

Payden & Rygel



2025

**UK Stewardship
Code Report**



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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 2025. 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 31/12/2025

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 employee-owned 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. We approach investing with experience, discipline, and care. Our investment teams apply a structured process grounded in research, risk awareness, and market understanding. We evaluate opportunities with close attention to liquidity, market structure, and implementation considerations. This consistent, analytical approach reflects our long-standing commitment to stewarding client assets across changing market environments.

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.



Policy and Context Disclosure



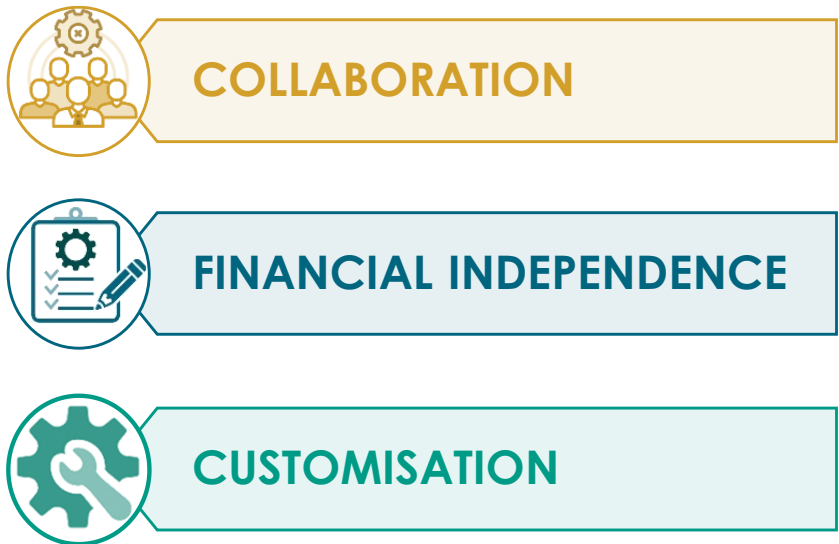


A. Organisation, investment beliefs and stewardship approach

How Payden's organisation, investment beliefs, and clients inform our stewardship approach

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 managing 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, absolute return, equity, 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.

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. 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 BELIEFS

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 our 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.

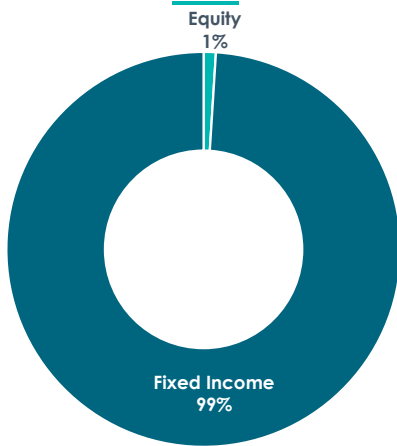
Our philosophy for capturing value is guided by our global macroeconomic analysis in addition to “bottom-up” security and stock selection. We evaluate markets based on our views on the direction of monetary policy, the strength and direction of the global economy, and fundamental company analysis, all relative to our evaluation of what is already priced in. 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 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.

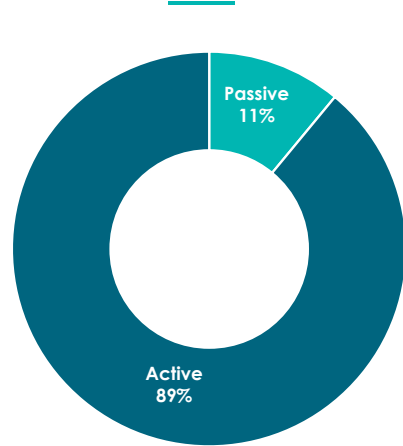


OUR CLIENTS

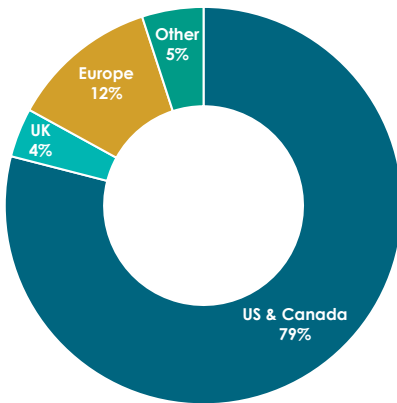
ASSET CLASS



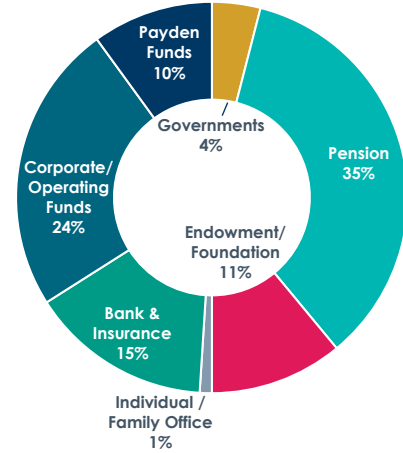
STYLE



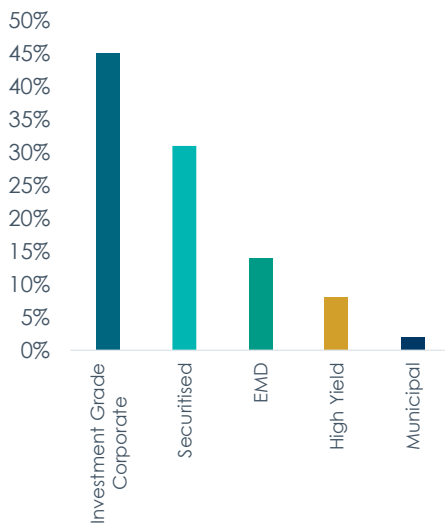
DOMICILE



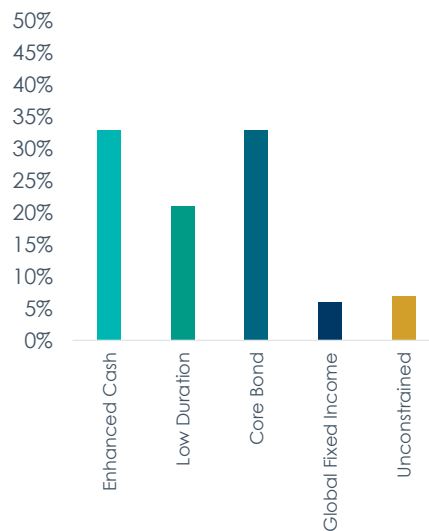
CLIENT TYPE



SECTOR-SPECIFIC FIXED INCOME STRATEGIES*



MULTI-SECTOR FIXED INCOME STRATEGIES**



*Excludes assets in multi-sector strategies
Payden's clients are 100% institutional investors. Data as at 31/12/2025

**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.

Payden is a registered investment advisor under the US Investment Advisors Act of 1940 and acts 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. For example, a true cash assignment denotes a need for short-term evaluation, while a pension "LDI" mandate looks for 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 stewardship and 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 our 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
5. The principle that independence in the investment decision-making process is paramount.

Payden's good reputation is dependent 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.

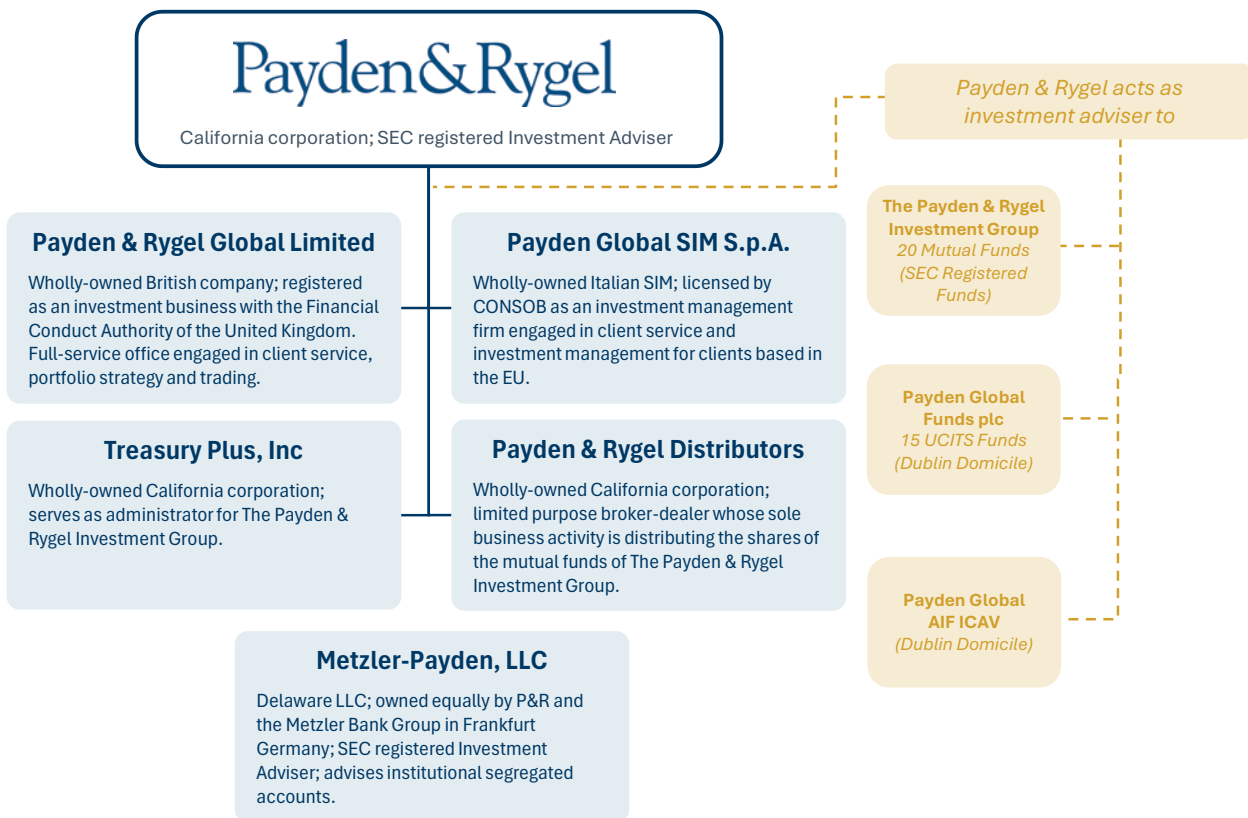
Additionally, Payden subscribes to the CFA Institute Code of Ethics and Standards of Practice, which are included in our employee manual.

