

Payden & Rygel

2024
TCFD
REPORT

CLIMATE-RELATED DISCLOSURES





TABLE OF CONTENTS

1

CEO LETTER

2

FCA DISCLOSURE

3

WHO WE ARE

4

TCFD OVERVIEW

5

GOVERNANCE

6

STRATEGY

7

RISK MANAGEMENT

8

METRICS & TARGETS

9

APPENDIX



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

It is acknowledged by many of the world’s financial regulators that climate change considerations represent a significant challenge for the global economy. Our primary aim has been and always will be to help our clients meet their investment goals. Our culture represents the core of how we manage our business, with an unwavering commitment to our clients’ needs.

These values are seen in our company commitments, which represent where we devote time and resources beyond our asset management activities. We believe

that by doing so we can play a role in creating a positive impact in our communities, help develop our industry for the future, and increase awareness of geopolitical and regulatory developments relating to climate matters.



This document comprises Payden & Rygel Global Limited’s TCFD entity report for 2024 as required by the UK Financial Conduct Authority for UK-authorized and regulated asset managers.

Payden & Rygel Global Limited’s in-scope business is portfolio management. During 2024, the reporting calendar year, Payden & Rygel Global Limited provided portfolio management services to investors domiciled in the United Kingdom and overseas pursuant to tailored separately managed account mandates and also served as investment manager of Payden Global Funds plc, an Irish-domiciled umbrella fund.

Payden & Rygel Global Limited is a wholly owned subsidiary of Payden & Rygel. As such, it both provides and receives intra-group services in the furtherance of the global organization’s objectives as an asset manager. The climate-related business strategy and transition plan of Payden & Rygel Global Limited are closely linked with those of its parent entity. We nevertheless recognize the varying needs of investors from jurisdiction to jurisdiction, especially as these pertain to climate-related activity. Specifically, as regards climate-related governance matters, the majority of the directors of Payden & Rygel Global Limited are members of Payden & Rygel’s Managing Committee and are thus involved in the oversight of climate-related risks and opportunities and the organization’s transition plan. A director and the General Counsel of Payden & Rygel Global Limited are members of Payden & Rygel’s ESG Committee which facilitates the exchange of know-how and best practices in the implementation of transition planning and the organization’s climate-related business strategy.

Three Payden & Rygel Global Limited directors serve on the Investment Policy Committee (IPC) of Payden & Rygel and therefore oversee the integration of investment strategy related to climate seamlessly across the organization. Payden & Rygel Global Limited outsources certain aspects of its investment risk management, and the production and reporting of climate-related metrics and targets to its parent entity, Payden & Rygel. It is fully integrated with Payden & Rygel in these aspects of its climate-related transition activities.

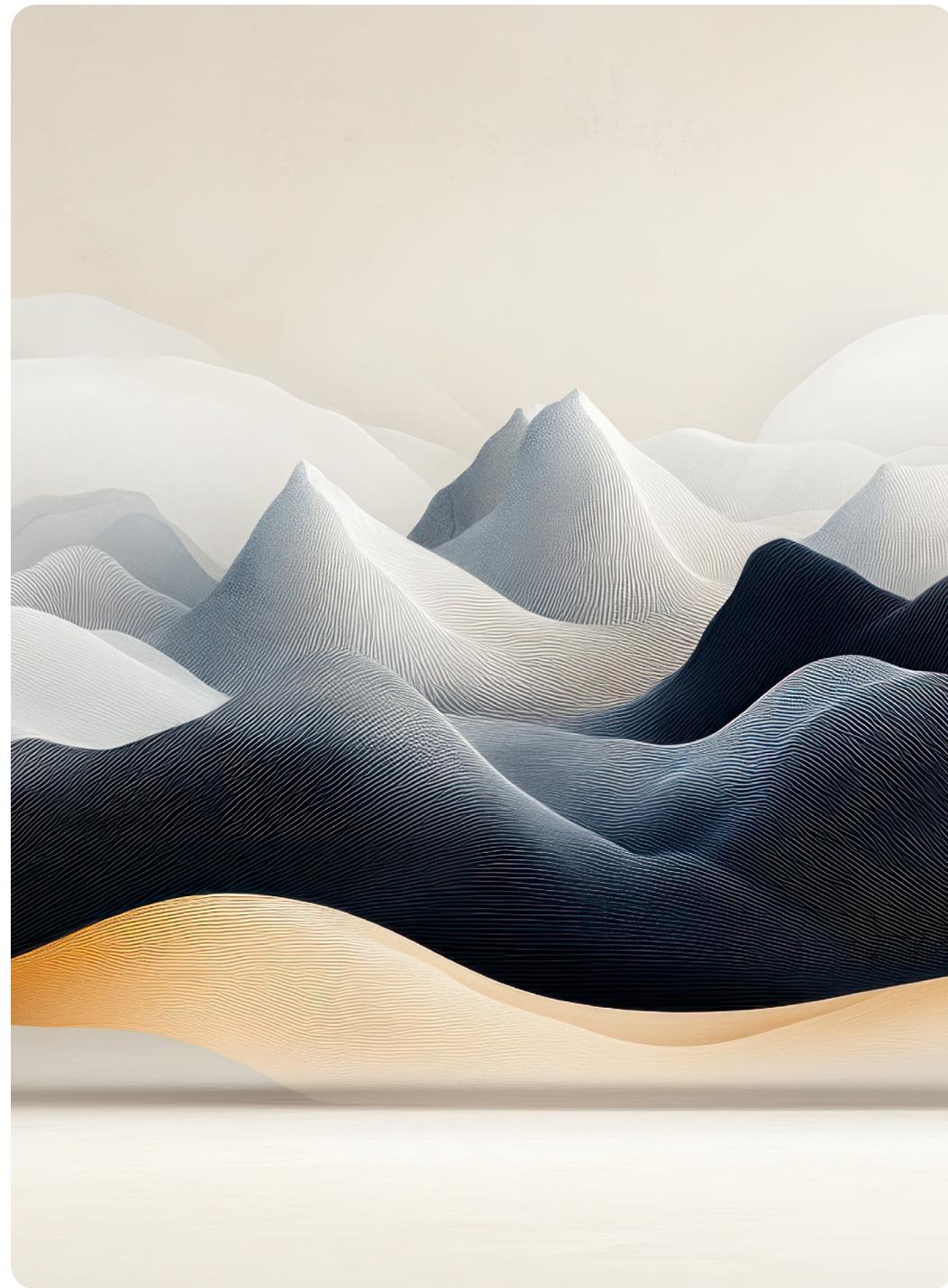
Payden & Rygel Global Limited places reliance on the climate-related financial disclosures contained herein consistent with the TCFD Recommendations and Recommended Disclosures made by Payden & Rygel in producing its TCFD entity report. These group disclosures are relevant to Payden & Rygel Global Limited and cover the assets that it manages as part of its TCFD in-scope business.

