

DECEMBER 31, 2025

Investment Strategy

The Payden Absolute Return Bond Fund's strategy seeks to have positive absolute returns over the long term, regardless of different market environments. To achieve this goal, the Fund seeks to provide total return, whether through price appreciation, or income, or a combination of both. It seeks opportunities by employing a flexible approach that evaluates security attractiveness globally, both inside and outside the U.S. A special emphasis is placed on risk management seeking to mitigate potential downside.

Fund Highlights

- » Seeks to have positive absolute returns over the long term, regardless of different market environments.
- » Utilizes all sectors of the fixed-income market.
- » Portfolio is structured with relatively low interest rate sensitivity.
- » The Fund may not achieve its goals if the economy weakens.

Performance^A

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (11-30-23)
PAYDEN ABSOLUTE RETURN BOND FUND ADVISER CLASS	5.57%	5.57%	-	-	-	6.49%
ICE BOFA U.S. 1-MONTH TREASURY BILL INDEX*	4.25%	4.25%	-	-	-	4.77%
BLOOMBERG U.S. TREASURY BILLS 1-MONTH INDEX	2.86%	2.86%	-	-	-	3.24%

* Effective February 28, 2025, the Fund's benchmark changed from the Bloomberg U.S. Treasury Bills 1-Month Index to the ICE BofA U.S. 1-Month Treasury Bill Index.

Calendar-Year Returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
5.57%	7.38%	0.61%	-	-	-	-	-	-	-

FUND DESCRIPTION

CLASS:	Adviser
FUND INCEPTION:	Nov 30, 2023
TICKER:	PYABX
CUSIP:	70432T792
TOTAL NET ASSETS:	\$668.6 Million
INVESTMENT MINIMUM: ^B	\$5,000
IRA MINIMUM: ^B	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.605

FUND STATISTICS

EFFECTIVE DURATION: ^C	2.1 Years
AVERAGE MATURITY:	4.0 Years
30-DAY SEC YIELD: ^D	5.45%
30-DAY SEC YIELD: ^E (UNSUBSIDIZED)	5.37%

EXPENSES

TOTAL FUND OPERATING EXPENSES:	1.05% ^F
WITH EXPENSE CAP:	0.96%

PORTFOLIO MANAGEMENT

	Years of Experience
Brian W. Matthews, CFA	42
Kristin J. Ceva, PhD, CFA	36
Nigel Jenkins, ASIP	36
Eric J. Souders, CFA	19
Alec B. Small, CFA	14

Quoted performance data represent past performance, which does not guarantee future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. For the most recent month-end performance, which may be higher or lower than that quoted, visit our website at payden.com or call 800 572-9336.

Role In Portfolio

Absolute Return – appropriate for investors seeking steady returns, limited downside and reduced correlations with traditional asset classes. Not intended to outperform stocks and bonds during strong market rallies.

Investment Manager

Payden & Rygel is one of the largest privately-owned global investment firms. Founded in Los Angeles in 1983, we have served the needs of institutional and individual investors for over 40 years. We offer a wide array of investment strategies and vehicles, including fixed-income, equity, and balanced portfolios, which can be accessed through separately managed accounts as well as comingled funds. We are committed to providing investment solutions focused on each client's specific needs and objectives.

Headquarters: Los Angeles

Founded: 1983

Assets Under Management: \$167 billion
(as of 12/31/25)

Portfolio Characteristics & Market Commentary

SECTOR ALLOCATION

Emerging Markets	23%
Mortgage-Backed Securities	22%
Asset-Backed Securities	17%
CMBS	13%
Investment Grade Corporates	9%
High Yield	8%
Bank Loans	6%
Other	2%

