

DECEMBER 31, 2025

**Investment Strategy**

The Payden Securitized Income Fund seeks a high level of total return combined with current income generation over a full market cycle. The Fund seeks to benefit from various risk premiums found within the securitized debt markets, capturing value through sector allocation, issue, and security selection. The Fund employs a research orientated, value-driven approach to investment, and aims to diversify credit risk and access sectors with the strongest fundamentals during each point of a credit cycle.

**Fund Highlights**

- » The Fund comprises primarily investment-grade securitized bonds including commercial mortgage-backed securities (CMBS), asset-backed securities (ABS), collateralized loan obligations (CLOs), agency and non-agency residential mortgage-backed securities (RMBS), backed by extensive in-house research.
- » The Fund has the flexibility to invest in below-investment-grade securities.
- » The Fund aims to achieve relatively low interest rate sensitivity.
- » Risk management is a part of the Fund's strategy, but there is no guarantee or implication that negative returns will be avoided.

**Performance<sup>A</sup>**

MONTHLY	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (03-05-25)
PAYDEN SECURITIZED INCOME FUND	4.44%	-	-	-	-	4.44%
ICE BOFA U.S. 1-MONTH TREASURY BILL INDEX	3.50%	-	-	-	-	3.50%

**Calendar-Year Returns**

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
4.44%	-	-	-	-	-	-	-	-	-

**FUND DESCRIPTION**

CLASS:	Investor
FUND INCEPTION:	Mar 05, 2025
TICKER:	PYSFX
CUSIP:	70432T859
TOTAL NET ASSETS:	\$113.8 Million
INVESTMENT MINIMUM: <sup>B</sup>	\$5,000
IRA MINIMUM: <sup>B</sup>	\$2,000
DIVIDENDS PAID:	Monthly
DIVIDENDS (LAST 12 MOS):	\$0.405

**FUND STATISTICS**

EFFECTIVE DURATION: <sup>C</sup>	1.2 Years
AVERAGE MATURITY:	3.1 Years
30-DAY SEC YIELD: <sup>D</sup>	4.89%
30-DAY SEC YIELD: <sup>E</sup> (UNSUBSIDIZED)	4.63%

**EXPENSES**

TOTAL FUND OPERATING EXPENSES:	1.05% <sup>F</sup>
WITH EXPENSE CAP:	0.65%

**PORTFOLIO MANAGEMENT**

	Years of Experience
Michael E. Salvay, CFA	41
Gary S. Greenberg, CFA	32
Amy K. Marshall, CFA	22
Josip M. Zdrilic, CFA	20

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

## Role In Portfolio

Appropriate for investors seeking access to broad securitized markets underutilized in traditional fixed-income strategies, current income, and reduced correlations to core fixed-income asset classes.

## 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)

## FOOTNOTES

<sup>A</sup> Returns less than one year are not annualized. <sup>B</sup> The minimum initial investment may be modified for certain financial intermediaries that submit trades on behalf of underlying investors. Payden Funds' distributor may lower or waive the minimum initial investment for certain categories of investors at their discretion. <sup>C</sup> Effective duration is a measure of the Fund's price sensitivity to changes in interest rates. <sup>D</sup> 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. <sup>E</sup> Represents a 30-day SEC yield without adjusting for fee waivers or expense reimbursements. <sup>F</sup> Payden & Rygel has contractually agreed to limit Total Annual Fund Operating Expenses After Fee Waiver or Expense Reimbursement to 0.65%. This agreement has a one-year term ending February 28, 2026. Please note that the 0.65% expense level does not include Acquired Fund Fees and Expenses, interest, taxes, and extraordinary expenses. <sup>G</sup> 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](http://payden.com) or call 800 572-9336. Before investing, investors should carefully read and consider investment objectives, risks, charges, expenses and other important information about the Fund, which is contained in these documents. **Interest Rate Risk:** As with most funds that invest in debt securities, the income on and value of your shares in the Fund will fluctuate along with interest rates. When interest rates rise, the market prices of the debt securities the Fund owns usually decline. When interest rates fall, the prices of these securities usually increase. **Extension Risk:** Rising interest rates can cause the average maturity of the Fund's holdings of mortgage-backed securities to lengthen unexpectedly due to a drop in prepayments. This would increase the sensitivity of the Fund to rising rates, and could cause certain of the Fund's investments to decline in value more than they would have declined due to the rise in interest rates alone. The Payden Funds are distributed through Payden & Rygel Distributors, member FINRA.

## Portfolio Characteristics & Market Commentary

### SECTOR ALLOCATION

Residential MBS	33%
Commercial MBS	31%
Asset Backed	20%
Corporate CLO	16%

### CREDIT ALLOCATION<sup>G</sup>

AAA	52%
AA	16%
A	13%
BBB	12%
BB and Below	6%
Unrated	1%

### DURATION ALLOCATION

0-1 yr	58%
1-3 yrs	26%
3-5 yrs	16%

## Market

- » Securitized markets (and the Fund) performed well during the quarter, generating positive total returns and outperforming U.S. Treasuries and investment-grade corporate bonds. A mixed set of delayed economic releases following the U.S. government shutdown contributed to a stable interest rate environment, while both interest rate and credit volatility declined to their lowest levels since 2021.
- » The yield curve steepened as the Federal Reserve (Fed) delivered its third consecutive rate cut since the summer. The federal funds rate stands at 3.75%, 175 basis points below its 5.50% peak reached in July 2023. Market expectations for additional near-term rate cuts have diminished as the Fed awaits clearer evidence of inflation converging toward its long-term target rate or a more pronounced weakening in labor market conditions.
- » Investor demand was strong, readily absorbing a heavy supply calendar across consumer and mortgage-related securitized markets. Credit risk premiums remained near five-year historical averages, with a modest credit curve steepening observed within the asset-backed securities (ABS) market.
- » Persistent inflation pressures on the consumer and softening labor conditions remain a headwind for auto loan ABS. A benign rate environment supported residential and commercial credit, which outperformed for the second consecutive quarter.

## Outlook

- » We expect continued progress toward the Fed's 2.0% inflation target rate and remain attentive to signs of a softening employment market. We anticipate the Fed may deliver two to three additional rate cuts by year-end 2026, exceeding current market expectations. In alignment with this view, we modestly extended portfolio duration during the quarter.
- » In our view, securitized products continue to offer attractive relative value compared to corporate credit, providing both yield advantage and diversification benefits. We are closely monitoring the effects of the lingering impact of the U.S. government shutdown and ongoing trade tensions on consumer collateral fundamentals.
- » Relative value remains favorable within the mortgage complex amid expectations for lower interest rates. Portfolio positioning continues to emphasize higher-quality assets, reflecting a preference for resilient collateral in an environment characterized by a historically flat securitized credit curve.