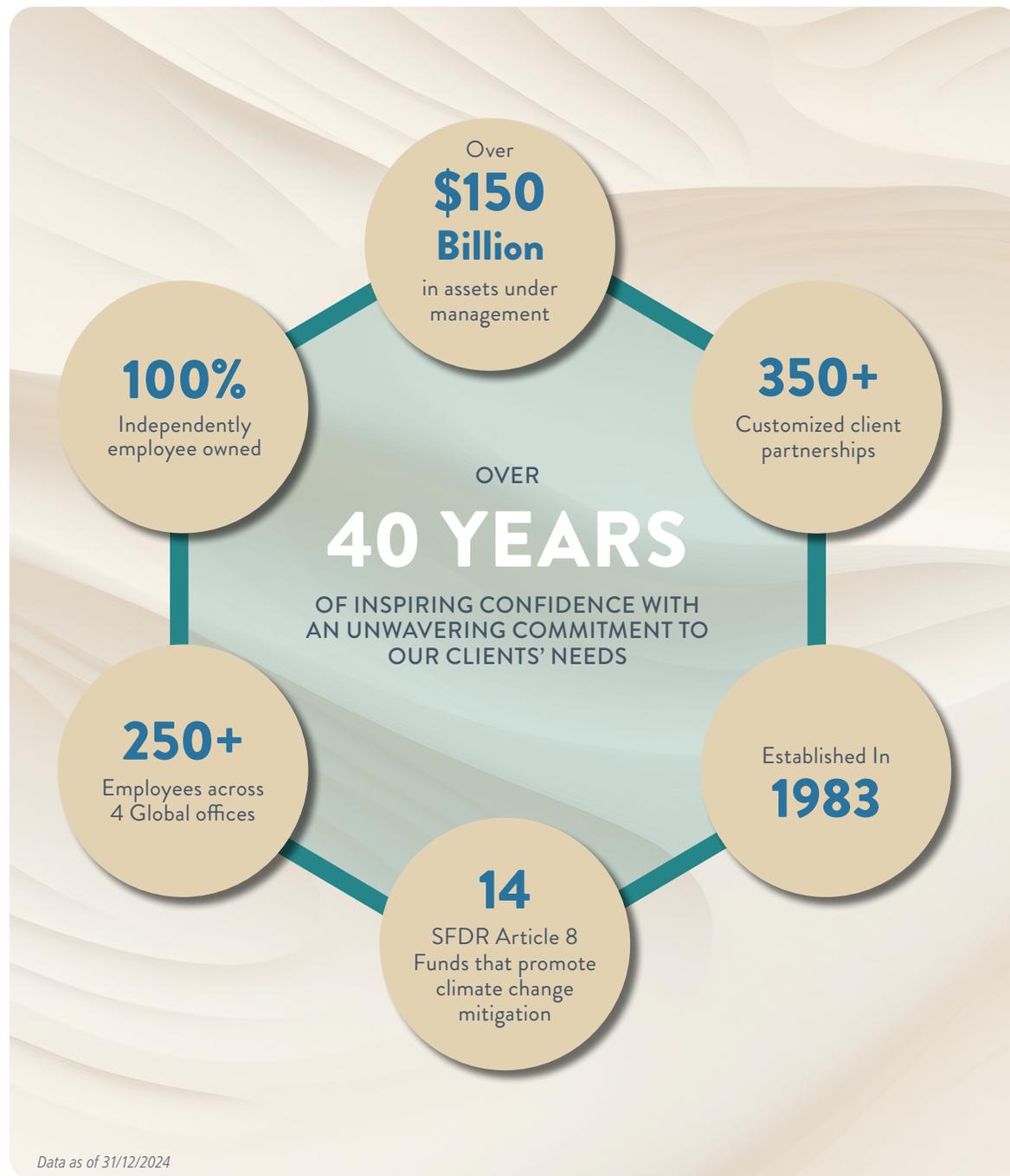
There are no material deviations in approach under the TCFD Recommendations and Recommended Disclosures between Payden & Rygel Global Limited and Payden & Rygel.

As CEO of Payden & Rygel Global Limited and Managing Director, Payden & Rygel, I confirm that the disclosures in this report, including the group disclosures, comply with the ESG Sourcebook of the Financial Conduct Authority where applicable to the TCFD in-scope business of the company.



Nigel Jenkins
30th June 2025





Global Investment Management Capabilities

Payden & Rygel 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). Founded in 1983, we are one of the largest independently-owned asset management organizations in the world. Payden was built on the tenets of collaboration, financial independence, and customization of portfolio strategies to meet the evolving needs of institutional investors.

Leader in the Active Asset Management Industry

We are a leader in the active asset management industry and invest assets on behalf of institutional investors primarily through highly customized investment strategies but also through a range of pooled funds domiciled in Ireland and the US. As advisors to some of the world's leading institutions and individual investors, we provide portfolio solutions for clients across global economies and capital markets.

Steward of Our Clients' Assets

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. Given our diverse client base and the rapid pace of ESG evolution, we have developed tools that we can apply to client portfolios, adapted to each client's requirements. We customize portfolios to meet each client's financial goals and any non-financial objectives corresponding to the client's own stance on climate-related matters.

TCFD OVERVIEW

This document comprises the climate-related financial disclosures required of Payden & Rygel Global Limited pursuant to the FCA ESG Sourcebook as well as sets out our organization-wide response and adherence to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). The TCFD recommendations are a set of reporting guidelines for the disclosure of climate-related risks and opportunities. The reporting period covered is the calendar year 2024. The TCFD Recommendations stipulate that we outline how as an organization Payden factors climate-related risks and opportunities into governance, strategy, risk management, and metrics and targets.

Pillars	Description	TCFD Recommendations	Summary
Governance	Disclose the organization's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> a. Describe the board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities 	We include an overview of controls for climate-related risks and opportunities through our governance structure.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	<ul style="list-style-type: none"> a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a +2° C or lower scenario d. Describe how climate-related risks and opportunities are factored into relevant products or investment strategies and describe the related transition impact 	We include an overview of our climate-related transition plan and various climate initiatives. We also include a summary of how we have integrated the impact of climate-related matters into our business strategy as well as our pooled funds and segregated client portfolios where client directed.
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> a. Describe the organization's processes for identifying and assessing climate-related risks b. Describe the organization's process for managing climate-related risks c. Describe how processes of identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management d. Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and assess climate-related risks e. Describe how they identify and assess material climate-related risks for each product or investment strategy 	We include an overview of business and investment risk management processes. In addition, we provide an overview of our engagement approach with issuers regarding climate matters.
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	<ul style="list-style-type: none"> a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks c. Disclose the targets used by the organization to manage climate-related risks and opportunities and performance against targets 	We report on client portfolio management activity, including details of the climate metrics from our clients' investment portfolios.

Providing strategic direction and oversight for all forms of business-related risks and opportunities, including climate, at Payden & Rygel.

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

The Managing Committee adopted the organization's ESG Investment Policy setting the governance framework for climate-related business strategy and also took the strategic decision to embed stewardship throughout the organization rather than allocating responsibility to a centralized ESG Team. We believe this makes the best use of our collaborative culture to encourage shared responsibility and ensure alignment of the organization's stewardship activities. We believe having a flat corporate structure with reporting committees promotes transparency across the organization.

The Managing Committee is responsible for approving and overseeing Payden's stewardship strategy and has ultimate decision-making authority for our relevant stewardship-related memberships and affiliations. Payden's climate-related transition plan and climate-related affiliations are subject to Managing Committee oversight.

Name	Title	Years at Payden	Years of Experience
Joan A. Payden, CFA	President & CEO	41	51
Brian W. Matthews, CFA	Managing Director & CFO	39	41
James P. Sarni, CFA	Managing Director	34	42
Mary Beth Syal, CFA	Managing Director	34	40
James T. Wong, CFA	Managing Director	30	35
Kristin J. Ceva, PhD, CFA	Managing Director	27	33
Gregory T. Morrison, CFA, CPA	Managing Director	26	31
Robin Creswell, FCSI	Managing Director	26	46
Nigel P. Jenkins, ASIP	Managing Director	19	36
Elizabeth M. Westvold, CFA	Director	13	42
Alfred Giles, III, CFA	Managing Director	12	24
Antonella Manganelli, CFA	CEO – Payden Global SIM (Milan)	4	20

Managing committee composition as of 31/12/2024

Our ownership structure aligns our interests with those of our clients. Our independence enables us to avoid conflicts of interest and to offer stability of strategy and consistent management of portfolios.