B. Governance and resources

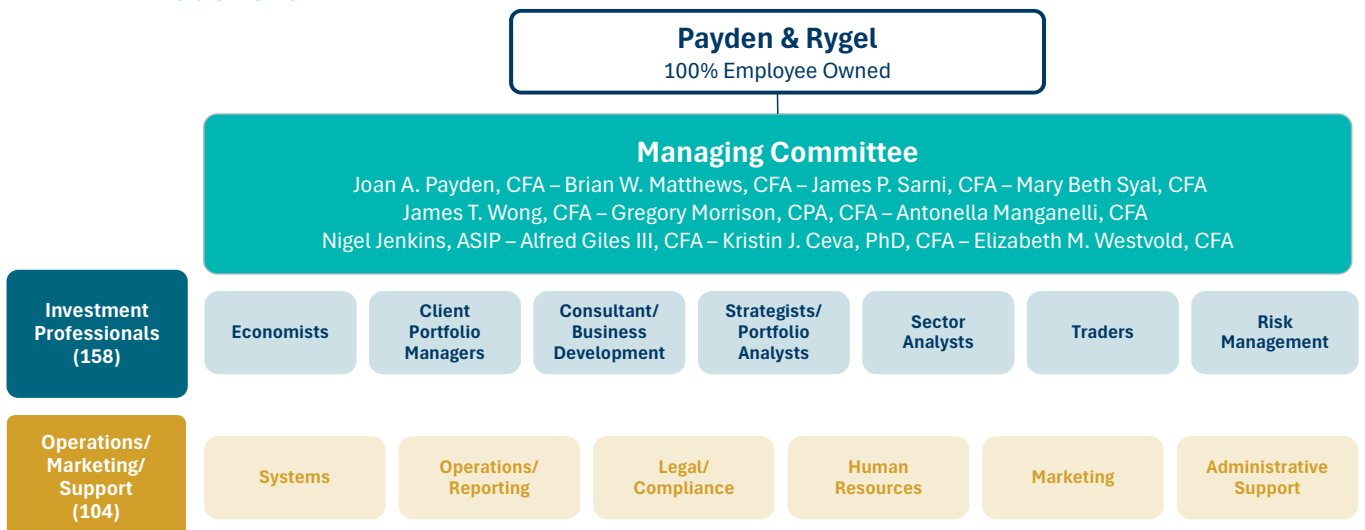
How Payden resources enables effective stewardship

GROUP STRUCTURE

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



FIRMWIDE RESOURCES



STEWARDSHIP GOVERNANCE STRUCTURE AND OVERSIGHT

Payden’s Managing Committee (the “MC”) is comprised of 11 senior professionals who are active in the day-to-day management of the firm’s activities. The MC is responsible for strategic planning, oversees the firm’s operations, monitors business and operational risks, and coordinates closely with every key area of the firm. The MC 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. We believe having a flat corporate structure with reporting committees promotes transparency across the firm.

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 | ESG Committee | Compliance |
|---|--|--|
| <ul style="list-style-type: none"> Comprised of senior investment professionals at the firm. Oversees all strategies and is an integral part of Payden’s investment and risk management processes. Monitors the impact on strategies of ESG considerations and regulations such as the Sustainable Finance Disclosure Regulation (“SFDR”). | <ul style="list-style-type: none"> Comprises members from ESG, Research, Strategy, Client Portfolio Management, and Compliance team. Forms the hub for the coordination of ESG investment processes and for the dissemination of ESG-related information. Coordinates activities with Payden’s ESG team which performs a centralised resource role for Payden’s ESG investment processes. | <ul style="list-style-type: none"> 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

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

The following groups report directly to the Managing Committee and include membership of key functions with stewardship responsibilities across the firm.

Investment Policy Committee (“IPC”)

11 Members

Investment views are determined by our senior strategists in each strategy team and overseen by the IPC, which consists of a cross section of senior investment professionals. The IPC provides comprehensive oversight of firm strategies and informs our decision-making and investment risk management.

The role of the IPC is to oversee:

1. The formation of our broad and long-term market views
2. The firm’s overall investment risk management parameters
3. Investment results by strategy.

The firm’s broad investment views are formed during IPC meetings in which members of our economics, strategy, research, and trading teams form our view on macroeconomic factors such as interest rates, economic growth, inflation, and political risk. The independent Risk Management Team regularly presents strategy-level risk reports and works with the IPC to set and monitor firm-level investment risk parameters. In addition, strategy teams rotate in presenting topical events, portfolio positioning, characteristics, and performance.

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.

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

5 Members

Payden's diversity and inclusion efforts are led by the Diversity & Inclusion ("D&I") committee, comprising senior members, all of whom have senior investment strategy, client-facing, or people management roles. Two members of the D&I Committee serve on the firm's 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.

Proxy Voting Committee

3 Members

The Proxy Voting Committee consists of senior investment professionals and Compliance Group members. The Proxy Voting Committee considers issues related to proxy matters and oversees the voting process. 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 ("Plan") was developed and is monitored by the Business Continuity Committee (the "BCP"). The BCP consists of senior managers, including the heads of information technology, trading, portfolio and trading operations, and senior compliance officers. The BCP meets regularly to discuss any necessary updates to the Plan and coordinates ongoing tests of the Boston location by a team of employees from various departments. The BCP also solicits feedback from personnel based on the ongoing tests and promptly adjusts the Plan as necessary.

Best Execution Committee ("BEC")

5 Members

The Best Execution Committee reviews trading activity reports and other data regarding trading costs and execution quality in all asset classes. The firm's 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 consideration relevant to the trade execution. The BEC's oversight process is tested by the firm's SOC1 independent audit team.

PEOPLE, PERFORMANCE, AND STEWARDSHIP

As an employee-owned firm, we have no external influences, allowing us to concentrate on our people, providing them with the training and tools to grow and expand their knowledge as well as their careers within our firm to support effective stewardship. Our four global offices are fully integrated and managed centrally with one profit centre, focused on exceeding our clients' expectations. In further alignment, employee remuneration is based on contribution to the success of the firm's clients, not a formulaic percentage. All of these long-standing tenets foster an inclusive environment and maximise collaboration and teamwork.

Payden uses an annual review process to evaluate individual performance for all employees. Individual performance evaluations are done by managers of the teams. It is important to note that supervisors maintain ongoing discussions with employees throughout the year in addition to annual reviews.

In addition, 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 programs. 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 program.

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. To further support employees' communication and presentation skills, employees have access to presentation coaches who provide training and support to client-facing employees.

We take pride in our commitment to diversity and inclusion, which supports our stewardship, improving our organisational culture and our client relationships. We define diversity not only in terms of gender and cultural background, but also in terms of education and global awareness.

Payden has established a formal [Diversity & Inclusion Mission Statement](#) with four areas of focus. We take intentional steps to build initiatives and programs under each of the four areas of focus and encourage participation across the firm. These include our formalised Diversity & Inclusion Committee and effort, mentoring and sponsorship program, new partnerships for recruiting and internships, better data collection, and continued philanthropy and industry involvement.

We are data aware as we execute our strategic plans for ensuring diversity is represented at all levels in the firm – from recruitment of new hires to senior leadership – without setting explicit targets. We believe true inclusion and diversity are best achieved through deliberate actions to ensure diversity is represented at all levels in the firm. Importantly, our private ownership structure and compensation policies, which emphasise collaboration and contribution to the firm and its clients, form a strong foundation and position our firm for success in achieving an inclusive culture that promotes diversity.

Over the past few years, Payden has expanded the D&I committee's partnership with Human Resources, recommending diverse slates of candidates and interviewers and communicating our expectations to external recruiters, and expanding recruiting pools. Over the last several years, Payden has expanded its recruiting pool through partnerships with organisations supporting diverse and underrepresented talent, including educational institutions and industry networks, as well as increasing the variety of colleges we focus on. Differentiating our recruiting process is the active involvement of senior members of the firm with on-campus visits, information sessions, and interviews.

PROPRIETARY AND THIRD PARTY TOOLS AND SYSTEMS

Payden employs a combination of proprietary and third party systems to support its stewardship activities. Our dedicated risk systems and portfolio management systems provide the necessary functionality to enable the dedicated risk team to monitor and manage the risks associated with the investment portfolios managed on behalf of clients. This includes the ability to ensure compliance with any relevant client investment guidelines.

Proprietary

- **Single Account Monitor (“SAM”):** SAM reports provide a detailed view of portfolio and benchmark exposures across many dimensions: duration, sector allocation, and yield curve placement. SAM sources data from a combination of proprietary and third party databases and is integrated with the firm’s investment book of record database.
- **Multiple Account Monitor (“MAM”):** MAM provides a comparison of all portfolios that are managed in a specific style. The MAM reports help us monitor that all portfolios are adhering to the same key elements and are structured consistently. Similar to SAM, MAM sources data from a combination of proprietary and third party databases and is integrated with the firm’s investment book of record database.
- **Juneau:** Our proprietary web-based portfolio management and reporting application that aggregates data from our portfolio accounting application, analytics and risk systems described in this section. Juneau reports breakdown summaries of several factors, as well as security-level data for all security types.

Third Party

- **Aladdin Risk** is a multi-asset class solution used to calculate and monitor portfolio positioning, market risk, analytics, tracking error, ex-ante value at risk, beta, correlations, liquidity, concentration risk and performance attribution relative to benchmarks. All client portfolios are maintained in Aladdin Risk, allowing for interactive portfolio optimisation and market stress testing. The Aladdin Risk suite includes templated reporting, interactive portfolio monitoring, optimisation and stress testing, and security analysis.
- **Bloomberg Asset and Investment Manager (AIM)** is used by the Trading Desk for trade order management, execution, and ticketing. Client guidelines are programmed into AIM, and the system calculates account compliance based on the guidelines on both a pre-trade and post-trade basis.
- **YieldBook** application is a comprehensive system for monitoring security and portfolio level risk and exposures. We use YieldBook to stress test the portfolio against changes in a number of factors such as interest rates, yield curve shifts and twists, credit spreads, implied volatilities, liquidity, and flight-to-quality scenarios.

In addition to the tools described above, we include further information on the proprietary tools we use to customise portfolios and investment processes to support effective stewardship in [Principle 1](#) and our evaluation of third party vendors in [Principle 6](#) as well as our use of external proxy voting services in [Principle 4](#).

C. Policies, processes and review

Payden's stewardship policies and review process

INTERNAL ASSURANCE

Payden has a rolling programme to review and update our policies and procedures. This programme integrates stewardship considerations. Payden's MC plays a major role in the direction and management of the firm, overseeing our investment, operational, and stewardship activities. Payden's IPC is responsible for firm-wide strategy oversight and investment risk management.

Our framework for controlling operational risks, supervised by the MC and IPC, includes the following groups and functions:

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 MC.

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.

Departmental managers: 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.

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 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 programs 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

In accordance with our annual external assurance programme, BDO USA LLP produces 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 examines 16 control objectives relating to stewardship covering internal controls related to the firm’s portfolio operations, investment strategy, securities trading, portfolio management, compliance, and information technology functions. In line with our culture of transparency, the report is available to clients upon request.

