

A blue candlestick chart is positioned in the upper right quadrant of the image, showing an overall upward trend. The background is a dark blue gradient with a subtle grid of dots and lines.

**DYNAMIC**  
**[LIVE]**  
FOCUS SERIES

**FIXED INCOME  
IN FOCUS**



# Dynamic Global Fixed Income Fund

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# Why This Time Is Different



## Current Environment

- **Wage and Income Driven Cycle**

- **Stable Nominal Wages**
- **Rising Real Wages**

- **Household and Corporate Balance Sheets**

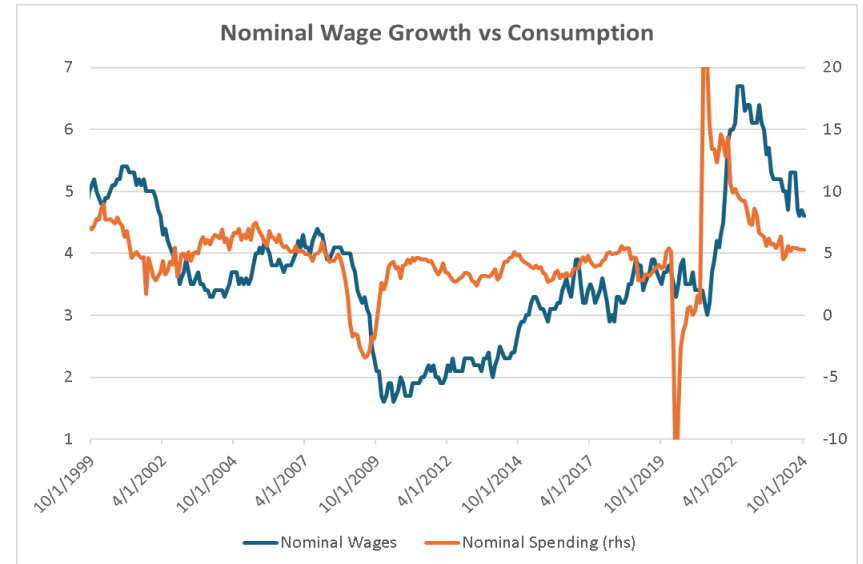
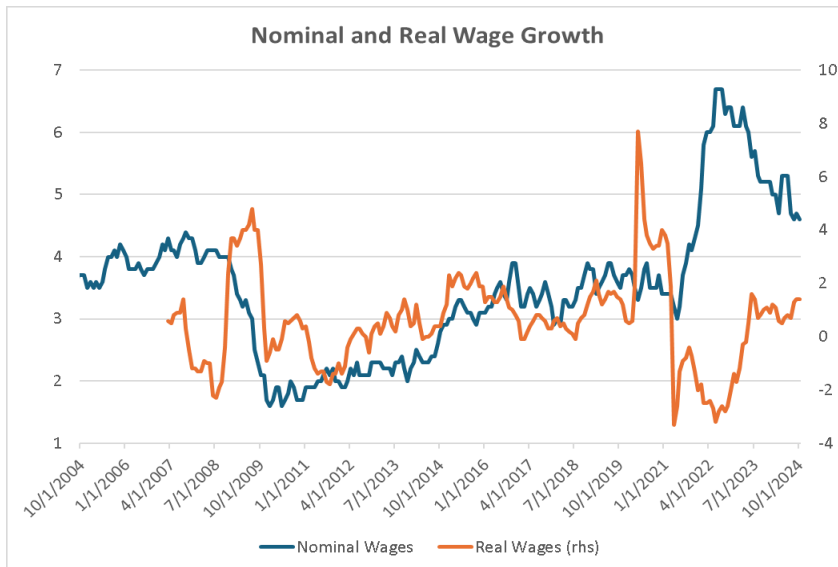
- **Less Rate Sensitivity**
- **Ability to Lever-Up**

- **Labor Force Structure**

- **Prime Working Age Cohort**
- **Impact of Immigration**

# Income Driving Consumption and Growth

Nominal Wages are Elevated and Real Wages are Rising, Boosting Consumption



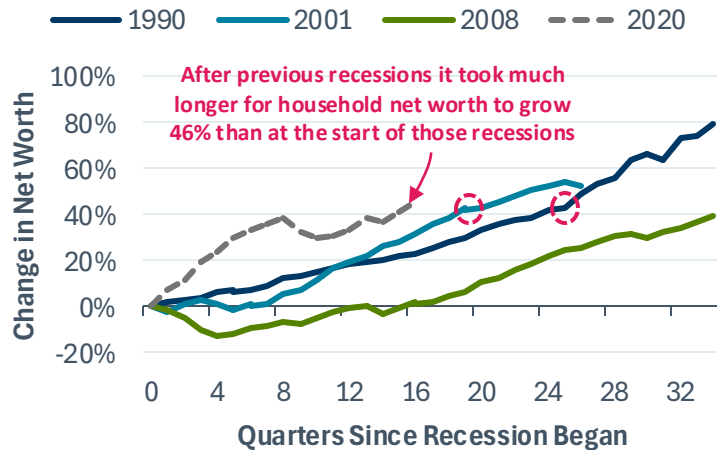
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics  
Nominal Spending is YoY % Change in US Nominal Personal Consumption Expenditures (PCE)