Summary of Climate-Related Risks and Opportunities:

The ESG Team works under the auspices of the Payden Managing Committee to identify, assess, mitigate and monitor climate-related risks and opportunities arising in the business which could have a material financial impact.

Risk/Opportunity	Time-frame	Challenge: Identify and Assess	Response: Manage and Integrate
Operational/Physical	Near-term & long-term	Payden offices could be impacted by adverse climate events.	In response to potential climate-related events, we have a Business Continuity Policy and a Business Continuity Plan that are continuously monitored and updated annually. It is noted that the organization’s IT systems are based in Los Angeles with an offsite backup disaster recovery site in Boston. The organization has no outsourcing arrangements in countries with high exposure to climate-related events.
Market	Near-term & long-term	Evolving client demands and sentiment concerning climate will likely lead to the development of new product offerings and strategies. Investor sentiment may vary according to sector and geography and the regulatory environment in which our investors operate.	These are opportunities to innovate and further develop emissions-focused solutions for our clients. Our partnership approach to client relationships will enable us to demonstrate our resourcefulness across client types and jurisdictions.
Regulatory	Near-term & long-term	Legal and regulatory risks resulting from increasingly stringent climate disclosure and reporting across global jurisdictions could increase costs for the business. Evolving regulation could also impact our product offerings and require us to focus further on delivering custom portfolios to meet client-specific needs. In addition, the increasing divergence of legal and regulatory interpretations of climate assessment across global jurisdictions will require an increase in time and resources.	Payden has the flexibility and entrepreneurial culture to collaborate both internally and with external stakeholders to adapt to change. The organization engages with external advisers and its own internal legal counsel and compliance department in the formulation of compliance protocols designed to meet regulatory requirements.
Reputational	Near-term & long-term	As an organization with a global client base, we see increasingly diverging client views on climate change. We are well-positioned to assist clients in the dissemination of information on climate topics. In addition, as fiduciaries of our clients’ assets, we understand that the money we manage is not ours, but theirs. While engaging with issuers to discuss disclosure of climate-related and decarbonization plans is important to many of our clients, it may not lead to tangibly reaching net zero.	For our separate account clients, we offer customized solutions to meet specific client needs and objectives including those related to decarbonization and net zero.

Summary of Climate-Related Risks and Opportunities Continued:

Risk/Opportunity	Time-frame	Challenge: Identify and Assess	Response: Manage and Integrate
Supply Chain and/or Value Chain	Near-term & long-term	Both our supply chain and/or value chain may be affected by climate-related events such as adverse weather leading to supply disruption and relocation of services. Suppliers may tailor their products for certain market segments that do not address our more global needs, leading us to need to identify and engage with other suppliers, such as in the field of data services.	We actively manage our supplier relationships. We have no material outsourcings and have developed our own in-house bespoke data management systems to cater to the tailored needs of our clients.
Client Offerings	Near-term	The ability to design and customize climate solutions for our clients is an opportunity going forward. There is a spectrum of receptivity towards climate-related initiatives in the investor community. Our role is to provide insight and expertise based on our data-driven approach to tailor client separately managed accounts accordingly. There are risks in offering financial solutions that do not integrate climate-related considerations into the investment process, and by the same token, there are risks in not facilitating clients who wish to disapply climate-related considerations in their mandates should they so desire. Investors may demand non-standard benchmarks, widely varying investment guidelines, and a range of performance objectives and risk tolerances.	For our separate account clients, we offer customized solutions to meet specific client needs and objectives. We have integrated third-party data with our own research processes to devise systematic reference materials permitting our strategy teams to tailor mandates to meet clients’ financial objectives as well as any climate-related factors that they may wish to integrate. This can, and often does, include non-standard benchmarks, widely varying investment guidelines, and a range of performance objectives and risk tolerances. For investors seeking a pooled fund solution, we manage 14 funds designated Article 8 pursuant to SFDR which promote the E/S characteristic of Climate Change Mitigation, and a further 2 funds designated Article 6 of SFDR which do not promote climate-related characteristics. We have integrated client suitability assessments in relation to preferences on climate-related matters into our onboarding processes and our ongoing client reviews.
Research and Development	Near-term	We identify the risks and opportunities with regard to data requirements to assess climate-related risks and opportunities and report on these to our investors as well as to factor these into our own business planning.	We have invested in systems, data acquisition, and personnel in order to integrate climate-related data into our investment processes, where relevant, and into our business strategy planning. We have developed climate-related reporting for our investors.
Acquisitions or Divestments	N/A	Payden has no climate-related acquisition or divestment activity.	
Access to Capital	N/A	Payden has assessed that climate-related risks and opportunities do not impact its access to capital. Payden & Rygel is wholly-owned by employees and has no external investment or loan obligations.	

In response to the evolving climate-related geopolitical agenda, we identified the need to label products appropriately so that investors can make clear choices whatever their preferences and requirements in relation to climate considerations. We have adopted a data-driven approach in our investment offerings.

We provide the choice for our investors by offering separately managed accounts with bespoke use of climate-related factors where required on a tailored basis, as well as offering pooled funds ranging from those that are neutral to climate-related considerations to those which actively promote climate change mitigation characteristics.

SFDR Article 8 Pooled Funds

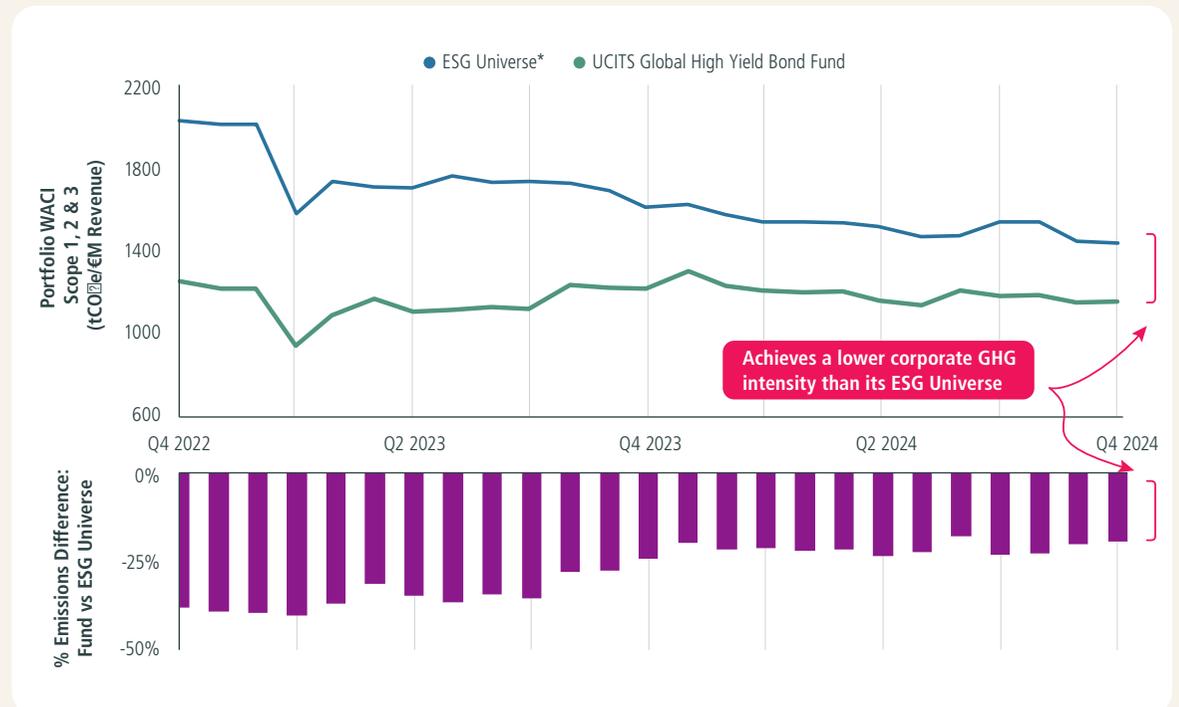
Payden is investment manager to 14 funds designated Article 8 pursuant to SFDR which promote the goal of climate change mitigation through the application of carbon metrics and climate scores.

