portfolio’s greenhouse gas intensity is compared to the relevant comparable investment universe (“**ESG Universe**”) which is representative of the broad portfolio allocation for the Fund. Below are the sustainability indicators used by the Fund to measure Climate Change Mitigation where data is available:

Corporate GHG Intensity	Percent of ESG Universe	ESG Universe
✓	100%	1-5 Year portion of the Bloomberg US Aggregate Corporate Bond Index

For comparative purposes, the Climate Change Mitigation of the ESG Universe is derived from the Corporate GHG Intensity of the relevant components of the ESG Universe, weighted by the percentages detailed in the table above. Where one or more elements of the ESG Universe is not included in this calculation (due to a lack of corporates in that component), the Corporate GHG Intensity of that ESG Universe is grossed up to sum to 100%. The calculation is done solely for corporates. No calculation is made for sovereign securities in this Fund. The ESG Universe greenhouse gas intensity metrics will be updated from time to time as more data becomes available.

- I. Corporate Investments: The Fund will seek to maintain a greenhouse gas intensity of investee companies (“**Corporate GHG Intensity**”) that is less than the Corporate GHG Intensity of the ESG Universe calculated as described above. The Fund’s Corporate GHG Intensity is measured as the weighted average carbon emissions in-line with Principal Adverse Impacts (“**PAIs**”) pursuant to Article 7 under SFDR (PAI 3: Green House Gas (GHG) emissions - scope 1, 2 and 3 normalized by sales in euros).
- II. Securitised Investments: U.S. Commercial Mortgage-Backed Securities (CMBS) and Residential Mortgage-Backed Securities (RMBS) are considered to promote Climate Change Mitigation if they have a below average “**Climate Score.**” Securities held in the Fund that have a below average Climate Score are considered in the E/S promotion of the Fund.

The applicable ESG Universe for the Fund is selected by the Sub-Investment Manager on the basis of the ESG Universe (i) providing reliable and verifiable ESG metrics data and (ii) having an investment universe relevant to the Fund. Securities held in the Fund that have Corporate GHG Intensity data and below average Climate Score are considered in the E/S Characteristics of the Fund.

- (b) ESG Investment Exclusions: The Fund seeks to attain E/S Characteristics through restrictions and exclusions (“**ESG Exclusions**”) on activities that could be deemed harmful to society or the environment. This includes both environmental and social screens across corporate and sovereign issuers. ESG Exclusions are outlined in the Payden ESG Investment Exclusion Policy. Please see “Where can I find more product specific information online?” below. As at the date of this document, such exclusions include securities relating to weapons and tobacco manufacturing, for profit prisons, as well as additional social and environmental screens.
- (c) Good Governance: The Governance Assessment (“**Governance Assessment**”) evaluates corporate issuers based on available, quantitative information in order to evaluate a broad and global investment universe. The Governance Assessment determines which corporate issuers may comprise the investable universe. The Governance Assessment is outlined in the Payden

ESG Good Governance Policy. Please see “Where can I find more product specific information online?” below.

The elements described above are binding elements of the Fund, used in the investment selection process to attain these goals. Each component of the E/S Characteristics is set in respect to the Fund and updated from time to time and published on the Payden website. Please see “Where can I find more product specific information online?” below.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?** *[include, for financial products that make sustainable investments, a description of the objectives and how the sustainable investments contribute to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]*

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?** *[include a description for the financial product that partially intends to make sustainable investments]*

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account? *[include an explanation of how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account]*

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? **Details:** *[include an explanation on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights]*

N/A

*[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



## Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, \_\_\_\_\_ *[if the financial product considers principal adverse impacts on sustainability factors, include a clear and reasoned explanation of how it considers principal adverse impacts on sustainability factors. Indicate where, in the information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088, the information on principal adverse impacts on sustainability factors is available]*

Yes, the Fund considers PAIs for investment in Corporate and Sovereign securities. The fund considers PAI 3 in its promotion of Climate Change Mitigation as outlined in question “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?” The Fund considers PAIs in accordance with Payden ESG Principal Adverse Impacts Statement. Please see “Where can I find more product specific information online?” below. Information on the extent to which environmental or social characteristics are met are included in the annual report of the Fund. The Fund considers PAIs through both the promotion of E/S Characteristics as described above and through engagement. The Payden ESG Engagement Policy contains information on Payden’s approach to engagement as it relates to PAIs as well as other initiatives undertaken with investee companies. Please see “Where can I find more product specific information online?” below

No



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**What investment strategy does this financial product follow?** *[provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]*

The general investment policy and investment strategy of the Fund is set out in detail in the Prospectus.