# Net Worth Has Risen Substantially

## Significant Divergence Post Covid Relative to Prior Recessions

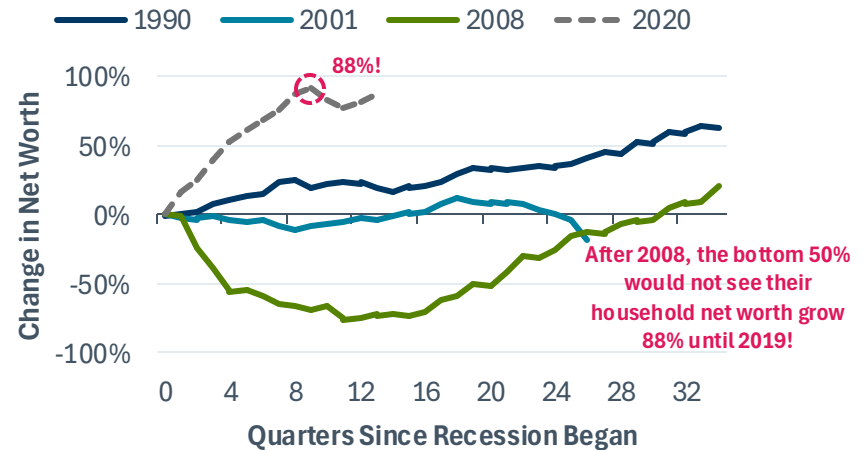
Change In U.S. Household Net Worth – All Households

Indexed to the Start of Each Recession



Change In U.S. Household Net Worth – Bottom 50%

Indexed to the Start of Each Recession



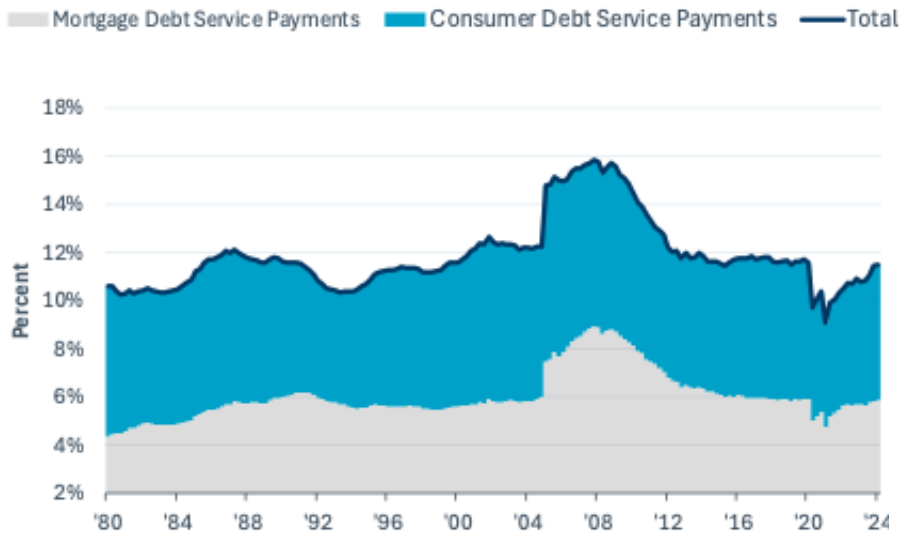
Sources: Federal Reserve, Payden Calculations