Each fund has its own promotion target and a tailor-made ESG Universe, designed to be representative of the fund’s allocation over time. Promotion is incorporated into portfolio construction and achieved across varying fixed income sectors:

- Corporates: GHG Intensity (Scope 1, 2, & 3 tCO₂e/€m Revenue)**
 Achieves a lower greenhouse gas intensity of investee companies versus corporate portion of the ESG Universe.
- Sovereigns: GHG Intensity (tCO₂e/€m GDP)**
 Achieves a lower greenhouse gas intensity of investee countries versus sovereign portion of the ESG Universe.
- Securitized: ICE Climate Score**
 Investments in securitized bonds backed by physical properties that face less than average climate risk are used to promote climate change mitigation.

SFDR Article 8 Pooled Funds Promote Climate Change Mitigation

Example: Payden Global High Yield Bond Fund Corporate GHG Intensity



*The ESG Universe is representative of the broad portfolio allocation for the fund
 ESG Universe: ICE BofA Global High Yield BB-B Constrained Bond Index
 Source: Payden, MSCI, BAML as of 31/12/2024

Figure 1.

Payden’s SFDR Article 8 funds further consider climate change mitigation through the application of the ESG Investment Exclusion Policy and mitigation against environmental Principal Adverse Impacts (PAIs).

Climate Change Related Restrictions*

Theme	Description
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- | | |
|----------------------|--|
| Oil & Gas | <ul style="list-style-type: none"> Companies that derive >5% of reported or estimated revenue from arctic oil and/or gas production. Companies that derive >5% of reported or estimated revenue from unconventional oil and gas production; examples include oil shale, shale gas, shale oil, coal seam gas, and coal bed methane. Companies that derive >5% of reported or estimated revenue from oil sands extraction for a set of companies that own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. Companies with disclosed oil sands reserves who derive >5% of reported or estimated revenue from oil sands extraction. |
|----------------------|--|

- | | |
|---------------------|---|
| Thermal Coal | <ul style="list-style-type: none"> Companies that generate >1% of reported or estimated revenue from the mining of thermal coal. For Developed Markets, companies that generate >10% of reported or estimated revenue from thermal coal-based power generation. For Emerging Markets, companies that generate >25% of reported or estimated revenue from thermal coal-based power generation. |
|---------------------|---|

Climate Change Related PAIs

Corporate Holdings

1. GHG emissions	Related to and byproduct of Climate Change Mitigation
2. Carbon footprint	Related to and byproduct of Climate Change Mitigation
3. GHG intensity of investee companies	Climate Mitigation
4. Exposure to companies active in the fossil fuel sector	ESG Investment Exclusion Policy
5. Share of non-renewable energy consumption and production	Targeted Engagement
6. Energy consumption intensity per high impact climate sector	Targeted Engagement
7. Activities negatively affecting biodiversity-sensitive areas	Targeted Engagement
8. Emissions to water	Targeted Engagement
9. Hazardous waste ratio	Targeted Engagement
A1* Investments in companies without carbon emission reduction initiatives	Targeted Engagement

Sovereign Holdings

15. GHG intensity	Climate Change Mitigation
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*Applied through the application of ESG Investment Exclusion Policy

Climate scenario analysis is a tool to better understand how different potential climate and response scenarios may impact the global economy.

Climate Scenario Analysis Overview

The approach uses MSCI aggregated Climate Value at Risk (VaR) analysis, representing MSCI’s overall climate analysis at the issuer level. The Climate VaR represents a forward-looking and returns-based valuation assessment that measures climate-related risks and opportunities under different climate change scenarios. As the analysis is at the issuer level, it aggregates the potential VaR impact on both the equity and debt of a company.

In addition, the analysis combines physical and transition risks. The physical risk component uses a model for evaluating an “average” physical risk outcome based on business interruption and asset damage from extreme weather events. For transition risk, company level costs from emission reduction are calculated through the use of carbon prices on carbon emissions. Profits are calculated by assessing the low-carbon patents and related technology opportunities. Company level Climate VaR is based on the estimated, aggregated costs and profits from physical and transition risks under the NGFS 1.5°C “Net Zero 2050”, NGFS 2.0°C “Below 2.0°C”, and NGFS 3.0°C “NDC” scenarios, respectively. More details are provided on the following page.

Climate VaR metrics are available via client reporting, however we do not recommend clients directly utilize climate scenario analysis in investment decision-making. This is due to a lack of reliable data metrics, the large number of estimates included in the calculations, and long-term time horizons (15-20 years) on forward-looking analysis which is beyond the time horizon for client investment strategies.

	1.5°C Net Zero	2.0°C or Below	3.0°C Hot House World
Scenario	NGFS 1.5°C "Net Zero 2050"	NGFS 2°C "Below 2°C"	NGFS 3°C "NDC"
Description	where climate policies are introduced early and gradually become more stringent over time	where a delayed policy response results in increased climate risks	where a limited climate policy response leads to greater warming and greater climate risks
Climate Value at Risk relative to estimated price return impact on market value	-2.86%	-0.27%	-0.38%

Scenario analysis results relate only to the corporate debt and equity holdings in client portfolios as there are existing and credible methodologies associated with these asset classes.

As the vast majority of our company’s AUM is in fixed income, this analysis uses Climate VaR based on issuer debt.

Source: MSCI, Payden & Rygel Climate VaR metrics based on Payden holdings with data from 31/12/2024 and MSCI Climate VaR analytics as of 31/12/2024 to leverage MSCI’s updated analytics

Our climate-related scenario analysis is outlined in the following pages.



Chosen Scenarios

The scenarios chosen and the analytical results are not intended to be predictions of the future but rather highlight a range of possible outcomes. This analysis is based on current holdings and does not consider actions to mitigate such risks.

Where possible, scenarios are aligned with the Networks for Greening the Financial System (NGFS), representing a network of Central Banks and Supervisors. These organizations voluntarily share practices and contribute to the development of climate and environmental risk management, reporting, and financial modeling into mainstream finance. We chose NGFS scenarios as they represent transition pathways that have become standard for climate stress testing and regulatory reporting, such as those initiated by the Bank of England and the EU Central Bank. In addition, the “Hot House World” scenario incorporates Nationally Determined Contributions (NDCs). These are part of the Paris Agreement and embody efforts by each signatory country to reduce national emissions and adapt to the impacts of climate change. The selected scenarios assume climate policies are introduced early and become gradually more stringent.