In selecting securities for investment by the Fund, the Sub-Investment Manager observes the E/S Characteristics of the Fund as described in response to the question "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?" above.

The Fund promotes E/S Characteristics on a continuous basis through (i) the goal of Climate Change Mitigation through application of metrics described in this document (ii) the application of the Payden ESG Investment Exclusion Policy, and (iii) the application of the Payden ESG Good Governance Policy.

The Fund shall conduct ESG engagement as part of its stewardship commitment as outlined in the Payden ESG Engagement Policy.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy of the Fund are (i) Climate Change Mitigation metrics, (ii) ESG Exclusions and (iii) Governance Assessment, each as detailed above.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*** *[include an indication of the rate, where there is a commitment to reduce the scope of investments by a minimum rate]*

There is no committed minimum rate to reduce the scope of investments. A reduction of the investible universe is achieved with the application of the ESG Exclusion criteria and the Governance Assessment. Please see "Where can I find more product specific information online?" below.

- ***What is the policy to assess good governance practices of the investee companies?*** *[include a short description of the policy to assess good governance practices of the investee companies]*

The Governance Assessment pursuant to the Payden ESG Good Governance Policy encompasses an assessment of corporate issuers based on available quantitative information. The Governance Assessment determines which corporate issuers may comprise the investable universe. The Governance Assessment is outlined in the Payden ESG Good Governance Policy. Please see "Where can I find more product specific information online?" below.



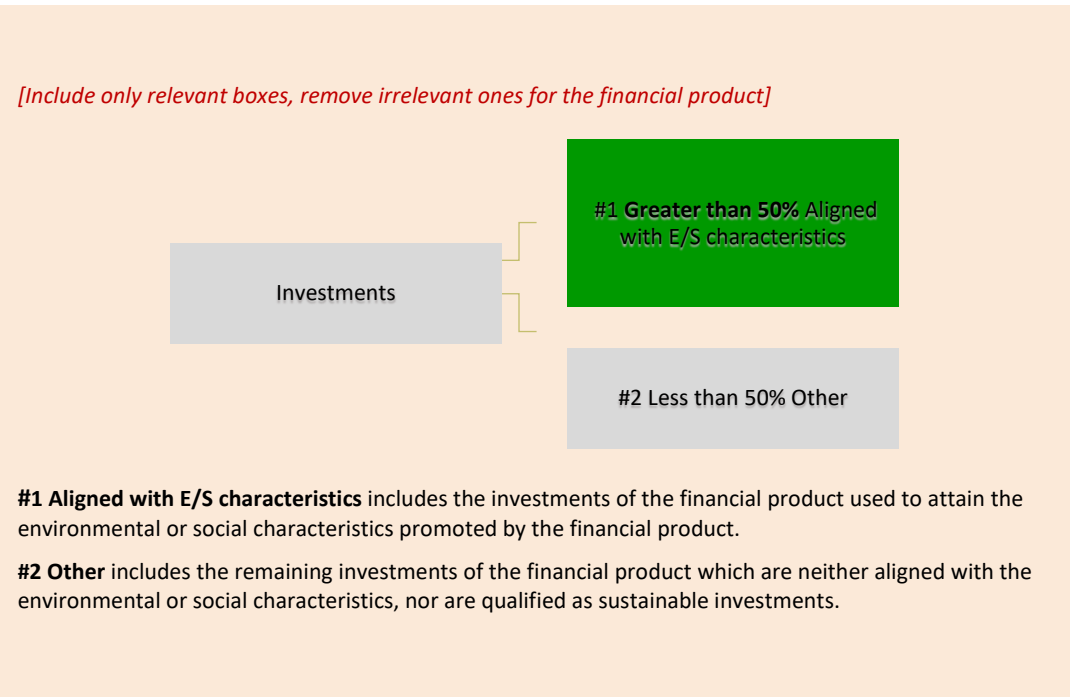
**What is the asset allocation planned for this financial product?** *[include a narrative explanation of the investments of the financial product, including the minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where that financial products commits to making sustainable investments, and the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards]*

**Asset allocation** describes the share of investments in specific assets.

*[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852*

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



Typical investments in the Fund’s asset allocation is as follows:

**#1 Aligned with E/S characteristics: greater than 50%.** This is the portion of assets in the Fund which will promote E/S Characteristics through (i) the goal of Climate Change Mitigation, (ii) the application of the Payden ESG Investment Exclusion Policy, and (iii) the application of the Payden ESG Good Governance Policy.