# Households Are Less rate Sensitive Versus Prior Cycles

## Consumer and Mortgage Debt Service Costs Are Contained

### Total Required Household Debt Payments

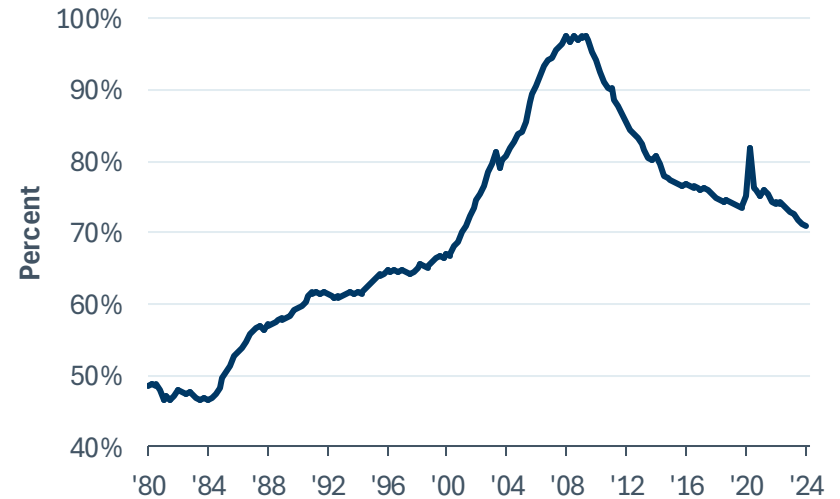
As A Share Of Disposable Income



Sources: Federal Reserve, Bureau of Economic Analysis, Bloomberg

### Household Debt

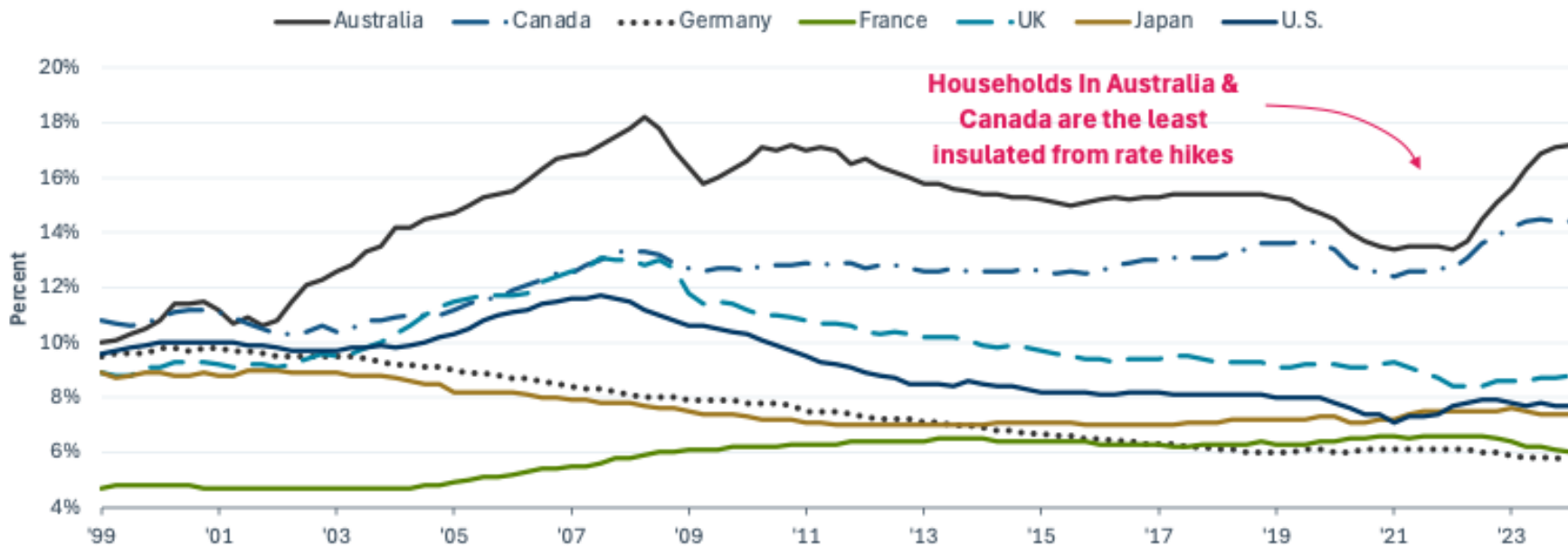
As A Share of Nominal GDP



# Borrowing Capacity Is Elevated

## Households Across Most Developed Countries Can Increase Leverage

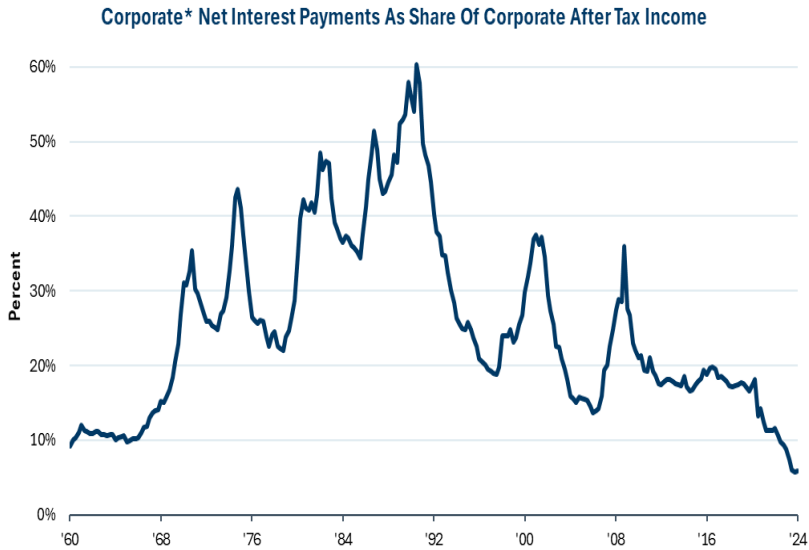
