



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><b>Reason for interaction</b></p> <p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p> <p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider engagements</p> <p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice</p> <p><input type="checkbox"/> Other: specify</p>	

# RI TRANSPARENCY REPORT

## 2017

Payden & Rygel

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚠	n/a							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Private							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Private							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Private	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	✓	Private	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	✓	Private	✓						
FI 18	Engagement overview and coverage	✓	Private		✓					
FI 19	Engagement method	✓	Private	✓	✓					
FI 20	Engagement policy disclosure	✓	Private	✓	✓					
FI 21	Financial/ESG performance	✓	Private							✓
FI 22	Examples - ESG incorporation or engagement	✓	Private	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI End	Module confirmation page	✓	-							

# Payden & Rygel

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

- Fund of funds, manager of managers, sub-advised products
- Other, specify
- Execution and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

177

OO 03

Mandatory

Public

Descriptive

General

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Public

Gateway/Peering

General

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2016

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		106	000	000	000
Currency	USD				
Assets in USD		106	000	000	000

**OO 06**

**Mandatory**

**Public**

**Descriptive**

**General**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**OO 06.1** How you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	0
Fixed income	>50%	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0



Other (1), specify	0	0
Other (2), specify	0	0

**OO 06.2** Publish our asset class mix as per attached image [Optional].

<b>OO 09</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Peering</b>	<b>General</b>
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**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

**Gateway asset class implementation indicators**

<b>OO 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**OO 10.1** Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

**OO 10.2** Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG factors via our staff, collaborations or service providers
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

**OO 10.3** Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11	Mandatory	Public	Gateway	General
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**OO 11.1** Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Fixed income – securitised
- None of the above

Payden & Rygel

Reported Information

Public version

Strategy and Governance

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

other (1) description

SASB Standards

- Other, specify (2)
- Other, specify (3)
- None of the above
- No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

	URL/Attachment
--	----------------

URL

	URL
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[https://payden.com/documents/payden\\_esg.pdf](https://payden.com/documents/payden_esg.pdf)

Attachment (will be made public)

Formalised guidelines on environmental factors

	URL/Attachment
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URL

	URL
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[https://payden.com/documents/payden\\_esg.pdf](https://payden.com/documents/payden_esg.pdf)

Attachment (will be made public)

Formalised guidelines on social factors

	URL/Attachment
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URL

	URL
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[https://payden.com/documents/payden\\_esg.pdf](https://payden.com/documents/payden_esg.pdf)

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

[https://payden.com/documents/payden\\_esg.pdf](https://payden.com/documents/payden_esg.pdf)

Attachment (will be made public)

- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy
- (Proxy) voting policy
- We do not publicly disclose our investment policy documents

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Preserving the trust of our clients is a matter of singular importance to the management of Payden & Rygel. To this end, we wish to avoid apparent and actual conflicts of interest. Our internal controls involve a combination of oversight by the managing principals of the firm, state-of-the-art software, and separation of duties.

The firm's Code of Ethics provides policies and procedures dealing specifically with conflicts of interests surrounding investment management practices, such as insider trading, personal securities transactions, and other conflicts of interest related to the investment management process. The firm's Compliance Group plays an integral part in monitoring employee compliance to 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 at the Annual Compliance Review that all employees are required to attend, and more frequently if necessary, 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.

No

**Objectives and strategies**

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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**SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

## Governance and human resources

**SG 07****Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

### Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

<b>SG 07.2</b>	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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The Investment Policy Committee, consisting of the most senior investment officers of the firm including the CEO, provides the overarching ESG framework for research and strategy implementation conducted by analysts and portfolio managers. Operating under the guidance of the Investment Policy Committee, the various research groups apply ESG factors into their analysis based on established firm criteria and client guidelines. Implementation is overseen by each strategy group and multiple compliance checks are performed prior to the inclusion of any security into a client portfolio. Furthermore, additional compliance reviews are conducted post-trade and on an ongoing basis to ensure adherence to guidelines. If violations of investment guidelines occur, they are ultimately reported to the Investment Policy Committee.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
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Number
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1

<b>SG 07.4</b>	Additional information. [Optional]
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Payden & Rygel has an ESG committee consisting of members from various key areas of the firm including the: investment policy, global research, investment strategy, and economics groups. This structure has served us best and allows for critical input of ESG factors throughout our investment process from multiple perspectives.