Payden 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.

SFDR ARTICLE 8 POLICIES

Payden and affiliated companies have 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 (“SFDR”). Payden has further been appointed by certain clients under separately managed accounts to manage assets in accordance with SFDR Article 8. To meet the requirements under SFDR, we have specific policies we apply in the management of portfolios designated Article 8. The ESG Committee is responsible for oversight of the implementation of Payden’s SFDR ESG Policies, working in conjunction with Payden’s investment research and strategy teams. The ESG-CMPL Sub-Committee of the Compliance Group is responsible for the monitoring and testing of Payden’s SFDR policies. The ESG-CMPL Sub-Committee reviews and updates Payden’s SFDR policies at least annually and periodically, as appropriate, upon the advice of the ESG Committee and Compliance Group. Payden’s SFDR policies are available on the Payden website: www.payden.com/sfdr-policies.

D. Conflicts of interest

How Payden manages stewardship-related 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.

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 operate 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, 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 interest surrounding investment management practices, such as insider trading, personal securities transactions, and other conflicts of interest related to the investment management process. Our 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, Payden conducts an Annual Compliance Review, and all employees are required to attend. During this review 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

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 a client-driven request 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, our 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 for each Payden 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.

Mutual Funds and Separately Managed Accounts:

Payden's use of its funds described 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, Payden may use mutual funds, including in particular one or more of the Payden US-domiciled funds ("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 or any of our 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. Even if an actual conflict of interest does not exist, Payden's Personal Trading Policy seeks to avoid perceived conflicts.

Cross Trades:

A "cross trade" occurs when Payden sells a security or other instrument for one of our clients to another of our clients. For example, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, Payden may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although a cross trade may be routed through a broker-dealer to facilitate processing, and a customary transfer fee may be incurred in that event. No such cross trades will be affected, unless we determine that the transaction is in the best interest of both the selling account and the buying account, is not prohibited under each client's investment restrictions, and is permitted by applicable law.

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 generally 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 Payden's 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.

Voting:

Clients routinely provide Payden the authority to vote client securities. We operate a Proxy Voting Policy, which governs how we will generally vote client securities. At the same time, any client may contact us if the client wishes to direct the vote of a specific proposal for their account. That request, of course, will only apply to that client's account. If it is determined that the client request is in conflict with other clients' best interests, Payden will vote the proposal in those clients' best interests. A copy of Payden's Proxy Voting Policy is available on the Payden website.

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.

Review Process:

Potential conflicts are reviewed during an oversight process, and any potential conflicts of interest are evaluated in accordance with the applicable internal policies and processes, including, where necessary, evaluation by the Compliance Group. There were no issues identified during the oversight process for the reporting period.



E. Dialogue with clients and/or beneficiaries

How Payden maintains a dialogue with clients and/or beneficiaries

OUR CLIENT SERVICE MODEL

At Payden, we believe client relationships should not be an “off the shelf” experience; we customise our approach to fit the nature of each of our relationships. Our stewardship responsibilities are a key component of this relationship. 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 partner 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 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 coordinate all Payden resources for 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:

- To ensure that our clients understand and are comfortable with the makeup of their portfolios at all times.
- To 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 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](#).



WEEK IN REVIEW Payden&Rygel

Week Ending July 4, 2025

Halftime Report

Economic Overview

As the U.S. approaches the Independence Day holiday, we compare financial market performance at home and abroad for the first half of 2025. U.S. trade policy uncertainty and geopolitical concerns created the recipe for market volatility. So far this year, both U.S. domestic equity and bond markets have underperformed compared to their international counterparts. The U.S. dollar also weakened by 11%, fueling the narrative that capital is fleeing the U.S. Still, we remain skeptical of these narratives. The long-term drivers of U.S. exceptionalism have not undergone fundamental change. The U.S. remains the land of innovation and enjoys the world's deepest and most liquid capital markets—key drivers of continued productivity growth. Looking ahead, trade policy uncertainty persists but has moderated since April. Fiscal concerns still loom, but most major economies face similar budget pressures. Further, we expect the Fed to cut rates most among the major central banks in the second half of 2025 as U.S. inflation moderates. Historically, the Fed cutting rates outside a recession has supported U.S. assets. [Will we look back on the first half of 2025 as just a blip or a lasting shift?](#)

Total Returns by Asset Class

| Asset Class | Year-to-Date Total Return |
|-------------------|---------------------------|
| MSCI Global Index | 9.75% |
| Global Aggregate | 7.22% |
| S&P 500 | 6.59% |
| EMBI | 5.75% |



Chart of the Week Payden&Rygel

Trend Transparency
Official Unemployment Rate Versus Chicago Fed Real-Time Unemployment Rate* For The Week Ending 11/14/2025

According to jobless claims and private sector labor market data, the U.S. unemployment rate may have reached 4.5% in October 2025.

*Combines monthly data from the jobs report with high-frequency labor market data to construct real-time estimates of employment flows and translates it into an unemployment rate forecast

Sources: Bureau of Labor Statistics, Federal Reserve Bank of Chicago

This week, the Federal government reopened after being closed for 43 days, the longest shutdown in history. For financial markets, the government reopening means that key labor market and inflation data will finally get released, clearing the "data fog" for policymakers. However, according to Kevin Hassett, the director of the National Economic Council, the October unemployment rate may not be released, as the Bureau of Labor Statistics has been closed during the data collection period. We are less worried about data visibility. There are plenty of alternative labor market indicators that allow us to make an unemployment rate call absent the official data. For example, the Chicago Fed's real-time unemployment rate forecast combines official jobless claims data with real-time private sector data, including Indeed job openings, ADP employment, and other survey-based measures. The Chicago Fed's estimate suggests that the unemployment rate may have reached 4.5% in October 2025, nearly a 0.5 percentage point increase from the 12-month low, which has often been an early sign of a recession. Regardless of which official data becomes available before the Fed's last meeting in 2025, the balance of risks still seems to favor more rate cuts, not fewer.

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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 Investment Policy Committee 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 clients’ 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.
- **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 assistance in any necessary analyses for annual reporting. We have experience customising reporting for complex clients, including insurance companies, pension funds, and other regulated entities.

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.



Activities and Outcomes Report





PRINCIPLE 1: Integrating stewardship and investment

How Payden integrates stewardship and investment to deliver long-term sustainable value for our clients and beneficiaries

Our investment philosophy and process have not changed significantly in recent years, but we have continued to evolve our process organically over time, opportunities for incremental improvements in our stewardship. Our approach remains stable 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.

STEWARDSHIP AND SUSTAINABILITY CONSIDERATIONS IN THE INVESTMENT PROCESS

Payden was built on the tenets of collaboration, financial independence, and customisation of portfolio strategies to meet the evolving needs of our clients. We strive to meet our clients' expectations across the various elements of their mandate. We have a diverse global client base with different perspectives on how stewardship, ESG, and sustainability considerations should be incorporated in portfolios. We have built investment processes and tools designed to support specific ESG objectives. Payden customises portfolios to align with clients' financial and non-financial objectives, developing tailored solutions through a collaborative approach.



Payden's integration of stewardship efforts across the investment process involves collaborative efforts across the organisation:

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 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: Provides comprehensive oversight of firm strategies and informs our investment and risk management processes. The IPC monitors the impact of ESG considerations and regulations, such as the SFDR, on strategies.

We evaluate numerous factors, which may include ESG, when evaluating potential performance. For separately managed accounts, the importance of ESG and sustainability 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 ACROSS SEPARATELY MANAGED ACCOUNTS AND FUNDS

There are no regional distinctions in the way we implement our approach, and investment teams work collaboratively across Payden's global mandates.

Research is a fundamental and core part of our portfolio management and investment decision-making process. Extensive macroeconomic research provides the basis for Payden's investment strategy. Payden's broad research resources are organised into asset class-based teams, including government bonds, municipal securities, general corporate research (ratings and region agnostic), emerging markets research, and securitised credit research. These teams are responsible for researching their sectors and working closely with the senior investment strategists in determining the appropriate allocation to each asset class/sub-sector. Once an allocation target has been set, the research teams are responsible for making recommendations of individual securities to support the desired allocation targets. In doing so, the research teams work closely with the strategy teams to ensure that the securities purchased are considered within the context of the investment guidelines and risk tolerance. The firm's research resources are supported by our economics team, which assesses global macroeconomic themes. Research incorporates both qualitative and quantitative methods. There are no specific themes or topics we look to prioritise; the relevance of ESG and sustainability in the research process varies by issuer and is dependent on the importance of ESG factors to near-term spreads.

Customised Separately Managed Portfolios:

We recognise that we have many clients who want to focus on ESG factors that are much longer term in nature than would otherwise be incorporated into our typical 6 to 12 month investment horizon. We manage portfolios for numerous clients who have established their own set of sustainability priorities, including exclusions relating to business activities related to specific environmental, social, ethical, or religious concerns or seeking greater exposure to issuers with a positive ESG profile. For clients with such 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:

- Emissions Management: We have a range of clients at different stages of their decarbonisation and net zero journey, and we have a range of customised solutions for different levels of climate ambitions. We evaluate how the application of different climate criteria and emission targets impacts both our investment decisions and portfolio characteristics. We analyse characteristics such as turnover, volatility, tracking error, duration, spread, and yield impact to demonstrate what the potential impact of a decarbonisation target is and how the impact may differ depending on different carbon metrics applied.
- 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: We begin with identifying and understanding 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 SFDR Article 8 Funds:

Payden manages 13 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 criterion 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 tCO₂e/€m Revenue)
 - Sovereigns: GHG Intensity (tCO₂e/€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 EU/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: 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 found an upstream oil and gas company to be an attractive new issue relative value opportunity given the issuer's resilient free cash flow versus traditional E&Ps and spread pickup relative Permian IG peers; however, they chose not to purchase in the fund. The issuer generates revenues directly from unconventional oil and gas activities and therefore, was not evaluated as suitable to meet the E/S promotion criteria of climate change mitigation. In addition, the issuer did not pass the environmental screening thresholds due to its exposure to fossil fuel-related revenues.

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

For separately managed accounts without client specific ESG or sustainability 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 our typical 6 to 12 month time horizon ESG factors that may impact the investment performance of an issuer over the near term are assessed during the fundamental credit research process and inform our view on an issuer.

Payden applies baseline exclusions that prohibit investments in securities of companies in a Bloomberg industry subgroup designation of Tobacco or Private Corrections ("Baseline Exclusions"). Otherwise, 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.