**Household Debt Service Cost As A Percent Of Disposable Income In Select Developed Markets**  
For All Households And Non-Profits



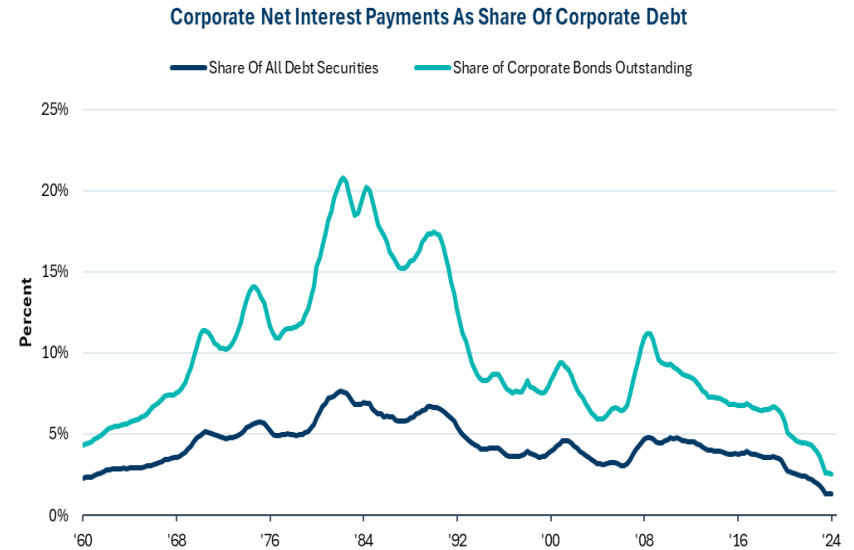
Source: BIS

# Corporates Are Also Far Less Rate Sensitive

## Non-Financial Corporate Profits Have Increase More Than Debt Service Costs



Source: Bureau of Economic Analysis, Federal Reserve



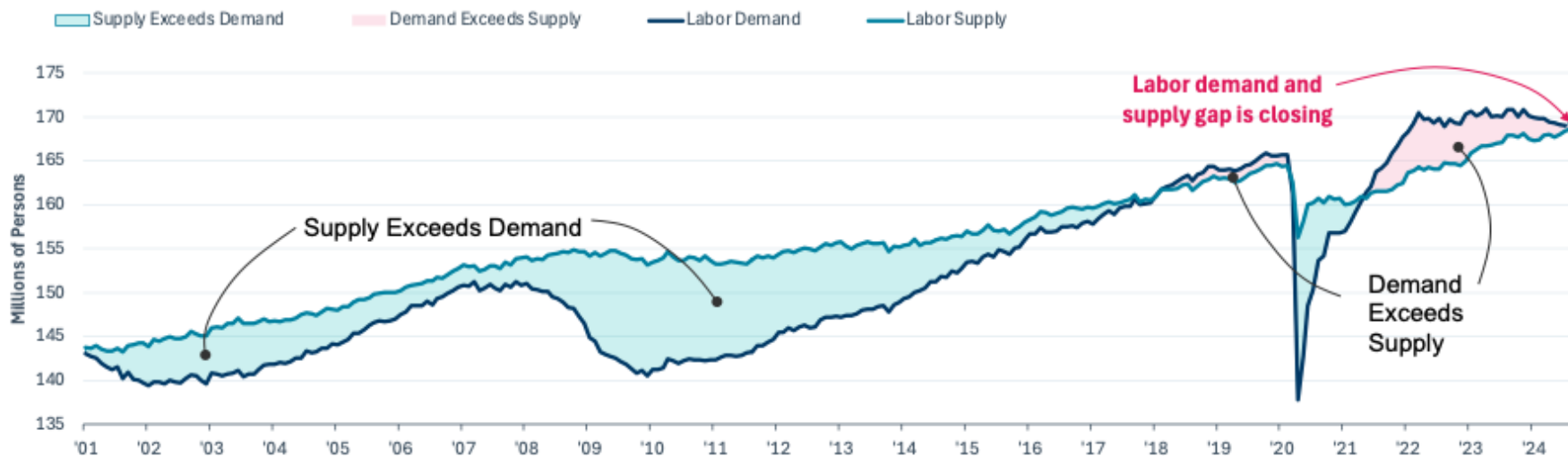
Source: Bureau of Economic Analysis, Federal Reserve