## Promoting responsible investment

<b>SG 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 09.1</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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**Select all that apply**

Principles for Responsible Investment



Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
US SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

**Implementation not in other modules**

SG 12	Mandatory	Public	Descriptive	PRI 1
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1**

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**SG 12.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
  - Allocation between asset classes
  - Determining fixed income duration
  - Allocation of assets between geographic markets
  - Sector weightings
  - Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 15****Mandatory****Public****Descriptive****General****SG 15.1**

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	<p>Our ESG process is applied in the same manner regardless if we are managing equity or fixed income investments. As a firm, we embed ESG considerations in all aspects of our investment process. Whether in the sovereign, quasi-sovereign, or corporate research process, evaluating environmental, social and governance issues is part of sound fundamental analysis. In particular, we often use the Sustainable Accounting Standards Board's (SASB) "industry standards" as a touchstone for organizing our ESG thinking at the issuer level.</p> <p>Our ESG committee continually works with our executive committee, investment policy committee, our strategists, portfolio managers, analysts and compliance team in our efforts to integrate ESG at all levels of the investment process. Our analysts and portfolio managers consider ESG issues whenever they depend on or undertake fundamental analysis. In particular for equities, we focus on factors such as:</p> <ul style="list-style-type: none"> <li>• Transparency of management</li> <li>• Board independence</li> <li>• Executive compensation</li> <li>• Reputation</li> <li>• Employee-employer relations</li> <li>• Employee safety</li> <li>• Pollution impact</li> <li>• Climate change</li> </ul> <p>In addition, we utilize the services of third-party ESG related data providers to further aid to our research process.</p> <p>The outcome of our prudent analysis is a comprehensive understanding of the risks associated with the investee companies.</p>
Listed equities - engagement	<p>As part of Payden's commitment to ESG, we regularly engage corporate management on ESG related concerns. Our global research team engages with numerous investee companies each year as part of our normal course of business to get a better understanding of overall risk. This engagement includes face-to-face, electronic, and telephonic meetings, as well as through meeting with management at conferences.</p>
Listed equity - (proxy) voting	<p>The firm's Proxy Voting Committee and other senior firm executives meet regularly with our analyst team to engage in dialogue useful in helping strengthen our effectiveness in evaluating the potential impact of ESG factors.</p> <p>Payden &amp; Rygel expects to fulfil its fiduciary obligation to its clients by monitoring events concerning the issuer of the security and then voting the proxies in a manner that is consistent with the best interests of that client and that does not subordinate the client's interests to its own.</p> <p>We regularly engage our proxy voting firm (Glass Lewis) to ensure they are considering ESG in their voting recommendations.</p>

Payden & Rygel

Reported Information

Public version

Direct - Fixed Income

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## ESG incorporation in actively managed fixed income

### Implementation processes

FI 04	Mandatory	Public	Gateway	PRI 1
FI 04.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>85</td> </tr> <tr> <td>Screening + integration strategies</td> <td>15</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td><b>Total (any strategy)</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	85	Screening + integration strategies	15	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	<b>Total (any strategy)</b>	<b>100%</b>
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	85																				
Screening + integration strategies	15																				
Thematic + integration strategies	0																				
Screening + thematic strategies	0																				
All three strategies combined	0																				
No incorporation strategies applied	0																				
<b>Total (any strategy)</b>	<b>100%</b>																				
Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>85</td> </tr> <tr> <td>Screening + integration strategies</td> <td>15</td> </tr> <tr> <td><b>Total (any strategy)</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	85	Screening + integration strategies	15	<b>Total (any strategy)</b>	<b>100%</b>								
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	 <p>Thematic + integration strategies</p> <p>0</p>
	 <p>Screening + thematic strategies</p> <p>0</p>
	 <p>All three strategies combined</p> <p>0</p>
	 <p>No incorporation strategies applied</p> <p>0</p>
	<p>100%</p>



Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	85
	Screening + integration strategies	15
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%
Securitised	Screening alone	0
	Thematic alone	0
	Integration alone	85
	Screening + integration strategies	15

	<table border="1"> <tr> <td></td> <td>Thematic + integration strategies</td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td></td> <td>Screening + thematic strategies</td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td></td> <td>All three strategies combined</td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td></td> <td>No incorporation strategies applied</td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>100%</td> <td></td> </tr> </table>		Thematic + integration strategies	0			Screening + thematic strategies	0			All three strategies combined	0			No incorporation strategies applied	0		100%	
	Thematic + integration strategies																		
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	Screening + thematic strategies																		
0																			
	All three strategies combined																		
0																			
	No incorporation strategies applied																		
0																			
100%																			

<b>FI 04.2</b>	Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.
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An "integration" approach best describes our incorporation strategy since ESG factors are applied throughout our investment process. Our analysts' assessment of countries and corporations based on ESG criteria are critical in forming the overall risk profile of our current and potential investments. We believe that the integration of ESG factors throughout our process serve to enhance our overall analysis and add value to our clients.

Additionally, we employ a "screening" approach for some clients who have investment guidelines based on ESG criteria.

<b>FI 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>FI 06.1</b>	Indicate how you ensure that your ESG research process is robust:
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- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify

	specify description
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We use third party rules-based systems to identify securities that would be deemed not investible by our client mandated screens.

- None of the above

**FI 06.2** Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**(A) Implementation: Screening**

**FI 07** **Mandatory** **Public** **Gateway** **PRI 1**

**FI 07.1** Indicate the type of screening you conduct.

Select all that apply

	<b>SSA</b>	<b>Corporate (financial)</b>	<b>Corporate (non-financial)</b>	<b>Securitised</b>
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Positive/best-in-class screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Norms-based screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 07.2** Describe your approach to screening for internally managed active fixed income

Our negative/exclusionary screening is based on client mandates restricting investments in certain countries, industries, or areas of practice.

Positive screening entails seeking out issuers who exceed their industry peers with respect to ESG criteria. This begins with an awareness and understanding of the ESG criteria that is important to our clients and firm's values. We then pursue the best available opportunities given the risk/reward profiles of each security and how they would fit in the context of the overall portfolio.

**FI 08** **Mandatory** **Public** **Descriptive** **PRI 1**

**FI 08.1** Indicate why you conduct negative screening.

**SSA**

SSA

- For legal reasons
- For non-legal reasons

**Corporate (financial)**

Corporate (fin)

- For legal reasons
- For non-legal reasons

**Corporate (non-financial)**

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

**Securitised**

Securitised

- For legal reasons
- For non-legal reasons

<b>FI 08.2</b>	Describe your approach to ESG-based negative screening of issuers from your investable universe.
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Negative/exclusionary screening is based on restricted investment lists provided by clients with specific ESG guidelines. These lists include restrictions applied to certain countries, industries, or areas of practice.

<b>FI 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>FI 10.1</b>	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
<b>Negative/exclusionary screening?</b>	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
<b>Positive/best-in-class screening</b>	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

## (C) Implementation: Integration

FI 14	Mandatory	Public	Descriptive	PRI 1
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### FI 14.1 Describe your approach to integrating ESG into traditional financial analysis.

Since 2013, Payden & Rygel has been a signatory to the United Nations Principles for Responsible Investment.