CREDIT ALLOCATION⁶

AAA	30%
AA	5%
A	9%
BBB	23%
BB and Below	25%
Unrated	8%

DURATION ALLOCATION

0-1 yr	23%
1-3 yrs	56%
3-5 yrs	14%
5-7 yrs	11%
7+ yrs	-4%

Market

- » Markets delivered mixed but generally positive performance over the quarter as investors navigated a macroeconomic environment defined by resilient economic growth, a gradually weakening labor market, and continued progress on inflation. Growth data remained firm, supported by consumer spending and sustained private investment, particularly in artificial intelligence, even as job creation slowed over the quarter. Inflation continued to moderate over the quarter, easing concerns around persistent price pressures and allowing the Federal Reserve to deliver two rate cuts during the quarter, bringing total easing in 2025 to 75 basis points.
- » Rates were volatile over the quarter, as short-term yields declined while long-term yields rose, resulting in modest curve steepening. Despite fluctuations in rates, credit markets proved resilient, with credit risk premiums decreasing over the quarter and supporting positive total returns. Risk sentiment remained cautious but constructive over the quarter, supporting risk assets despite periods of elevated volatility as investors balanced improving inflation dynamics against ongoing growth and policy uncertainty.

Outlook

- » We see a divided path ahead for the U.S. economy, with meaningful upside and downside outcomes driven by the trajectory of the labor market, growth trends, and inflation dynamics. Against this backdrop, and with credit risk premiums reflecting unattractive valuations, we are modestly cautious on downside risk while emphasizing yield optimization through disciplined relative-value positioning. Interest rate pricing in the U.S. suggests a “soft-landing”, with expectations that the federal funds rate will settle near 3%, and that inflation indicators will remain stable.
- » We remain constructive on the short- and medium-term of the U.S. Treasury curve, where yields appear more stable than longer-term bonds, which are more affected by supply pressures and policy uncertainty. Within credit, we prefer an elevated degree of exposure to emerging-market debt, as higher real yields, moderating inflation, and ongoing policy easing make these bonds more attractive.
- » Our positioning in developed-market credit remains selective, while we prioritize higher-quality opportunities in securitized credit, such as commercial mortgage-backed securities (CMBS), where credit risk premiums and yields compare favorably to lower-quality corporate alternatives. Overall, we believe this approach strikes a better balance between bond quality, potential price risk, and yield, while preserving liquidity and flexibility across portfolios.

FOOTNOTES

^A Returns less than one year are not annualized. ^B The minimum initial investment may be modified for certain financial intermediaries that submit trades on behalf of underlying investors. Payden Funds' distributor may lower or waive the minimum initial investment for certain categories of investors at their discretion. ^C Effective duration is a measure of the Fund's price sensitivity to changes in interest rates. ^D The 30-day SEC yield represents the dividends and interest earned for a 30-day period, annualized, and divided by the net asset values per share at the end of the period. The SEC yield is computed under a standardized formula which assumes all portfolio securities are held to maturity. This value may differ from the actual distribution rate of the fund. ^E Represents a 30-day SEC yield without adjusting for fee waivers or expense reimbursements. ^F Total Annual Fund Operating Expenses include all direct operating expenses of the Fund, as well as 0.01% Acquired Fund Fees and Expenses incurred indirectly by the Fund through its investment in other mutual funds and a Rule 12b-1 Distribution Fee of 0.25%. Payden & Rygel has contractually agreed to limit Total Annual Fund Operating Expenses After Fee Waiver or Expense Reimbursement to 0.70%. This agreement has a one-year term ending February 28, 2026. Please note that the 0.96% Expense Cap includes the 0.70% expense, the 0.25% 12b-1 Distribution Fees, and the 0.01% Acquired Fund Fees and Expenses. ^G Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest) and are subject to change. Security ratings are assigned using the highest rating of Moody's, S&P, and Fitch. If a security is unrated by Moody's, S&P, and Fitch, then we use the rating from other nationally recognized statistical ratings organizations (NRSROs).

For more information and to obtain a prospectus or summary prospectus, visit payden.com or call 800 572-9336. Before investing, investors should carefully read and consider investment objectives, risks, charges, expenses and other important information about the Fund, which is contained in these documents. Investment in foreign securities entails certain risks from investing in domestic securities, including changes in exchange rates, political changes, differences in reporting standards, and, for emerging-market securities, higher volatility. Investing in high-yield securities entails certain risks from investing in investment-grade securities, including higher volatility, greater credit risk, and the issues' more speculative nature. The Payden Funds are distributed through Payden & Rygel Distributors, member FINRA.