Investment Example: Customised Analysis

We have a long standing relationship with a European pension fund client who has a broad range of climate initiatives and decarbonisation targets for their business as well as investment portfolios. We partnered with them to explore different decarbonisation options for their Emerging Market Debt mandate and conducted a range of detailed analysis using the Corporate Emerging Markets Bond Index (CEMBI) as a baseline. They wanted to incorporate both an extensive exclusion list and net zero pathways with different levels of Net Zero Investment Framework (NZIF) alignment. We also added positive transition metrics to analyse the portfolio impact of different portfolio exposures to issuers with Science Based Target initiative (SBTi) targets or an implied temperature rise (ITR) of $\leq 1.5^{\circ}$ C. Across these scenarios, we analysed the impact across turnover, duration, volatility, spread, and sector concentration. The analysis showed that the exclusion list had the biggest impact in reducing emissions without impacting other portfolio characteristics compared to NZIF alignment. Given the complexity of the options available and long term time horizons of managing a net zero portfolio, our conversations with the client are still ongoing.

INTEGRATION TOOLS

To support our stewardship practices and reflect the sustainability and ESG values on behalf of our clients, we have developed tools and solutions that we can apply across the investment process to client portfolios to support their ESG objectives, 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 Frameworks:** includes physical climate risk and climate scenario metrics, demographics, and income factors.
- **Municipals Frameworks:** 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 memberships 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.

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 6](#).

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.

PRINCIPLE 2: Promoting well-functioning markets

How Payden identifies and responds to market-wide and systemic risks to promote well-functioning financial markets

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 approach provides an overview of how we assess and mitigate these risks, and the key teams involved are described below:

Payden's approach to risk management is focused on the belief that robust oversight and diverse perspectives are important for not only managing portfolios but for supporting well-functioning markets. Risk must be observed from different points of view to be better managed and mitigated. We contribute to market stability and transparency through our independent yet coordinated structure. For that reason, we have separate groups looking at risk from their own perspective:

- **The Investment Policy Committee ("IPC")** provides comprehensive oversight of firm strategies and informs our decision-making and investment risk management. The role of the IPC is to oversee: (1) the formation of our broad and long-term market views; (2) the firm's overall investment risk management parameters; and (3) investment results by strategy. The IPC receives reports from the Risk Management and Compliance Groups, which inform their oversight responsibilities.
- **The Risk Management Team** is an independent group of investment professionals, headed by a Director of the firm, who measures and reports on the firm's overall investment risk management parameters established by the IPC. Furthermore, the Risk Management Team identifies, measures, and monitors important risk metrics, such as liquidity, volatility, and derivatives exposure, under normal and stressed market conditions and reports its findings to the IPC. The Risk Management Team reports directly to the Managing Committee.
- **The Compliance Team** is responsible for ensuring that the firm complies with all applicable laws, operational and regulatory requirements, and that procedures are in place to ensure compliance with client guidelines and firm policies and procedures.

- **The Managing Committee** is comprised of senior professionals who are active in day-to-day management of the firm's activities. The Managing Committee is responsible for strategic planning, oversees the firm's operations, and monitors business and operational risks. The Managing Committee coordinates closely with every key area of the firm. Material risks are escalated to the Managing Committee to be addressed in coordination with the relevant functional area. The Managing Committee meets bi-weekly and more frequently as needed.

The Managing Committee provides overall oversight of the firm's risk management framework through its review of the Risk Management Policy and associated reporting. The Managing Committee receives and evaluates an annual report from the Chief Compliance Officer on the effectiveness of the Risk Management Policy and the Risk Register and may request more frequent additional updates on specific risk matters.

To ensure that we meet our fiduciary responsibilities as an investment adviser, the firm operates policies and procedures covering, for example, risk management, 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 are set using a risk-based approach where higher risk activities receive additional oversight. There is training for employees in these areas and a variety of monitoring processes to assure compliance with these policies and procedures.

A formal review of all our policies, procedures, and risk controls is conducted annually. Additionally, changes to our risk controls are made as the business and market environment changes. Risk controls are also discussed with the firm's SOC 1 auditors as part of the annual audit, which covers internal controls related to the firm's Portfolio Operations, Investment Strategy and Securities Trading, Portfolio Management, Compliance, and Information Technology functions.

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.

To ensure continued viable operations in the event of potential disasters, we have developed a formal business continuity/disaster recovery plan to ensure that all critical functions continue in the event of a disaster.

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.

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. Upon employment, employees sign a written acknowledgement that they have received a copy of our Code of Ethics. Thereafter, annually, employees sign a certification that they have received a copy of the Code of Ethics and have complied with it.

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 range of risk assessment software programs, both proprietary and third party, which 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 historically stressed periods on our portfolios, making our stress-testing process both backward and forward-looking. Scenario analyses are typically run monthly.

SYSTEMIC RISK IDENTIFICATION

Cybersecurity in 2025 has been shaped by a sharp rise in AI-driven threats, increasingly sophisticated ransomware operations, and a growing focus on supply chain vulnerabilities. Attackers are now leveraging generative AI to automate phishing campaigns, create highly convincing deepfakes, and exploit systems at scale, while ransomware groups have shifted toward double- and triple-extortion tactics. At the same time, regulators across major markets have introduced stricter requirements around cyber resilience, incident reporting, and third party risk management, reflecting the systemic importance of digital infrastructure.

For asset managers, these developments are particularly relevant. Investors must address market-wide risks, including systemic cyber threats that have the potential to impact market stability. The firm maintains a consistent focus on cybersecurity and protection from threats to IT resources and data. Cyber risk assessments are conducted at least semi-annually. Security has always been a critical consideration in the development and expansion of the firm's network and software. In addition to perimeter defences and malware detection software, we have implemented a third party managed detection and response (MDR) service. We have also engaged third party service providers for penetration tests and information security assessments to confirm and enhance the firm's procedures and defences as necessary. We are taking a proactive approach to assessing and mitigating risks associated with the use of AI. While we do not have proprietary AI applications resulting in intellectual property concerns, elements of our AI protections include:

- **Policy and Governance:** The firm has established an acceptable use policy for AI, which prohibits its use for business purposes without prior review and approval by the Chief Compliance Officer and Head of Information Technology. This policy extends to stand-alone generative AI tools and AI-enabled functionalities within existing systems.
- **Data Privacy Protections:** AI applications used by the firm now or in the future are required to implement robust encryption measures to safeguard data privacy. Data processed by current and future AI providers must not be used to train their public models, supporting confidentiality and proprietary data protection. We are coordinating with our

Managed Detection and Response (MDR) provider on their plans to offer solutions to identify potential data leakage, unauthorised use, or other security concerns.

- **Third Party Vendor Oversight:** AI vendors are subject to the same due diligence and vendor oversight processes as other service providers. This includes reviews of their security and privacy policies, compliance certifications (e.g., SOC 2 Type II and ISO 27001), and adherence to data processing agreements.
- **Ongoing Monitoring and Testing:** The firm conducts regular penetration testing and vulnerability assessments to identify and address security risks.
- **Employee Training and Awareness:** Employees are trained on the risks of using AI, including data privacy issues, and are informed about firm policies regarding AI use. The firm's acceptable use policy includes specific provisions regarding AI.

INDUSTRY CONTRIBUTION

We are members of a number of organisations that support and help inform our risk management approach and promote well-functioning markets. 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 Global's membership includes various fund types, representing circa \$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.

In addition, 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.

In addition, we engage with a number of responsible investment organisations, which are further described in [Principle 3](#).

Case Study: European Consolidated Tape

In July 2002, FINRA introduced the Trade Reporting and Compliance Engine (TRACE) to the US bond markets, requiring market participants to report their fixed-income transactions. This enhanced transparency within the US bond market, while the European bond markets remained more opaque. ESMA and the FCA are working to deploy a similar protocol in the EU and UK markets. In response, in 2025, Payden created an informational overview for clients on the upcoming European Bond Consolidated Tape, which represents one of the most significant market-structure changes in European fixed income in decades.

The European Bond Consolidated Tape(s) will be the definitive source for bond trades, bringing together details on prices and volumes of both electronic and over-the-counter transactions. Transactions executed in the EU will be included on the EU tape, while those executed in the UK will be recorded on the UK tape. Each tape aims to capture 100% of bond activity under its jurisdiction, irrespective of the currency of the bond. The European Consolidated Tape promotes well-functioning markets by providing a centralised, real-time data feed, providing a unified view of trading prices and volumes for shares, ETFs, bonds, and derivatives across EU venues. This reduces information gaps, prevents unfair advantages, and helps investors make better decisions based on complete data. As a result, trading becomes more efficient, competition between exchanges improves, and prices more accurately reflect true supply and demand.

Payden's informational overview provided clients with key information on what the consolidated tape is, what securities are impacted, and key dates they should be aware of.

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. During the reporting period, our focus has continued to be on climate change mitigation. We take a multifaceted approach with climate considerations across our operations, reporting, and investment processes.

Business Operations: We apply the central philosophy of stewardship to our own carbon footprint. At a group level, we achieved CarbonNeutral® company certification for the sixth year in 2025. 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, achieving a high level of sustainability in design and operation 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 2025, we met our objective to publish our third 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.

SFDR Article 8 Funds Range: Payden manages 13 Irish-domiciled funds designated Article 8 pursuant to SFDR, which promote the environmental 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 2025, we further enhanced our client climate reporting capabilities and in Q1 2025, released a climate-specific corporate report for separately managed account clients and quarterly reporting for Payden SFDR Article 8 funds.

Case Study: Climate Portfolio Solutions

We recognise that Payden clients are at different stages of their decarbonisation journey, and we are committed to providing transparent and practical solutions for integrating climate considerations into investment processes.

To support the customisation of client portfolios in line with the Paris Agreement and in recognition of the variety of Payden client net zero and decarbonisation goals, in 2025, we released Payden’s Climate Portfolio Solutions. This is an informational guide on the options available for implementing climate considerations in portfolios, leveraging the wide-ranging, customised analysis and educational materials we created for current clients over the years.

Portfolio decarbonisation and emissions management encompass a variety of options, and implementation should align with a client's broader and longer-term climate ambitions. Climate Portfolio Solutions includes information on:

- **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 are 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.



Engagement on Climate: In 2025, we made the decision to update the Payden SFDR ESG Engagement Policy with Payden’s climate change mitigation targets, which we have been working towards since 2021. The climate change mitigation engagement target is applied to Payden SFDR Article 8 funds and separately managed account clients on request. The target is to engage 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 degree pathway, or engaged with to that end, is:

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

Payden successfully achieved its 2025 target with over 60% of in-scope issuers aligned/aligning or engaged.

Sovereign issuer engagement on climate issues is conducted where relevant. Payden’s approach to ESG engagement is further detailed in [Principle 3](#).

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.