As such, from environmental, social, and governance (ESG) considerations or strict exclusionary guidelines, to sustainable corporate practices and extensive community outreach, Payden & Rygel has a long history of responsible investing.

As a firm, we embed ESG considerations in all aspects of our investment process. Whether in the sovereign, quasi-sovereign, or corporate research process, evaluating environmental, social and governance issues is part of sound fundamental analysis. In particular, we often use the Sustainable Accounting Standards Board's (SASB) "industry standards" as a touchstone for organizing our ESG thinking at the issuer level.

Across all of our security holdings (corporate and sovereign), we utilize Sustainalytics to monitor and proactively investigate ESG issues in our portfolios. Bloomberg also offers ESG specific research tools, both at the security level and at the portfolio level, which we use to monitor ESG factors. Finally, we work with our proxy voting firm, Glass Lewis, as another way to check the ESG performance of our portfolio companies.

In the following sections, we provide a sample of our general criteria for ESG. Where possible, we apply industry specific standards and metrics to focus and guide our ESG analysis.

#### HOW WE INTEGRATE

Our ESG committee continually works with our executive committee, investment policy committee, our strategists, portfolio managers, analysts and compliance team in our efforts to integrate ESG at all levels of the investment process. We also utilize Sustainalytics to aid in monitoring and ranking the ESG elements of our portfolios.

Specifically, as described above, our analysts and portfolio managers consider ESG issues whenever they depend on or undertake fundamental analysis. In our ESG analysis, we focus not only on the quantitative scores assigned by Sustainalytics to each issuer but prefer to apply scrutiny to those ESG risks our analysts deem most material to a given company. The Sustainable Accounting Standards Board's industry guidelines help organize our thinking in this regard.

As part of Payden's commitment to ESG, we regularly engage corporate management and sovereign finance ministries on ESG related concerns. Not only do these discussions further enhance our fundamental analysis, they also provide an avenue for us to promote ESG values across the world. We regularly engage our proxy voting firm (Glass Lewis) to make sure they are considering ESG in their voting recommendations.

Third party research aids our ESG integration, monitoring and fundamental analysis. In addition to Sustainalytics, Bloomberg and Glass Lewis, below we list the providers we consistently use to integrate ESG into our portfolio investment decisions.

- Environmental: International Energy Agency, Yale's Environment Performance Index;
- Social: UN's Human Development Index; MSCI Sudan List
- Governance: World Justice Project's Rule of Law Index, Transparency International's Corruption Perceptions Index, Business Monitor International's Long Term Political Risk, World Bank's Ease of Doing Business

To stay current with the most cutting edge ESG thinking, we attend ESG conferences and workshops around the world. We recognize that ESG issues are often just as important globally as they are locally.

Finally, to ensure that ESG concerns do not go unaddressed, our ESG committee regularly sits down with our analysts to review new holdings. These quarterly reviews promote information sharing across the firm and allow us to highlight and understand both the risks and positive ESG related aspects of our clients' portfolios.

<b>FI 14.2</b>	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	SSA
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For sovereign issuers, we examine the following factors closely:

Governance:

- Institutional framework: Countries with strong central bank credibility, autonomy and finance ministry independence.
- Rule of law: Executive power should be limited by the strength of the legislative and judicial branches.
- Policy consistency: Consistent fiscal responsibility and monetary policy throughout government changes.
- Corruption: Sovereigns that score high on efforts against illicit transactions.

Social:

- Human capital and education: Countries with widely available access to education.
- Employment levels and opportunities: Stable countries with adequate employment opportunities for its citizens.
- Freedom of political expression: Countries which encourage freedom of speech and political expression.

Environmental:

- Environmental performance: We consider the relevance of factors including pollution, water availability, and climate change.

	Corporate (financial)
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For the financial sector, we analyze companies similar to corporates non-financials, however with an added emphasis on:

- Regulatory standards: companies must have a good record of meeting financial regulatory and compliance standards.