Definitions of Risk Categories

Physical Risks

Reflect the risk to corporate issuers associated with long-term changes as weather patterns change and extreme weather events may impact business activities and property. This is a forward-looking risk metric that evaluates exposure to ten climate hazards such as extreme cold, extreme heat, extreme precipitation, heavy snowfall, extreme wind, coastal flooding, fluvial flooding, tropical cyclones, river low flow, and wildfires. It is expressed as a percentage change of a company’s debt value.

Policy Risks

MSCI distinguishes transition risk into a variety of policy risks. The analysis then aggregates the various policy risks into one metric that reflects the risks to corporate issuers associated with economic changes considered required to mitigate long-term temperature rise. This includes company level emission reduction costs calculated through the use of carbon prices. Company level profits are calculated by assessing the low-carbon patents and related technology opportunities. It is expressed as a percentage change of a company’s debt market value.

Technology Opportunities

A subset of transition risk reflects the technological opportunities for corporate issuers. It is expressed as a percentage change from a company’s current valuation.

Scenario Analysis Findings by Sector

Aggregated climate risk at the company level (combining equity and debt Climate VaR) is most severe in applying a 1.5°C scenario. The output shows that Climate VaR generally diminishes as the temperature, the primary factor in the scenarios, increases. Not surprisingly, there is greater downward Climate VaR within sectors more closely tied to the climate transitions, such as Utilities, Energy/Transportation, and Basic Industry.

Debt Climate VaR by Sector for Corporate Holdings Across Scenarios

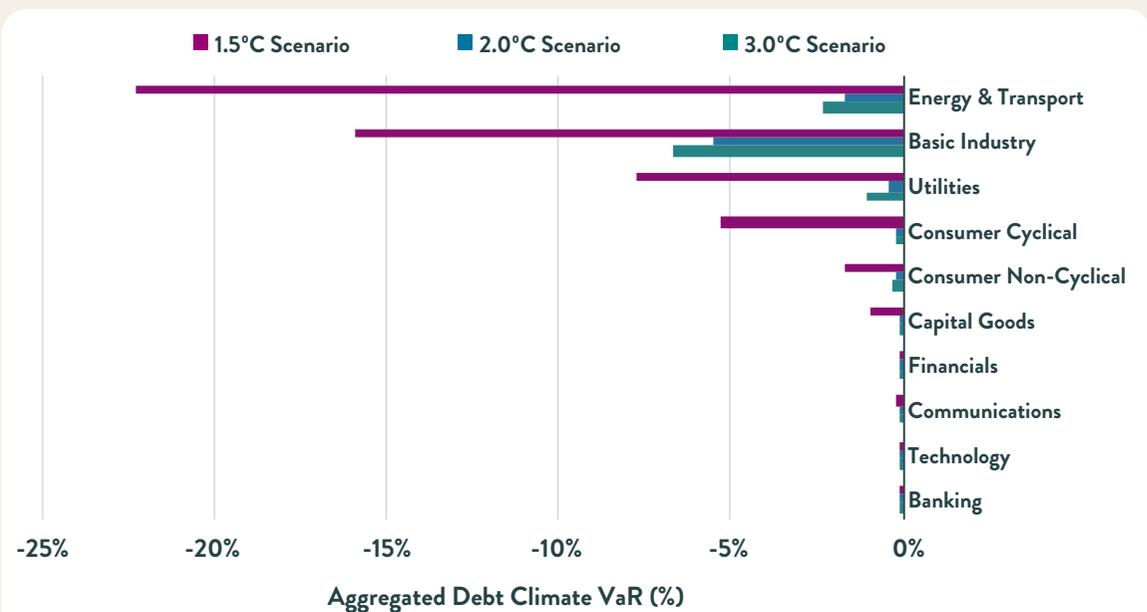


Figure 3.

Debt Climate VaR Risk Type by Corporate Holdings Across Scenarios

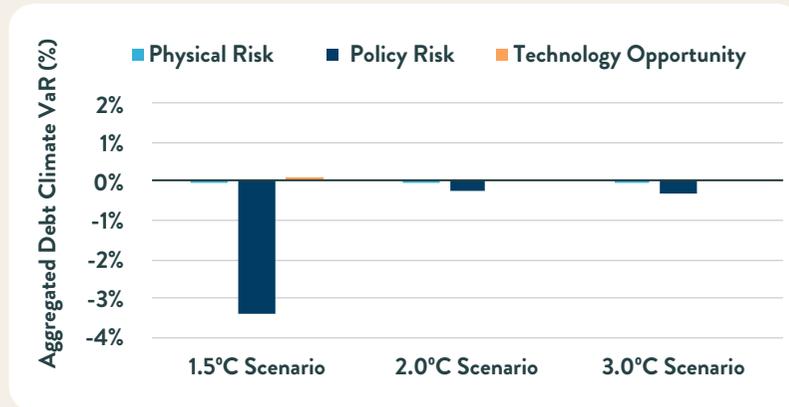


Figure 2.

Physical and Transition Risks by Climate Scenario

The above analysis decomposes the average physical risk, aggregated policy risk, and technology opportunities under the same three potential climate outcomes where world temperatures increase by 1.5°, 2.0°, and 3.0°C. When evaluating different temperature scenarios, the data shows that policy risk is the largest source of risk in an aggressive climate scenario. However, physical risk increases in warmer climate scenarios. The model shows that the speed of policy response across the globe may impact physical climate outcomes in the future.

Source: MSCI, Payden & Rygel
Climate VaR metrics based on Payden debt and equity holdings with data from 31/12/2024 and MSCI Climate VaR analytics as of 31/12/2024 to leverage MSCI's updated analytics

Physical Risk and Transition Risk Exposures

Using Climate VaR data, transition risk significantly outweighs physical risk across corporate sectors. While transition risk is the most severe in a 1.5°C scenario, client assets are still subject to physical risk in the models. The aggregated client portfolios at Payden are more heavily weighted toward sectors with fewer transition and physical risks. Companies in sectors such as Banking, Technology, and Financials are frequent issuers in parts of the bond market where we invest. According to the climate models, even with physical risk being relatively lower, these sectors are also subject to less transition risk than other sectors. The Payden Client Portfolio AUM Exposure is a function of the corporate debt and equity holdings across client portfolios. In Figure 4 the size of the bubble is a function of the amount of the total AUM held in each sector. The AUM is represented across climate scenarios, irrespective of the underlying securities having transition or physical risk coverage by MSCI. The size and scope of the climate risks of the corporate debt and equity holdings of client portfolios inform our risk management processes in portfolios where clients have requested that we do so.