# The U.S. Labor Market Has Normalized From Secular Tights

## Supply and Demand has Come Into Better Balance

### Comparison of Labor Supply and Demand

Labor Demand = Total Employed + Job Openings; Labor Supply = Workers in the Labor Force



Sources: Bureau of Labor Statistics, Payden Calculations

# Prime Age Employment Remains At Cycle Highs

Excluding the Impact of Rising Labor Force, U.S. Labor Market is Close to Full Employment

## Employment-To-Population Ratio

For Prime Age Workers (24 To 54 Years Old)



Healthy wage growth and record employment rates among prime-age workers hitting 20-year highs suggesting the labor market is doing alright

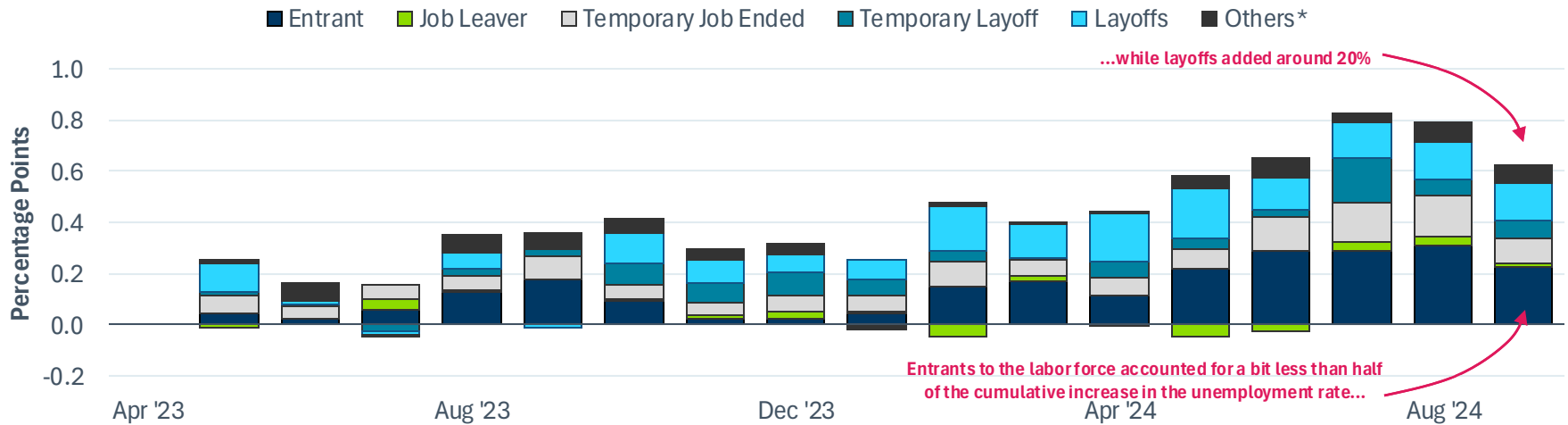
Source: Bureau of Labor Statistics

# Unemployment Has Risen, But Mostly Due To New Entrants

## Growing Labor Force Participation Suggests Worker Optimism

### Cumulative Contribution To Percentage Change In Unemployment Rate

Since Cycle-Low In April 2023



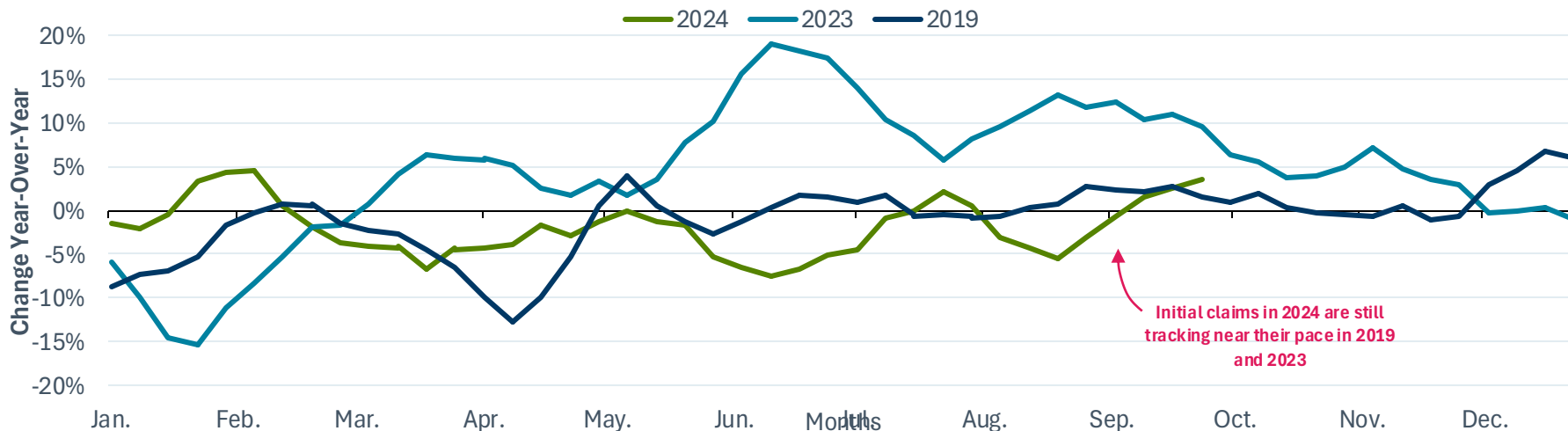
Sources: Bureau of Labor Statistics, Payden Calculations

# Initial Jobless Claims Have Been Largely Stable

## Current Jobless Claims Level Remains Well Below the Pre-Pandemic Average

### Weekly U.S. Initial Jobless Claims

Tracks The Weekly Initial Filings For Unemployment Benefits, The Best Proxy For Layoff Activities