Case Study: Engagement on Climate Change Mitigation

Payden has developed proprietary tools driven by third party data. This includes Payden's ESG Sector Frameworks, which provide a wide variety of sector-relevant ESG metrics, such as company GHG emissions and implied temperature rise (ITR). A Turkish electric distribution services company was identified through these frameworks for its lack of disclosure related to environmental metrics, and its potential misalignment with the Paris Agreement and a 1.5°C pathway. In accordance with Payden’s SFDR ESG Engagement Policy, we engage with issuers via targeted topics related to climate change in line with the goals of the Paris Agreement and utilise certain climate indicators in our issuer prioritisation and selection to identify companies that are misaligned with a 1.5°C pathway.

The goal of the engagement was to understand the company’s environmental strategy, broader disclosure practices, and emissions reduction initiatives. Members of Payden’s ESG, Emerging Markets Debt, and Research teams conducted the engagement with the company’s Sustainability Group Director.

The company shared that it is seeking to support the goals of the Paris Agreement and has set a net-zero target for 2050, aligned with the International Energy Agency’s (IEA) scenario. To support its efforts, the company has increased investments in innovative solutions to reduce emissions, including a loss and leakage detection software designed to improve energy efficiency. Through this initiative, it reported a reduction of more than 2% in its technical and non-technical loss rate. The representatives also noted that renewable energy policies in its market have encouraged greater electricity generation from wind, solar, and hydropower. While the company does not own generation assets, these regulations have enabled it to distribute a higher share of renewable energy to its customers, supporting its broader decarbonisation goals.

The engagement had a positive outcome. Given the complexities of climate change, these engagements provide valuable insights into a company’s long term plans and initiatives that can not be captured by a single data metric. The company expressed appreciation for the opportunity to discuss its emissions reduction progress beyond the ESG data captured by third party providers. We will continue to monitor their progress and we may engage in future.

PRINCIPLE 3: Engagement

How Payden engages to maintain or enhance the value of assets

Payden's global 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.

Over time, we have expanded our ESG engagement approach and split out our engagements into categories to better navigate 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.

These engagements can occur with many different stakeholders. 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. This can occur during the process to issue new financial securities, at industry conferences, roadshows, country research trips, or at individual meetings. 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. In addition, 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/protection and/or reflect the values of those on whose behalf we invest. 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 a member of our team communicating with an issuer to make them aware of our 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 engagement is Payden's customised engagement solution available for separately managed account clients. Enhanced engagements focus on specific client-defined outcomes related to client stewardship objectives. Enhanced engagements go 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.

For more information on Payden's ESG engagement activity, the Payden SFDR ESG Engagement Policy is available on the Payden [website](#).

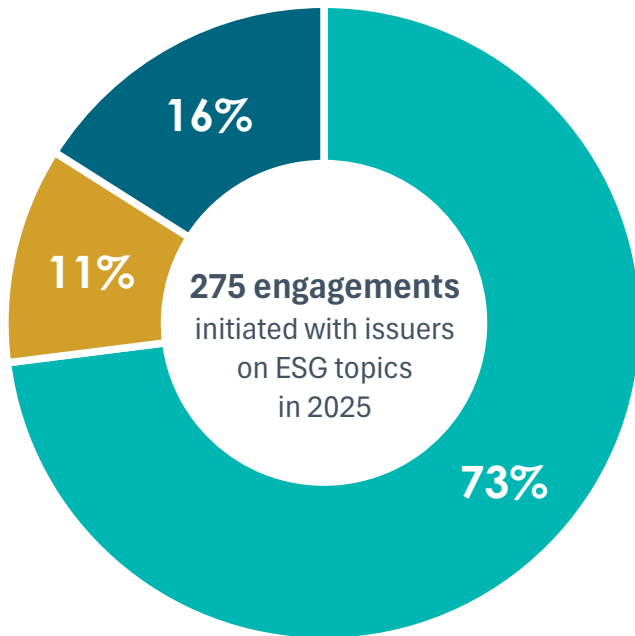
DETERMINING ENGAGEMENT PRIORITIES

In accordance with [Payden's SFDR ESG Engagement Policy](#), 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 various initiatives, regional-specific 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 such as our history of engagement with the issuer and the relevant issue. Payden is selective in its engagement activity. Engagements are prioritised based on a variety of factors ranging from the size of our holding to the distance from a pre-defined target to a topical engagement on a specific subject. Where relevant, our 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 integrated into the targeted engagement process may include:

- **Climate Change Mitigation:** Climate change presents a long-term systematic risk, 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 degree 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:** Under SFDR, a Principal Adverse Impact (PAI) is any impact of investment decisions or advice that results in a negative effect on sustainability factors. Payden seeks to manage the risks connected with potential adverse impacts from our investments in various ways, including engagement. More information can be found at www.payden.com/SFDRPolicies/ESG_PAI_Statement.pdf.
- **Governance Practices:** Payden's SFDR 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 the Sustainable Finance Disclosure Regulation (EU 2019/2088). This assessment considers good governance to be a standard of governance widely reflective of industry-established norms. More information can be found at www.payden.com/SFDRPolicies/ESG_Good_Governance.pdf.

ESG ISSUER ENGAGEMENT BY NUMBERS



BY TOPIC

Environmental topics included:

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

Social topics included:

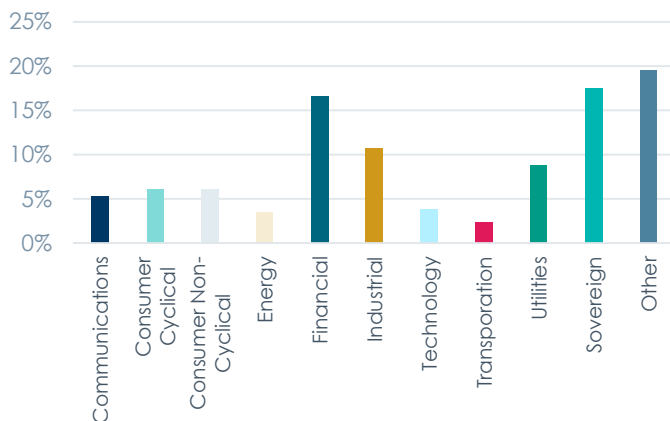
- Human & labour rights
- Gender pay gap
- Digital rights & ethics
- Board gender diversity
- Human capital (health, education)

Governance topics included:

- Processes to monitor international frameworks
- Government practices
- Adherence to global frameworks
- Labelled bonds

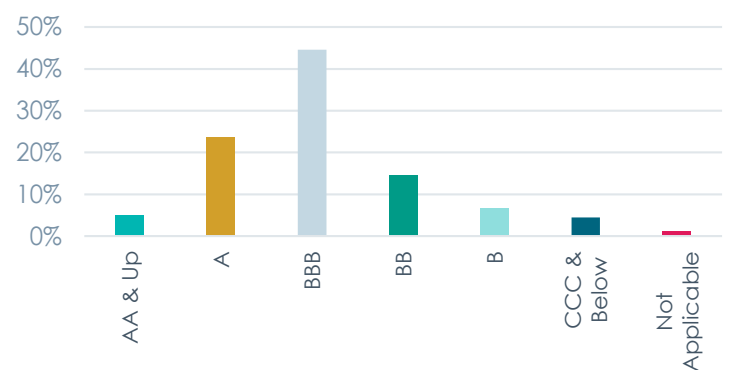
BY SECTOR

% of total



BY CREDIT RATING

% of total



Credit rating Breakdown uses the middle rating of Moody's, S&P, and Fitch to determine a security's credit classification. If only two of the agencies rate a security, then the lowest rating will be used. If only one rating agency rates a security, that one rating will be used

Data as at 31/12/2025

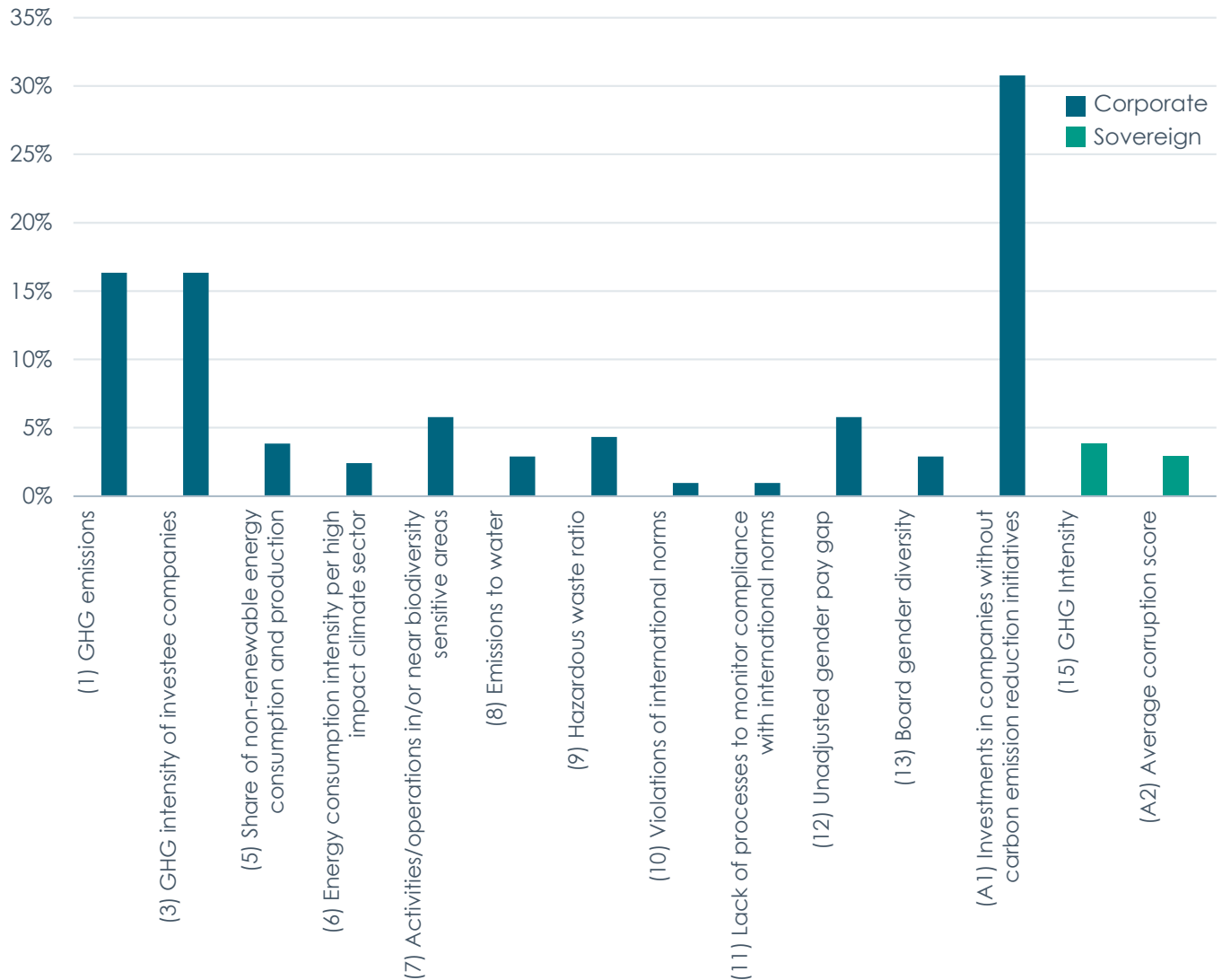
Source: Payden & Rygel, Percent market values are based on total engagements and Payden aggregated geographical data where available



BY Principal Adverse Impact (“PAI”)

For Payden SFDR Article 8 funds and separately managed accounts that consider PAIs, we seek to manage the risks connected to PAIs from the portfolio’s investments in various ways, including engagement. For more information, [Payden’s SFDR PAI statement](#) is available on the Payden [website](#).