AUM Across Debt Climate VaR by Sector for Corporate Holdings in a 1.5°C Scenario

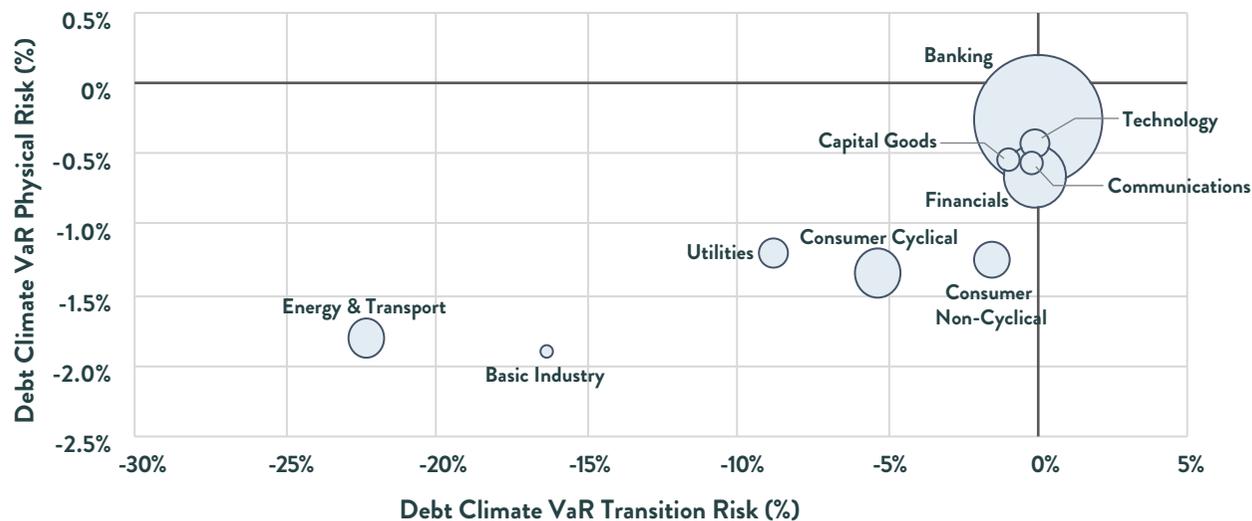
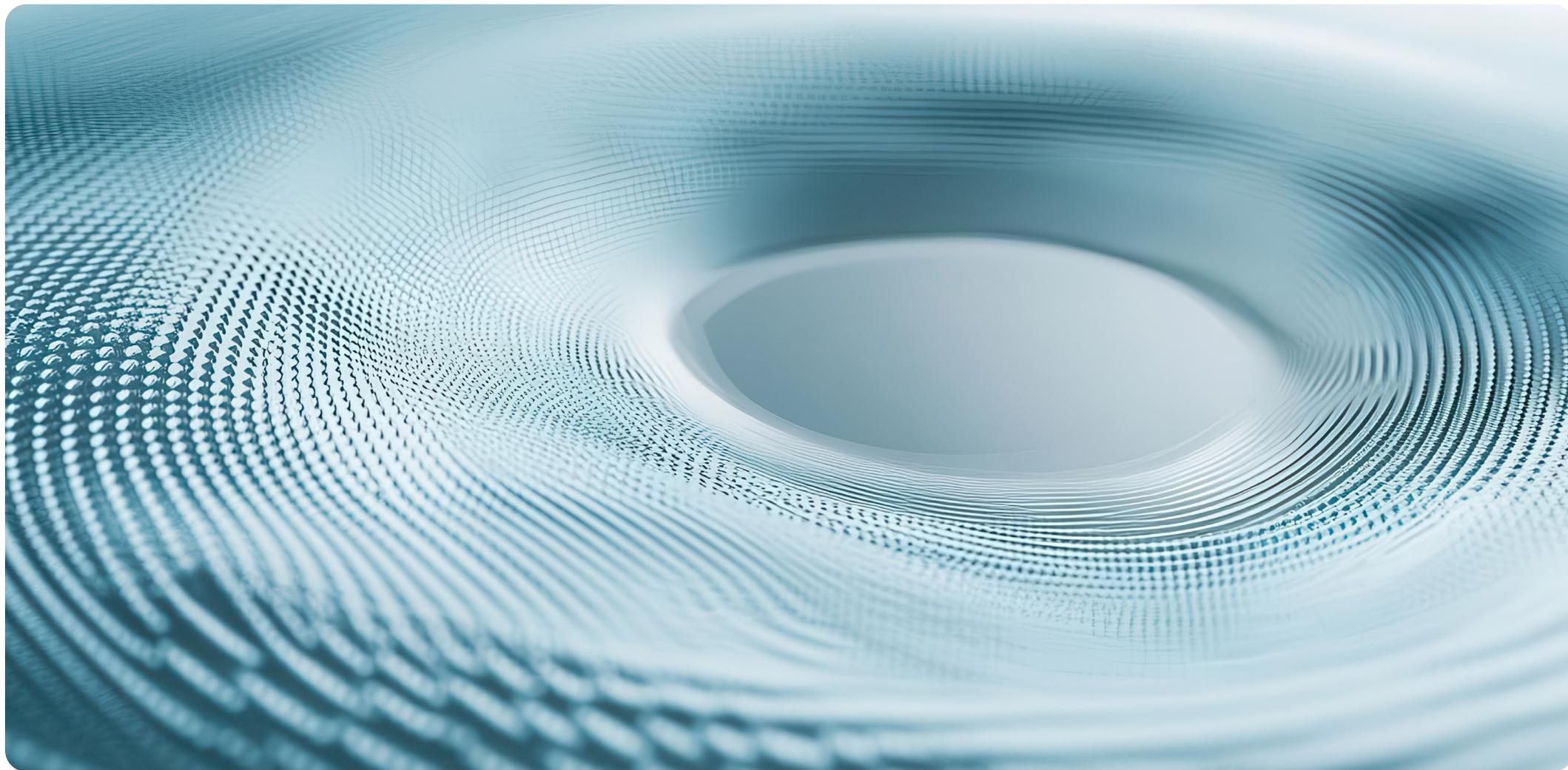


Figure 4.

Source: MSCI, Payden & Rygel
 Climate VaR metrics based on Payden debt and equity holdings with data from 31/12/2024 and MSCI Climate VaR analytics as of 31/12/2024 to leverage MSCI's updated analytics

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

The Business Continuity Plan (the Plan) addresses climate-related risks. It was developed and is monitored by our Business Continuity Committee. The Committee consists of senior managers, including the heads of the trading, portfolio and fund operations, trading operations, compliance, and information technology departments. The Committee meets regularly to discuss any necessary updates to the Plan and coordinates ongoing tests of the backup data center location by a team of employees from various departments. The Committee also solicits feedback from personnel based on the ongoing tests and promptly adjusts the Plan and the backup office resources, as necessary. A summary of the plan is available on our [website](#).



Identification of Climate Risks

For clients targeting climate goals in their portfolios, we customize portfolio solutions to meet their needs. Proprietary ESG Frameworks, driven by third-party data, provide the analysis to assess various climate metrics, including physical and transition risks and the ability to customize separately managed accounts to client decarbonization targets.

The cornerstone of our investment philosophy is that active management combined with a robust risk management process enhances portfolio returns. Portfolios are managed with an emphasis on risk control that is consistent with clients' overall objectives and investment guidelines.

Centralized Risk Management

The centralized investment Risk Management Team is independent of the investment management teams. The Risk Management Team members are investment professionals who work in conjunction with the Compliance Group in monitoring firm-wide risk parameters established by the Risk Management Team and the IPC. The team meets formally twice weekly, and more often as needed.

Management Of Climate Risks

The IPC is responsible for firm-wide strategy oversight and investment risk management, ensuring that investment strategies are behaving in a manner consistent with client expectations. The IPC monitors the impact of ESG considerations and regulations such as SFDR on strategies. To aid the monitoring of potential ESG risk, the IPC receives a quarterly report which highlights ESG factors for issuers considered outliers on ESG metrics.



Portfolio Monitoring

Payden’s information technology group develops and manages in-house systems. Single Account Monitor (SAM): SAM is used across strategy teams to manage customized ESG criteria in client portfolios. It combines ESG data with financial metrics to provide a detailed view of portfolio and benchmark exposures across many dimensions. The data is updated daily for analytics and analysis, and data is displayed relative to a benchmark or ESG universe. SAM also includes tools to aid in pre-trade compliance relevant to SFDR Article 8 funds.