Initial claims in 2024 are still tracking near their pace in 2019 and 2023

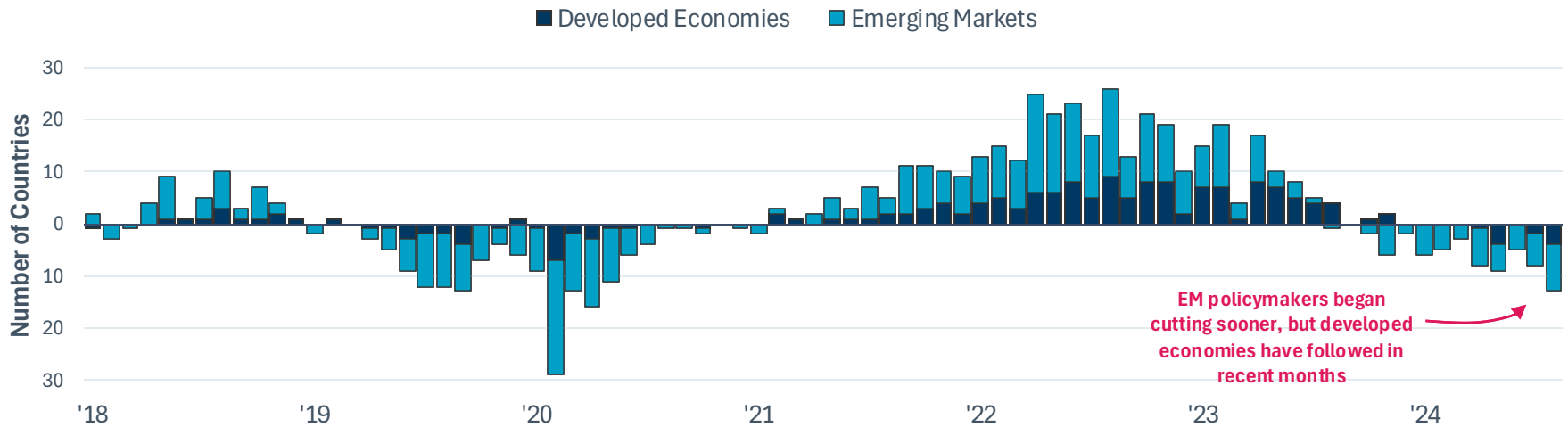
Source: U.S. Department of Labor

# Central Banks Are Largely Easing

## Both Emerging and Developed market Central Banks Have Initiated Rate Cuts

### Number Of Central Banks Hiking Minus Easing

Developed Economies Versus Emerging Markets



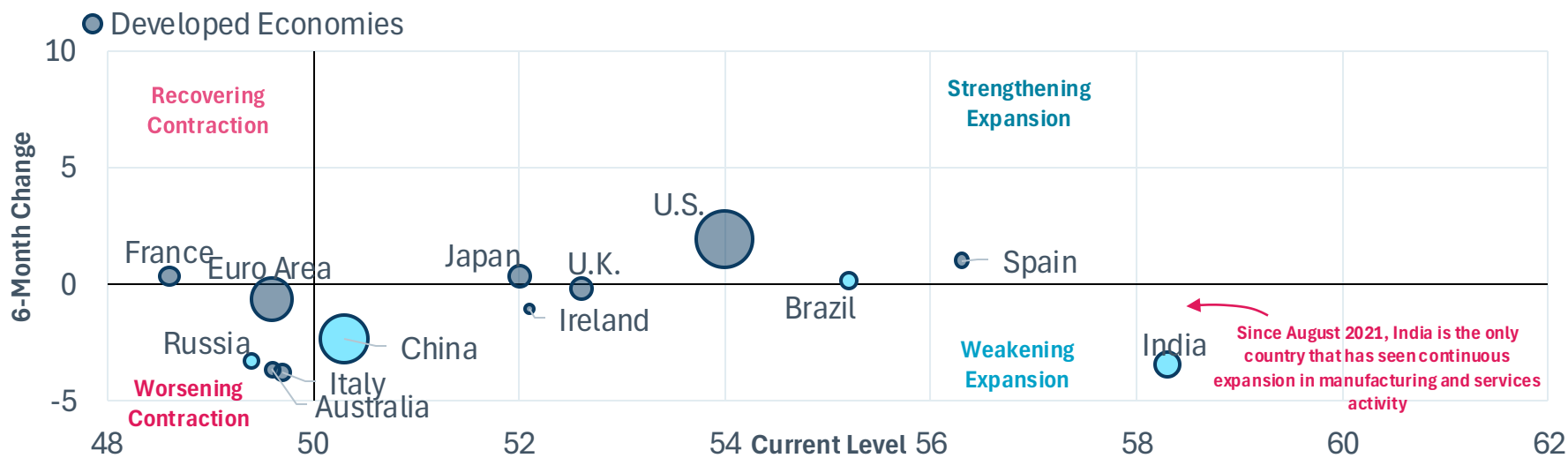
Source: BIS, Bloomberg

# Global Growth Remains In Expansionary Territory

## India Leads the Pickup in Emerging Market Activity

### Number Of Central Banks Hiking Minus Easing

Current Level Versus 6-Month Change For Major Global Economies\*



Source: S&P Global

\*Size of each point is scaled based on the share of nominal global GDP in U.S. dollars