**#2 Other: less than 50%**

Changes from the current asset allocation will be based on availability of data sources as well as the types of securities held in the Fund, which will change from time to time. Securities within the #2 Other category may be held for various reasons. Examples of include, but are not limited to, investments in (i) securities that lack ESG data, (ii) securities without a relevant E/S Universe comparator, (iii) cash or cash equivalents, or (iv) derivatives.

Payden monitors the development of additional data sources and providers to assess if additional areas of the market have reliable and relevant data coverage. Please find more information on Payden data disclosure in the Payden ESG Data Policy. Please see “Where can I find more product specific information online?” below.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** *[for financial products that use derivatives as defined in Article 2(1), point (29), of Regulation (EU) No 600/2014 to attain the environmental or social characteristics they promote, describe how the use of those derivatives meets those characteristics]*

The use of derivatives is not intended to promote an environmental or social characteristic. Rather, derivatives are typically used to hedge positions from time to time. As such, derivatives are not included in the portfolio market value calculation of securities aligned with environmental or social objectives. The Investment Manager may use derivatives in the management of the Fund. Examples include, but are not limited to, the use of derivatives tied to interest rates, currencies, market indices, or individual securities.



[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

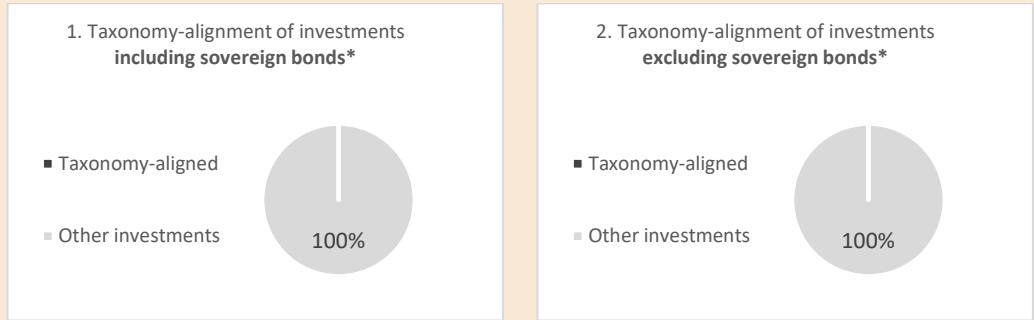
[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?** [include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation and the information referred to in Article 15(3) of this Regulation]

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?** [include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

0%



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?** [include section only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities and explain why the financial product invests in sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned]

0%



**What is the minimum share of socially sustainable investments?** [include section only where the financial product includes sustainable investments with a social objective]

N/A



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Securities within the #2 Other category may be held for various reasons. Examples of include, but are not limited to, investments in (i) securities that lack ESG data, (ii) securities without a relevant ESG Universe comparator, (iii) cash or cash equivalents, or (iv) derivatives.

Payden monitors the development of additional data sources and providers to assess if additional areas of the market have reliable and relevant data coverage. Please find more information on Payden data disclosure in the Payden ESG Data Policy. Please see “Where can I find more product specific information online?” below.

The sub-investment manager may use cash and derivatives in the management of the Fund. Cash may be used for liquidity purposes and is not intended to promote E/S Characteristics. In addition, the use of derivatives is not intended to promote an E/S Characteristic. Rather, derivatives are typically used

to hedge positions from time to time. As such, cash and derivatives are not included in the portfolio market value calculation of securities aligned with environmental or social objectives.

The Fund's minimum safeguards are the ESG Investment Exclusions and Governance Assessment outlined in the Payden ESG Investment Exclusion Policy and Payden ESG Good Governance Policy. Please see "Where can I find more product specific information online?" below.





Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

No

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A

*[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:** *[include a hyperlink to the website referred to in Article 23 of this Regulation]*

More information can be found at [www.payden.com](http://www.payden.com).