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

The ESG Committee is responsible for oversight of the implementation of our SFDR ESG policies working in conjunction with investment research and strategy teams. 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 our range of SFDR Article 8 funds. The Managing Committee reviews and updates the ESG policies at least annually and periodically, as appropriate, upon the advice of the ESG Committee and Compliance Group.

In addition, ESG Committee members act as a key resource in the development of ESG Portfolio Frameworks. These are driven by third-party data 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 relate to ESG initiatives, and client requests.

Sample Climate Metrics	
Corporate Emissions Scope 1 & 2	Corporate Emissions Scope 1, 2, & 3
Revenue Exposure to Thermal Coal	Revenue Exposure to Fossil Fuels
Climate Value at Risk: 1.5° Scenarios	Climate Value at Risk: 3.0° Scenarios
Physical Risks	Transition Risk
Sovereign Emissions per unit of GDP	Securitized Climate Score (US RMBS and US CMBS)

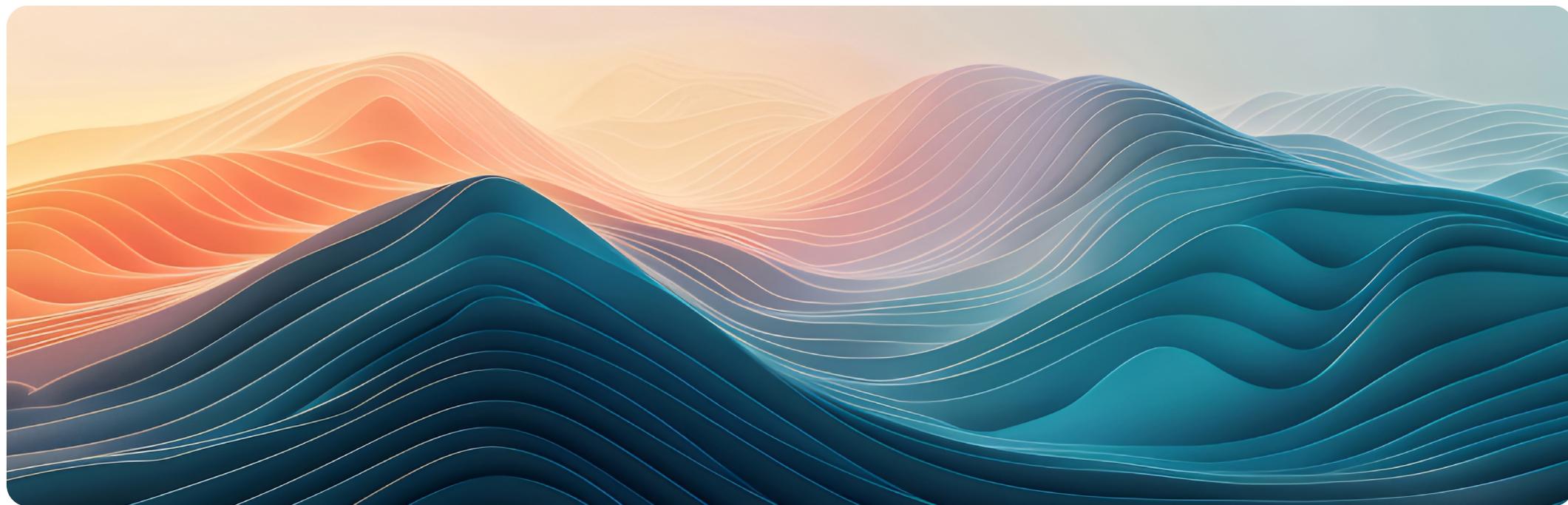
Determining Engagement Priorities under SFDR

Targeted Engagements focus on specific themes related to ESG initiatives we believe can support long-term value creation/protection and/or reflect the values of those on whose behalf we invest. We utilize several methods for conducting targeted engagements. 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.

Payden's ESG Committee (the "ESG Committee") is responsible for determining the priorities for Targeted Engagement themes. The ESG Committee seeks to ensure the efficient utilization of resources to align with region-specific ESG engagement requirements and client-specific requests. The determination of relevant factors for targeted engagements will vary by asset class as they may be driven by a combination of inputs. Payden is selective in its engagement activity.

Examples of the targeted engagement regarding climate topics may include:

- **Climate Change Mitigation:** Climate change presents a long-term systemic risk and Payden engages with issuers via targeted topics related to climate change in line with the goals of the Paris Agreement¹.
- **SFDR Principal Adverse Impacts:** Payden seeks to manage the risks connected with potential adverse impacts from fundi investments in various ways, including engagement. More information can be found at www.payden.com/SFDRPolicies/ESG_PAI_Statement.pdf.



¹ The Paris Agreement | United Nations includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change, and calls on countries to strengthen their commitments over time:

Client Portfolio Carbon Profile

In accordance with the TCFD guidelines, we use third-party-provided data to calculate emissions in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard). We recognize that numerous climate metrics are available and provide different lenses on the carbon profile of our client portfolios. As a manager focused on customized separate accounts, we manage portfolios for a wide range of clients, each thinking about carbon in different ways. We have many clients with mandates focused on achieving a lower WACI number than a representative universe for their portfolios, but we also provide client reporting and base our engagement on other metrics, such as ITR. We have been evolving our standard client reporting based on developments with SFDR for our Article 8 pooled funds and client requests for our customized separate accounts. We will continue to explore new and improved options for optimizing client portfolios to lower carbon metrics based on client needs.

Metrics	Scope	2023	2024	Measurement
Total Carbon Emissions	Scope 1 & 2	2.8	3.3	MtCO ₂ e
Total Carbon Emissions	Scope 3	16.2	19.0	MtCO ₂ e
Total Carbon Emissions	Scope 1, 2 & 3	18.9	22.3	MtCO ₂ e
Carbon Footprint	Scope 1 & 2	51.5	62.2	tCO ₂ e/\$M invested
Weighted Average Carbon Intensity (WACI)	Scope 1 & 2	222.3	188.8	tCO ₂ e/\$M revenue
Implied Temperature Rise (ITR)	Scope 1, 2 & 3	2.5	2.5	°Celsius

Summary	Calculation
Total Carbon Emissions Emissions of a portfolio's investments	$\text{MtCO}_2\text{e} = \sum \left(\frac{\text{Value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's emissions} \right)$
Carbon Footprint Portfolio emissions normalized by the amount invested across the capital structure	$\text{tCO}_2\text{e}/\$M \text{ invested} = \frac{\sum \left(\frac{\text{Value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's emissions} \right)}{\text{Portfolio Value}}$
Weighted Average Carbon Intensity (WACI) Portfolio emissions normalized across companies of different sizes	$\text{tCO}_2\text{e}/\$M \text{ revenue} = \sum \left(\frac{\text{Value of investment}}{\text{Portfolio Value}} \times \frac{\text{Issuer's emissions}}{\text{Issuer's revenue}} \right)$