# Dynamic Global Fixed Income Fund



# Environment

**The combination of limited interest rate duration and moderate price risk in credit is optimal given market pricing and positioning relative to our macro view.**

## Interest Rates

- Cautious on directional risk given accommodative monetary policy amidst solid economic backdrop and animal spirits associated with US election outcome.
- Expressing a steepening bias in the US as the front-end is cheap to Fed reaction function and the long-end is the release valve to overly easy policy relative to economic trajectory.

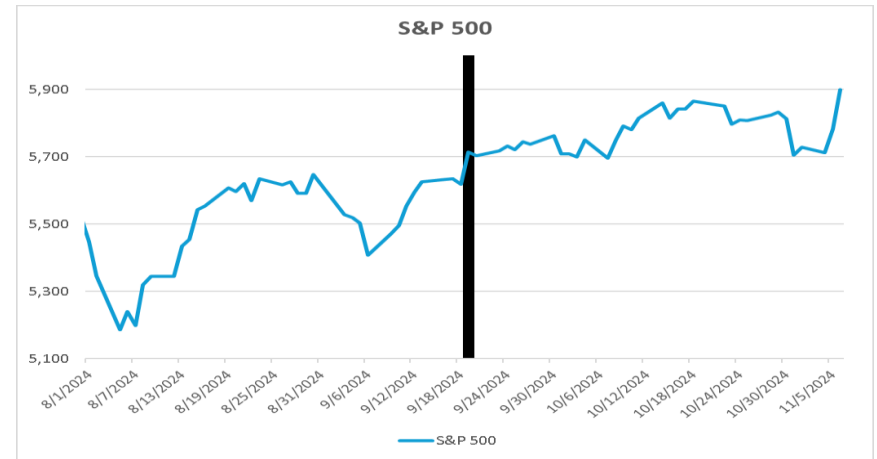
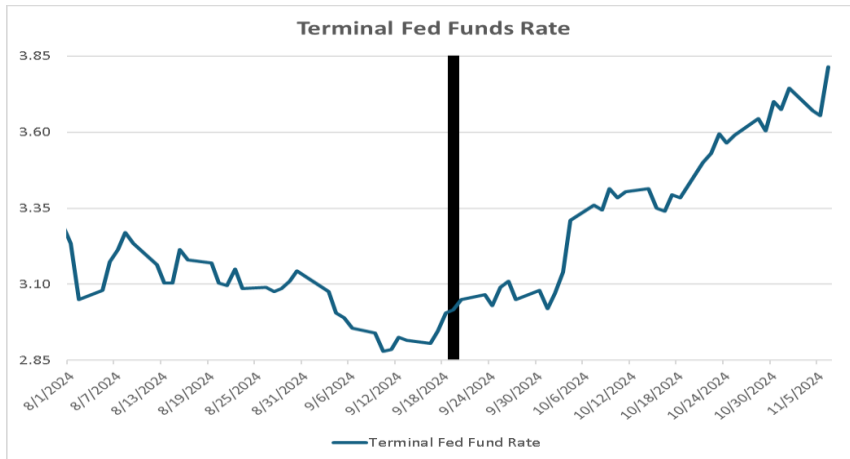
## Credit Risk