The chart below shows a summary* of engagement activity on PAI topics during 2025.



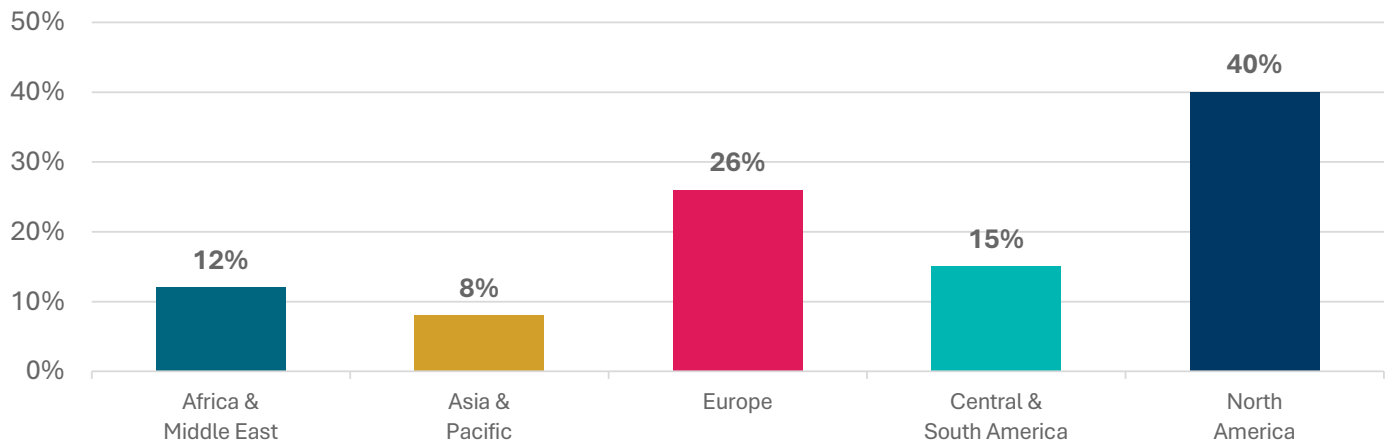
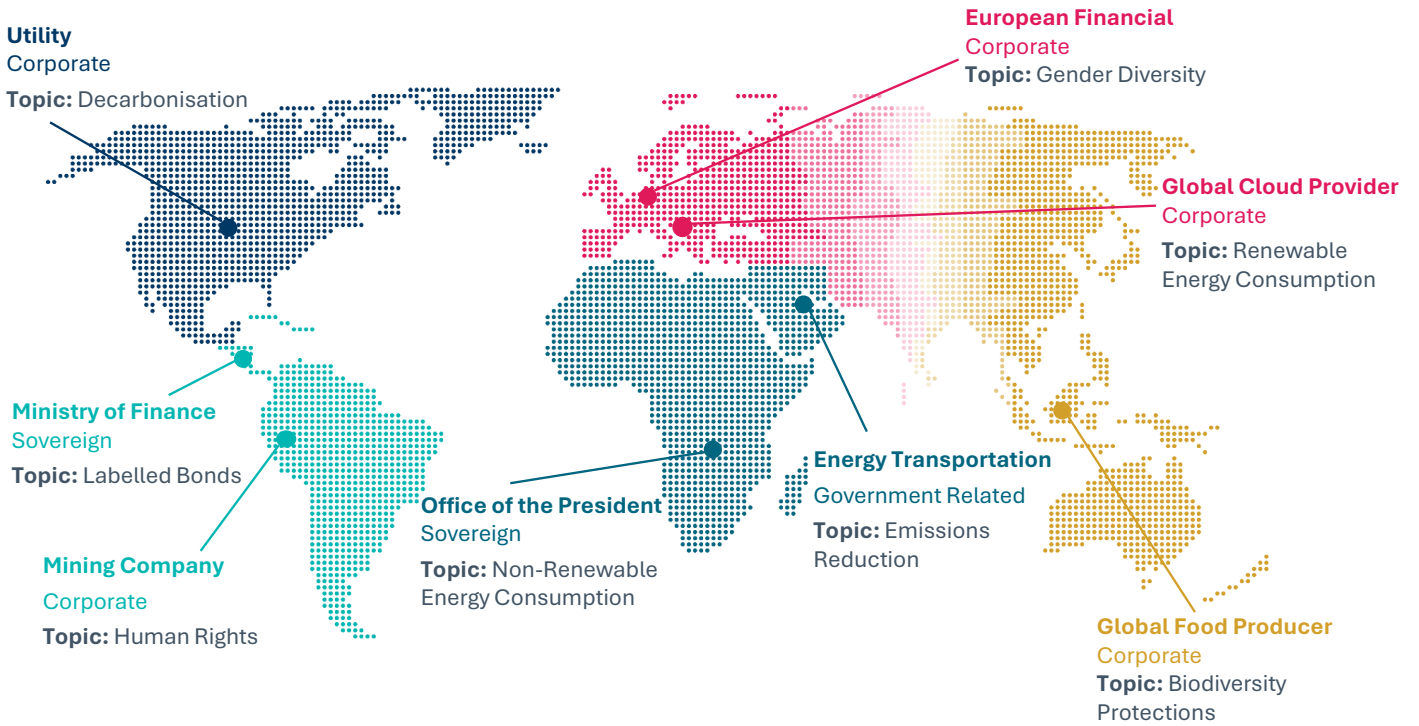
We apply those PAIs that are relevant to the investment concerned, as not all PAIs are relevant to each investment. The primary mitigation method indicates the main action Payden takes in considering each PAI.

*Engagements on ESG topics not linked to PAIs (for example, sovereign engagement) are not included; figures shown are grossed up to 100%
Data as at 31/12/2025; Data is representative for which the Payden SFDR ESG Engagement Policy is applied
Source: Payden & Rygel



Engagements in 2025 were representative of the assets in the client portfolios we manage

BY REGION



Data as at 31/12/2025
Source: Payden & Rygel, Percent market values are based on total engagements and Payden aggregated geographical data where available



We conduct engagements across the asset classes in which we invest. The approach we take, however, 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 stewardship topics.

Engagement on Corporates

Engagements with corporate issuers on ESG matters 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: GHG Emissions (PAI 1) Energy Transporter

As part of Payden’s quarterly ESG monitoring process, we produce a report highlighting issuers considered outliers on ESG metrics based on third party data. In Q4 2025, a large energy transportation company was identified as one of the highest Scope 1 and 2 greenhouse gas emitters within client portfolio holdings. Companies identified as the highest emitters are prioritised for targeted engagement.

The company operates one of the largest liquefied natural gas (“LNG”) shipping fleets globally with over 90% of its revenues and operations from its shipping segment. According to the International Energy Agency, emissions associated with the global LNG supply are approximately 350 million tonnes of carbon dioxide equivalent annually. The company’s emissions are largely attributed to the combustion of fuels (such as LNG fuel or marine diesel) used by its fleet, particularly the steam turbine vessels, which have been identified as higher emitters compared to more modern, efficient ships.

Representatives from the company’s ESG and Investor Relations teams participated in a discussion with members of Payden’s ESG and research teams. The company reported that it has set a target to reduce carbon intensity by at least 40% by 2030 and indicated that it is on track to achieve this goal. To support progress, it has implemented measures such as engine power limitation mechanisms across its fleet to reduce fuel consumption, as well as optimising equipment to improve energy efficiency.

The company also noted that, to aid in transparency, it publishes an annual ESG report, providing public disclosure of progress against its emissions reduction strategy. Given the global nature of its operations, it emphasised the importance of emissions reduction and has established a longer-term net zero ambition beyond 2030. It has also initiated pilot projects to explore the use of biofuels as an alternative to conventional fossil fuels during shipping operations. We were satisfied with the company’s response to our questions. As some of their initiatives are in their early stages, we will monitor the company’s release of updated information regarding its pilot projects as well as to its broader emissions reduction strategy.

Engagement Case Study: Decarbonisation Targets (PAI A1)

Financial Management Company

The Science Based Targets initiative (SBTi) provides standards and guidance to support credible, science-based emissions reduction targets aligned with the Paris Agreement's 1.5°C goal. In recent years, SBTi has undergone several changes, one of which resulted in the removal of net zero targets for more than 4,000 companies and financial institutions. Payden is part of a long-standing engagement with a financial management company that had its SBTi targets removed. Despite the removal, the company has expressed a continued ambition to regain its SBTi validation in the future. At the end of 2025, SBTi launched its Financial Institutions Net Zero Standard, which is an updated framework to replace its previous methodology and defines how financial institutions can set long-term net-zero targets. Payden decided to re-engage with the financial management company to assess its progress on overcoming challenges to achieve SBTi alignment and whether the updated methodology offered hope to become SBTi validated in the future.

Members of Payden's ESG and Research Teams led the engagement with the company's Vice President, Enterprise Worksite Services. The company reiterated a commitment to long-term climate goals aligned with SBTi and its support of a transition to a low-carbon economy. It has set a goal utilising SBTi methodology to reduce 65% of its Scope 1 & 2 emissions by 2034 using a 2019 baseline. At the time of the engagement, the company was pleased to report that it remains on track with its emissions targets and decreased its Scope 1 & 2 emissions by 53.6%. The financial management company shared that it is still in the process of measuring its Scope 3 emissions, which is one of the reasons it has not yet met the requirements for SBTi validation, citing data collection challenges related to its global operations. The company reported its ongoing coordination with internal stakeholders to be able to report and set Scope 3 reduction targets. More broadly, the company highlighted that it recognises the importance of aligning with the sustainable investing preferences of its clients, and in recognition of this, it offers climate transition solutions at the portfolio level.