- Operational risks: prudent diversification of counter-party risk, strong risk management oversight, and controls covering the prevention of fraudulent behavior.
- Organization: policies governing whistle blowers, incentive structures, employee retention, and conflicts of interests.

Corporate (non-financial)

For corporates we seek out the following important factors:

Governance:

- Transparency of management: Publicly listed companies with audited, detailed financial statement disclosures, whose management team communicates regularly with investors.
- Board independence: A diverse board with appropriate controls.
- Executive compensation: Prudent compensation policy linked to performance.
- Reputation: Companies maintaining good relations with investors and their local communities.

Social:

- Employee-employer relations: Companies with little/no history of work stoppages or strikes.
- Employee safety: Good safety record per company filings.

Environmental:

- Pollution impact: Policies in place that reduce/compensate for pollution footprint.
- Climate change: Awareness of the implications of climate change; policies designed to alleviate its effects.

Securitized

Securitized issuers are also analyzed similar to corporates with an added focus on excellent lending practices (e.g. positive record of servicing loans and avoidance of predatory lending), investments in sustainable developments (commercial and residential), and strong governance practices covering transparency of management, executive compensation, and financial disclosures.

FI 15	Mandatory	Public	Core Assessed	PRI 1
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FI 15.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard part of internal credit ratings or assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16	Mandatory	Public	Additional Assessed	PRI 1
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FI 16.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	<b>Environment</b>	<b>Social</b>	<b>Governance</b>
SSA	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Securitized	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

**FI 16.2** Please provide more detail on how you review E, S and G factors in your integration process.

**SSA**

Our ESG philosophy is consistently applied and monitored throughout our investment process as ESG practices may change over time along with the changing economic and regulatory environment. Our firm's macroeconomic and overall risk views are established by the Investment Policy Committee and carried out by each strategy group. Once a security is purchased for a client portfolio, our analysts continuously monitor both its quantitative metrics (price, fundamentals, relative value, etc.) as well as ESG related criteria in order to assess the security's fit in the portfolio. This review process occurs at minimum quarterly, and more frequently as information becomes available.

For SSA securities, including emerging market debt, we have a group of in-house sovereign analysts with country-specific coverage. The role of the sovereign analyst is to maintain current information regarding a country's political, social, and economic events. For example, our emerging market debt sovereign analysts analyze each country using a proprietary scorecard method weighing multiple factors including a country's environmental performance, employment levels, governmental stability, education reform, and human rights records. These factors are quantitatively assessed and incorporated into a country's overall score rating. We utilize this score to evaluate our willingness to invest or continue investing in that particular country.

## Corporate (financial)

See below. Our review process is the same for both financial and non-financial corporates.

## Corporate (non-financial)

For corporate issuers (both financial and non-financial), our in-house credit analysts continuously monitor securities as part of their ongoing evaluation process by utilizing a proprietary scoring methodology. Each holding is assessed based on a number of quantitative and qualitative factors, including ESG related criteria, and rated according to its potential to outperform. Each credit analyst is responsible for maintaining coverage on a number of companies and remaining up to date on each issuer's governance practices, social/environmental impact, and any other changes affecting our decision to own that security. Our credit analysts will incorporate all these factors into their overall assessment and provide a recommendation on the issuer.

## Securitised

For structured products, we have a dedicated in-house group of analysts covering agency MBS, non-agency CMBS, non-agency RMBS, ABS, and CLOs. Each security is subject to ongoing evaluation based on a number of fundamental and qualitative information. Our analysts maintain coverage and awareness on issuer-specific ESG factors such as governance practices (loan servicing and lending practices) and projects with an environment/social impact. These criteria are incorporated into the analyst's overall view of each issuer.

## Communication

FI 23

Mandatory

Public

Core Assessed

PRI 2,6

FI 23.1

Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

FI 23.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

FI 23.6

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad-hoc/when requested
- We do not proactively disclose it to the public and/or clients/beneficiaries