Implied Temperature Rise Breakdown

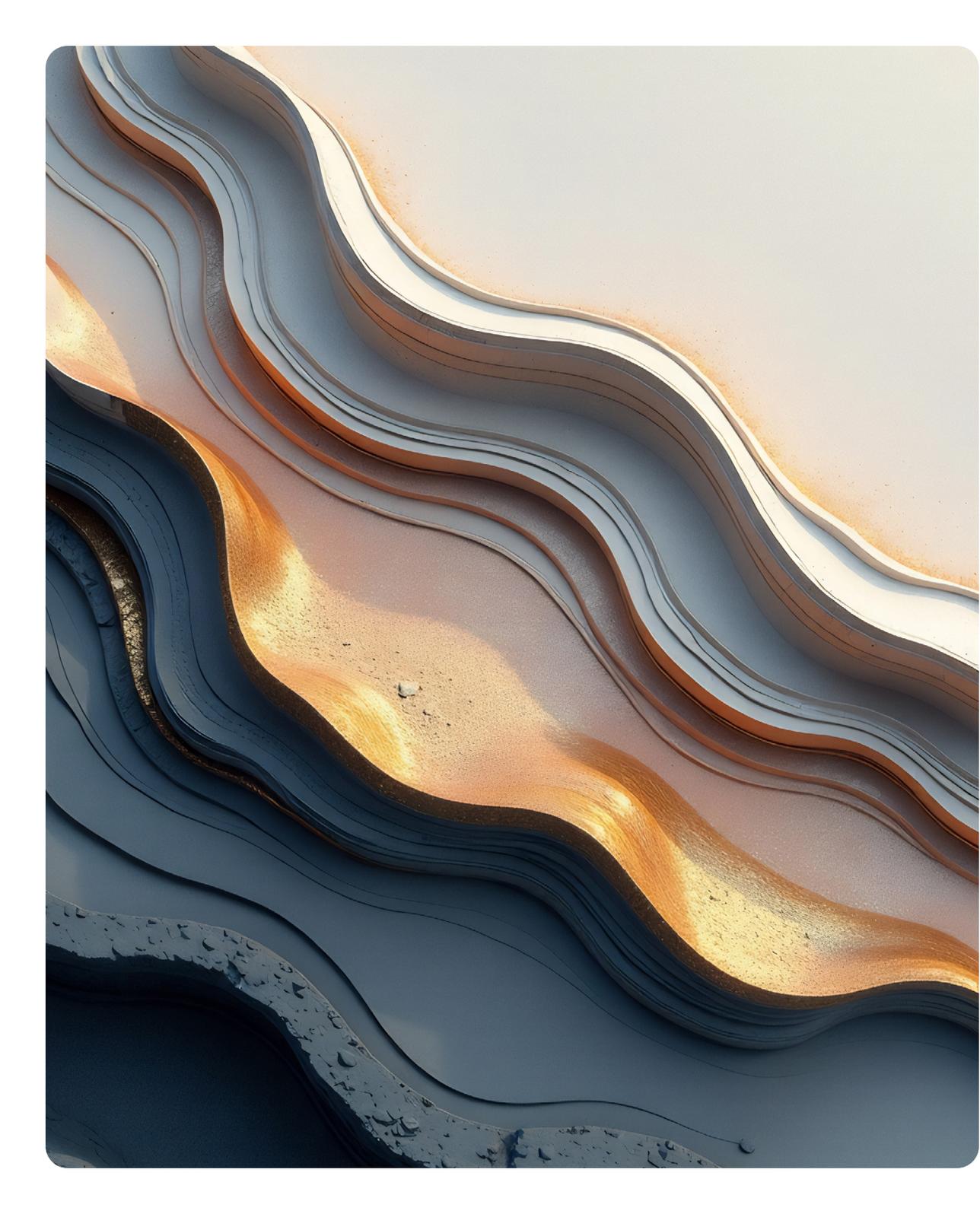
Implied Temperature Rise (degrees Celsius (°C)): Measures the implied temperature rise (in the year 2100 or later) if the whole economy had the same over-/undershoot level of greenhouse gas emissions to the company analyzed, based on its most recent Scope 1, 2 and 3 projected emissions.

Scope 1 Emissions (MtCO₂e): Measurement of the most recently reported or estimated Scope 1 greenhouse gas emissions (GHG) for companies, where available. Scope 1 emissions are from sources owned or controlled by the company.

Scope 2 Emissions (MtCO₂e): Measurement of the most recently reported or estimated Scope 2 greenhouse gas emissions (GHG) for companies, where available. Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Scope 3 Emission (MtCO₂e): Measures emissions beyond Scope 1 & 2 that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.

<p>Carbon Footprint (tCO₂e/\$M invested)</p>	<p>Portfolio emissions of corporate security and equity security holdings normalized by the amount invested across the capital structure by using EVIC as the normalization measure.</p>	<p>Paris Agreement</p>	<p>The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016. Its overarching goal is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above preindustrial levels”. Further information can be found on the UN website.</p>	<p>Scope 1 Emissions (MtCO₂e)</p>	<p>Measurement of the most recently reported or estimated Scope 1 greenhouse gas emissions (GHG) for companies, where available. Scope 1 emissions are from sources owned or controlled by the company.</p>
<p>Climate Value at Risk (VaR)</p>	<p>Represents a forward-looking and returns-based valuation assessment that measures climate-related risks and opportunities under climate change scenarios.</p>	<p>Physical Climate Risk</p>	<p>Reflect the risk to corporate issuers associated with long-term changes as weather patterns change and extreme weather events may impact business activities and property. This is a forward-looking risk metric that evaluates exposure to ten climate hazards such as extreme cold, extreme heat, extreme precipitation, heavy snowfall, extreme wind, coastal flooding, fluvial flooding, tropical cyclones, river low flow, and wildfires. It is expressed as a percentage change from a company’s current valuation.</p>	<p>Scope 2 Emissions (MtCO₂e)</p>	<p>Measurement of the most recently reported or estimated Scope 2 greenhouse gas emissions (GHG) for companies, where available. Scope 2 emissions are those caused by the generation of electricity purchased by the company.</p>
<p>Greenhouse Gas Emissions (GHG)</p>	<p>The six greenhouse gas types considered under Kyoto Protocol. These comprise carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride.</p>	<p>Revenue</p>	<p>The value of all sales of goods and services recognized by a company in a period. Also known as a company’s sales.</p>	<p>Scope 3 Emission (MtCO₂e)</p>	<p>Measures emissions beyond Scope 1 & 2 and that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.</p>
<p>Enterprise Value Including Cash (EVIC)</p>	<p>It is an alternative measure to Enterprise Value (EV) to value a company by adding cash and cash equivalents to EV. Enterprise value is calculated as total company value (market capitalization of the company, preferred equity, minority interest, total debt) minus cash and cash equivalents. i.e. EVIC = Market capitalization at fiscal year-end date + preferred stock + minority interest + total debt.</p>	<p>Scenario Analysis</p>	<p>The process of estimating the expected value of a portfolio after manipulating a number of key variables. Science Based Targets initiative (SBTi) Companies that have one or more active carbon emissions reduction target/s approved by the Science Based Targets initiative (SBTi). Further information can be found through the SBTi website.</p>	<p>Total Carbon Emissions (MtCO₂e)</p>	<p>Emissions of a portfolio’s corporate and equity investments.</p>
<p>Implied Temperature Rise (ITR)</p>	<p>Implied temperature rise (in the year 2100 or later), calculating the over-/undershoot level of greenhouse gas emissions to the company analyzed, based on its most recent Scope 1, 2, and 3 projected emissions. Measured in degrees Celsius.</p>	<p>Transition Climate Risk</p>	<p>Many transition risks and opportunities are possible; this analysis specifically evaluates policy risks and opportunities via technology.</p>	<p>Weighted Average Carbon Intensity – WACI (tCO₂e/\$M revenue)</p>	<p>Portfolio emissions for corporate and equity holdings, normalized across companies of different sizes. Revenue is used as the normalization measure.</p>



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