The engagement remains ongoing, and we have been satisfied with the company's response to date. It highlighted the challenges faced by many companies in navigating the complexities of capturing and reporting emissions data for setting long term reduction targets.

Engagement Case Study: Biodiversity (PAI 7)

Global Food Producer

Payden has been in a long standing engagement with this global food producer that has operations in all stages of food manufacturing. As part of our ESG research, we regularly monitor companies for updates and sustainability developments, and disclosures. In the company's latest sustainability report, it highlighted progress made on its recently implemented initiatives related to environmental preservation and biodiversity. We re-engaged to better understand these initiatives and its broader strategy to protect biodiversity-sensitive areas.

The company's representatives highlighted that its efforts to integrate biodiversity protections are rooted in collaborating with local communities to rehabilitate and safeguard environments. As an example, the company shared that it is a member of the Mangrove Ecosystem Restoration Alliance (MERA), where it works to contribute to mangrove restoration efforts in local communities. Mangrove restoration is important to protecting biodiversity loss because it can provide protection from erosion and storms, and can store large amounts of carbon. The global food producer was pleased to report that it has planted over 226,300 mangroves to date, sequestering an estimated 11,300 tonnes of carbon.

In addition, the company highlighted that it has replaced its current packaging with more sustainable alternatives, which help reduce its waste footprint and protect against biodiversity loss. These efforts include minimising material use by decreasing package size and weight, as well as lowering overall plastic consumption. In addition, the company is working to introduce more flexible packaging alternatives, such as mono-material packaging, which simplifies the recycling process and further reduces environmental impacts. The outcome of the engagement was promising, and the company is making positive progress in reducing its environmental impact. We will continue to monitor the global food producer as part of our continued engagement and may engage in the future.

Engagement Case Study: Human Rights (PAI 11)

Latin American Metals Company

Payden uses ESG data from third party providers and globally recognised organisations to monitor issuers within client portfolio holdings. The Business & Human Rights Resource Centre is a global nonprofit that works to advance human rights by monitoring over 10,000 companies and their adherence to international frameworks, focusing on the protection of human rights. This Latin American metals company was highlighted by the organisation for human rights controversies related to its operations. Our goal for the engagement was to gain information regarding its human rights initiatives and employee safety practices.

Members of Payden's ESG and EMD teams attended the meeting with the company's ESG Manager. The company shared that it has been a member of the UN Global Compact (UNGC) since 2004 and is committed to conducting its business in accordance with the UNGC principles. In addition, it has implemented a human rights policy across its operations and supply chain. The company has recently begun an inaugural multi-year human rights due diligence assessment that it developed to align with the National Society of Mining. It also shared that the objective of this assessment is to identify where operational activities can be improved with regard to human rights and safety. At the time of the engagement, it shared that it will develop a roadmap to 2030, focusing on implementing an action plan based on the results.

We found the company to be transparent during the engagement. While The Business & Human Rights Resource Centre highlighted a number of human rights concerns, the company is taking positive steps to identify areas where it can improve. Mining activities in Latin America continue to raise human rights concerns; utilising engagement with issuers can help better identify how companies are navigating complexities in the region.

Engagement on Sovereigns

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. 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. 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 (Labelled Bond Issuance)

Central European Sovereign

This sovereign is among the more frequent issuers of labelled bonds in Central and Eastern Europe and has recently created a sustainability-linked bond framework. Utilising the framework, its aim is to become the first EU country to issue a sovereign bond with key performance indicators (KPIs) focused on monitoring its GHG emissions. This engagement occurred during a non-deal roadshow meeting with representatives from the sovereign's Ministry of Finance to introduce the country's new sustainability-linked framework. Members of Payden's EMD team attended the meeting.

The Ministry of Finance explained that the GHG emissions targets are based on existing national commitments utilising data from multiple sources. Some of the targets would be calculated with data coming from the United Nations, while other targets would be based on data from local statistical agencies, verified by Eurostat (department of the European Commission). The representative said that the country plans to send out a report annually which would include data to monitor progress.

We provided feedback to the issuer that using a simpler structure with one KPI (rather than multiple) would likely be a better approach, as multiple KPIs make analysing the structure more challenging. The sovereign subsequently issued a sustainability linked bond with a simplified structure based on the new framework. While we did not participate in the bond offering, we will monitor KPI updates as they become available.

Engagement Case Study: Environmental (PAI A2)

African Sovereign

This African sovereign experienced a wave of Gen-Z protests in 2025, as the young population of the country protested about the provision of public services. In our effort to better understand social dynamics and their intersection with governance, we sought information on the drivers of the protestors' frustrations and how the government may respond via a discussion with a local professor.

As protests are sporadic, this is not part of our regular engagements with the sovereign, yet we will monitor as the social pressures evolve. The engagement helped us better understand the factors involved in the Gen-Z protest movement. In particular, the local professor shared that the youth of the country face high unemployment and feel that the political elite do not do enough to provide services and opportunities.

The local professor also noted that the protests were sparked by reports on the government's planned spending for future large-scale sporting events, particularly in contrast to its comparatively limited investment in essential services such as healthcare and education. The local professor highlighted that the protests were triggered by news regarding how much the government plans to spend on supporting the World Cup (which Morocco is co-hosting in 2030) relative to what the government commits to basic health and education. The local professor did not feel government stability was at risk, as the country tends to listen and respond to protest demands. The engagement highlighted that protests add to a variety of spending pressures that the government may face looking ahead; we will continue to monitor the county as more information develops.

Engagement Case Study: Governance (Bond Issuance)

West Asian Sovereign

This West Asian sovereign conducted a roadshow, for the first time in many years, ahead of a new Eurobond issuance it was bringing to market. Members of Payden's EMD Team look to talk to policymakers ahead of capital markets transactions and engage on ESG topics as part of the due diligence process ahead of a potential investment. Given the country's absence from capital markets, this was the first opportunity to engage with policymakers from the country for some time.

The focus of the discussion surrounded the country's transparency in the budgeting process. Relative to other countries, the sovereign has chosen not to be as forthcoming with details around its fiscal process. At the time of the engagement, the delegation opted not to provide a high level of detail relating to its budget process.

We may follow up in the future to see if the government is willing to provide greater details around its decision-making process, especially as it pertains to managing the budget. The ability to engage and have a dialogue was a step in the right direction. To the extent the sovereign chooses to participate more regularly in such transactions, progress related to its transparency would be needed. We decided not to participate in the new deal, at least in part due to the weak ability to conduct due diligence, relative to the narrow valuations offered.



MONITORING AND ESCALATION

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.





In accordance with the Payden SFDR ESG Engagement Policy, Payden has workflow methodologies to track and monitor its engagements. We catalogue our engagement activity via a third party data aggregation tool and a proprietary tracking system. We provide a summary overview of our engagement activities to required regulatory bodies and to clients or clients' shareholders upon request.

In order to reflect specified client preferences where applicable, there are various reasons why we may choose to escalate a targeted engagement. Examples of incidents 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, failure to implement a stated strategy, or a deterioration in standards. We consider escalation within our targeted engagement strategy based on the nuances of the engagement. 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 the governmental and 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.

Through Payden's Enhanced Engagement solution, on a separately managed account basis, we provide clients with the tools to pursue their objectives, such as portfolio-specific escalation, limiting new issue purchases, and divestment. Many of Payden's 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. No engagements evaluated were escalated in 2025.

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**

INDUSTRY ENGAGEMENT

We are involved in ongoing conversations with several responsible investment organisations and industry thought leadership groups that support our 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. Payden has been an active member of PRI's Sovereign Debt Advisory Committee and, in 2025, participated in a working group to create a Sovereign engagement guide. The guide includes practical tips for investors, such as defining clear engagement goals and identifying stakeholders and entry points. The guide will be available in 2026.

For over three 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. Highlights during 2025 include:

- Shared client-facing educational materials regarding the practical implementation of ESG and GHG management considerations in client portfolios for internal PRI distribution.
- Engaged with 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. In 2025, Payden applied to join PRI's inaugural Corporate Debt Advisory Committee (CDAC) in 2025. Our application was successful, and the committee will be formed in Q1 2026. The CDAC is focused on developing guidance, tools, and products related to responsible investing across IG and HY markets.
- Engaged with PRI representatives regarding net zero initiatives to discuss the challenges facing US asset managers with regard to the political backlash in the US, increasing regulatory divergence across major global markets, and litigation action against asset managers.

EMIA (Emerging Markets Investor Alliance)

Payden is a member of the EMIA, which convenes policy experts, investors, and government and corporate leaders to address global challenges. Payden has six ongoing engagements globally with sovereign and government-related issuers focusing on biodiversity protection, labelled bond issuance, and long-term decarbonisation planning. In addition, Payden actively participates in EMIA working group discussions, contributing to the development of engagement strategies with these issuers.

Examples of 2025 engagement highlights include:

- **LATAM Sovereign:** Members of Payden's EMD Team recently participated in a discussion with the sovereign's Ministry of Climate and Environment about its efforts to protect and potentially grow the native mangrove tree population. The Ministry is involved with setting the national policy related to mangroves and conservation initiatives at the national level, which the country has outlined in its National Determined Contribution (NDC). The representatives from the Ministry were pleased to share that the government is hoping to implement a deforestation policy by 2030, which would outline initiatives related to the conservation of mangroves. Officials have researched to better understand the environmental contributions of mangroves, such as how they can naturally filter the local water supply and store large amounts of CO₂ per hectare.
- **Asian Quasi-Sovereign:** Members of the Payden ESG Team are participating in a working group engaging with stakeholders regarding the sovereign's state-owned oil and gas company. The focus of this particular engagement is to better understand the quasi-sovereign's decarbonisation strategy and revenue maximisation via emissions capture. During a discussion with representatives from the corporation, it shared that the company has set a soft target to achieve a 40% reduction in methane emissions by the end of 2025, with a hard target for 2030, alongside a commitment to eliminate flaring by 2030. The engagement remains ongoing, and we will continue to monitor for an update on the quasi-sovereign's soft target.

Given the long-term nature of these engagements, EMIA's coordinated approach to bring together a broad range of sovereign representatives, including government departments, public institutions, treasuries, and central banks, helps develop continuity over time. Payden will continue to participate in active engagements with EMIA and may participate in additional engagements in the future.

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.

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.

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 4: Exercising rights and responsibilities

How Payden actively exercises its 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.

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](#).

PROXY VOTING POLICY

Payden has created a Proxy Voting Committee consisting of 3 senior members of the firm and compliance to 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 Payden’s IPC may issue voting instructions on behalf of the Proxy Voting Committee. Many proxy matters that are routinely presented year after year are noncontroversial, such as the retention of a company’s outside auditors. 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 all aspects of the issues presented by a proxy matter, and depending upon the particular client 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.