- Moderately constructive despite valuations that are tight by historic standards.
- Consumer facing areas should benefit from positive economic trajectory plus US election outcome. Emerging Market debt can continue to do well if global growth remains durable.
- Trajectory of Fund credit risk will be highly dependent on Fed reaction function

# Interest Rates Versus Risk Assets

## Divergence Post Fed Easing

- Interest rates and risk assets performed directionally similar prior to Fed cuts but have diverged meaningfully since.
- We believe this is primarily a result of stronger than expected US economic data post Fed cuts relative to a recession-type cutting cycle priced-in pre-cuts.

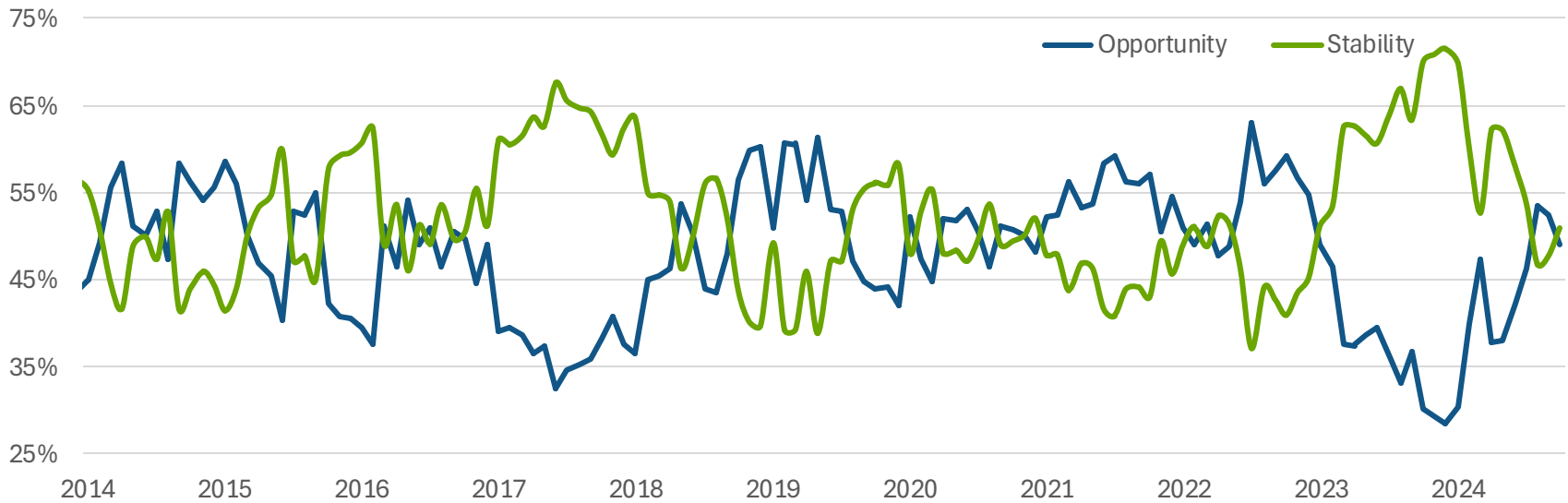


Source: Bloomberg

# Evolution of Credit Risk

## Macro Environment & Valuation Dependent

### Strategy Allocation Shifts Over Time



Source: Payden & Rygel. Data as of 13 November 2024.

# Dynamic Global Fixed Income Fund

**Distributions**

Monthly, Variable

## Fund Codes

Series	FE	Series	No Load
A	3595	F	3596
H	3599	FH	3600
		I	3597
		ETF	<b>DXBG</b>



## Important information

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