Absent special client circumstances or specific client policies or instructions, Payden will vote as follows:

- Due to the complexity of executive compensation plans and the extensive analysis required to thoughtfully consider these proposals, the Adviser employs a proxy voting service to review all proposed changes to compensation. Factors such as industry averages, historical company performance, and possible effects on shareholder dilution are considered. Using these and other factors, the proxy voting service will recommend a voting position, which the Adviser, absent special circumstances, will generally accept.
- Vote for programs 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 may be given to the non-audit fees paid to the outside auditor.
- Vote for management-endorsed director candidates, absent any special circumstances.

With respect to the wide variety of social and corporate responsibility issues that are presented, our general policy is to take a position in favour of policies that are designed to advance the economic value of the issuing company. 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. Payden reserves the right to decline to vote proxies for stocks affected by proxy blocking regulations.

Conflicts of Interest

From time to time, we may purchase securities for one client’s portfolio that have been issued by another client. Payden does 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. For example, we may manage corporate cash for Alpha Company whose management is soliciting proxies. Payden has purchased Alpha Company’s securities for the account of Beta Company, another client. Moreover, Beta Company’s policies would suggest Payden should vote against the position put forward by Alpha Company’s management.

However, voting against Alpha Company management may harm our relationship with Alpha Company’s management. Thus, we may have an incentive to vote with the management of Alpha Company, and hence have a conflict of interest.

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 for which there is no conflict of interest, retention of auditors for example, will be voted according to our standard policy. There were no issues identified for the reporting period.



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.

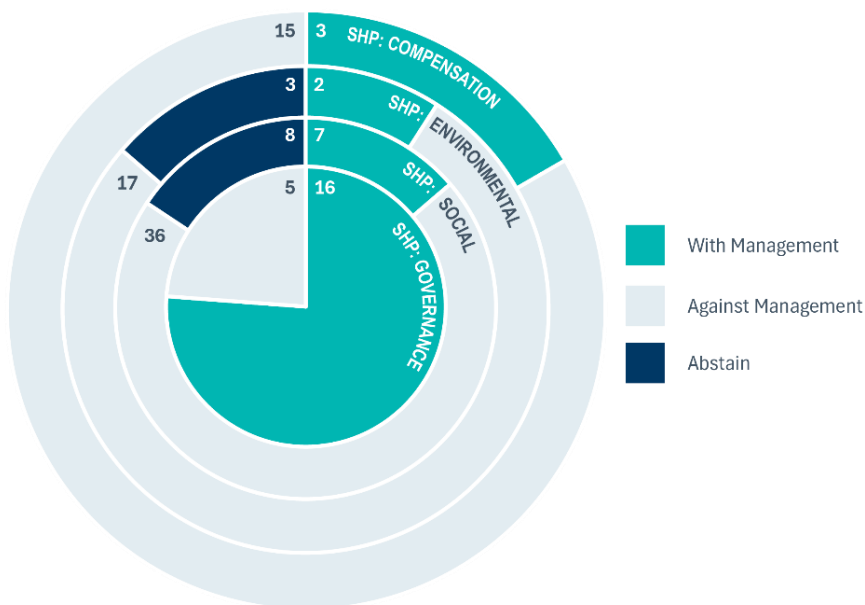
Significant Voting Events: For items that are more out of the ordinary, such as shareholder proposals, Glass Lewis provides research and advice that our Proxy Voting Committee takes into consideration when determining its voting decisions. When evaluating proxy matters, the Committee votes in a manner 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 2025 proxy voting activities in shareholder proposals (SHP) and the broad ESG categories they touched on:



VOTING RATIONALE FOR SFDR ARTICLE 8 FUNDS

Payden implements the Glass Lewis ESG Thematic Voting Policy for Payden’s Irish-domiciled 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 SFDR 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, our 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 31st 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 total votes cast during 2025. The votes were cast according to our proxy policies and procedures.

- For the year, a total of 358 ballots were received.
- All ballots were voted on and consisted of 2,148 proposals.
- We voted on 81.6% with management.

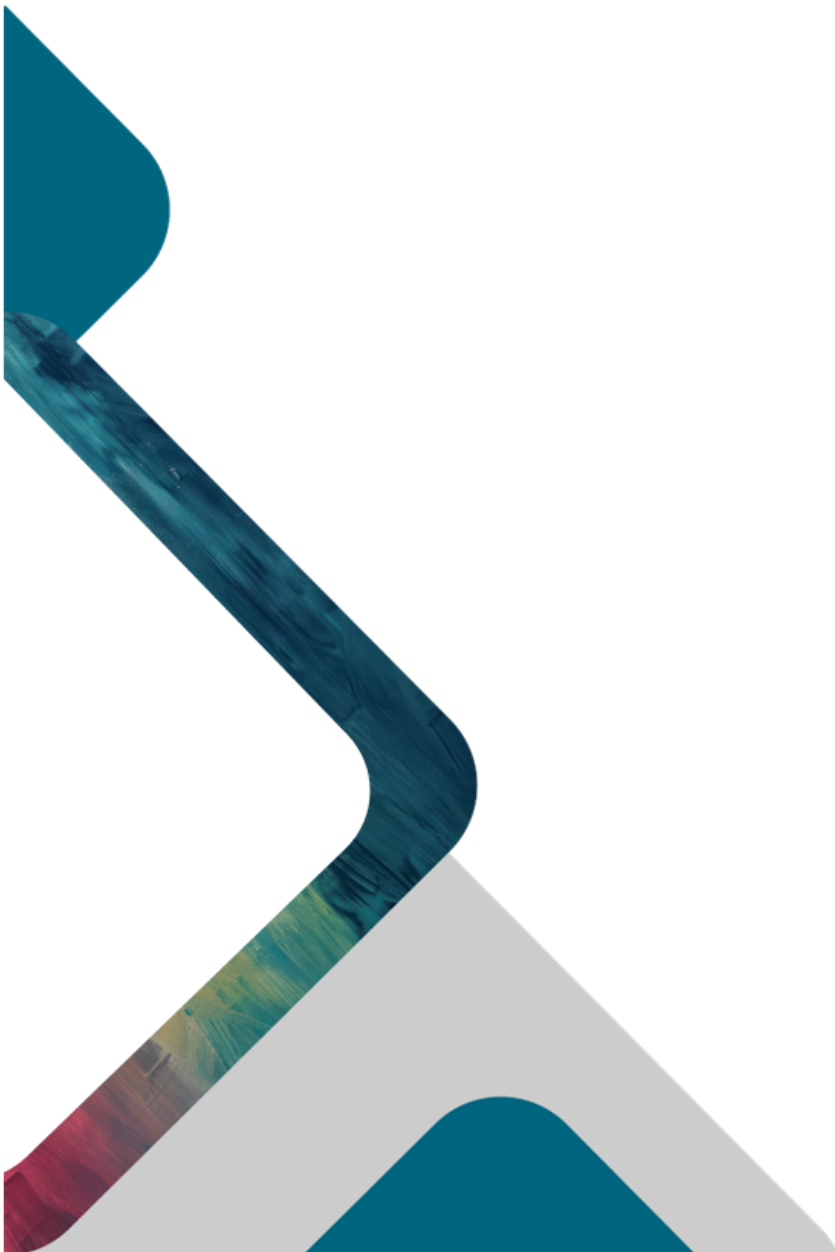
The voting record for Payden US-domiciled mutual funds is publicly available and filed with the SEC. We do not publicly share the voting records for segregated managed accounts; we only share them with the client concerned for confidentiality reasons.

PRINCIPLE 5: Selection and oversight of managers

How Payden integrates stewardship considerations into the selection and oversight of external managers

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. Since the firm's inception, Payden has maintained a deliberate strategy of managing assets in-house rather than relying on external managers. As part of our stewardship philosophy, this approach enables us to retain full control of our stewardship activities, enabling a transparent approach closely aligned with our investment principles and client objectives.

As a firm, we engage in minimal outsourcing to ensure we own our stewardship agenda end-to-end, without needing to align with multiple third parties that may have differing perspectives or incentives. By avoiding reliance on external managers, our stewardship activities and priorities remain aligned with those of our clients, and allow us to be nimble in response to an increasingly geographically divergent and evolving landscape.



PRINCIPLE 6: Monitoring service providers

How Payden monitors and holds to account stewardship 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 developments, 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 2025, 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

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

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 | <ul style="list-style-type: none"> Environmental, social, and governance indicators for sovereign and corporate issuers. |
| MSCI Net Zero Solutions | <ul style="list-style-type: none"> Temperature alignment, carbon emissions target, climate scenarios (transition and physical), and other climate-related industry and security level indicators. |
| MSCI Screening | <ul style="list-style-type: none"> Business & product involvement screens, global sanctions, controversies, and climate risk indicators. |
| MSCI EU Sustainable Finance | <ul style="list-style-type: none"> EU Taxonomy alignment and adverse impact metrics for SFDR regulation. |
| Bloomberg | <ul style="list-style-type: none"> Bloomberg industry subgroup designation for the application of exclusions. |
| ICE | <ul style="list-style-type: none"> 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.

Case Study: 2025 ESG Data Providers Review

Payden reviewed 9 data providers in 2025, 3 of which are currently licensed. We consistently review current and new data providers to stay updated on data coverage, quality, and methodologies as part of our ongoing monitoring. In 2025, we observed an increase in client-driven inquiries, which shaped some of the engagement priorities with data providers.

Net zero and emission reporting were a dominant focus area for clients; we received a number of requests for reporting aligned to specified corporate and sovereign international frameworks. We gained valuable insight into how data providers are working to incorporate additional frameworks and standards; however, comprehensive third party solutions are still evolving. Whilst we will maintain the monitoring of third party developments, we did not find a suitable solution in response to the client's request using existing or alternative data providers and chose to develop a customised reporting solution internally aligned to the client's required framework.

Regarding data providers currently licensed, our review focused on specific enhancements regarding the expansion of climate metrics, which included physical and transition risks and tools for emissions analysis. We analysed alternative data providers with regard to addressing data gaps and expanding coverage of our investment universe. Following the review, we chose not to make any amendments to our licensed data providers.

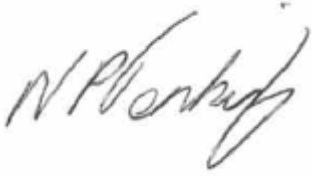
We believe that ESG data and technology integration options will continue to improve as the market demands better transparency and implementation capabilities. We will continue to evaluate the rapidly changing data landscape in 2026 and continue to provide annual reviews in line with the Payden ESG Policy.



2025
UK STEWARDSHIP CODE

Payden & Rygel's UK Stewardship Code Report 2025 for the reporting period 1st January to 31st December 2025 has been reviewed and approved by the Managing 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 2026



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