

Metzler/Payden European Emerging Markets Fund (MPYMX)



12.31.08 Quarterly Fund Review

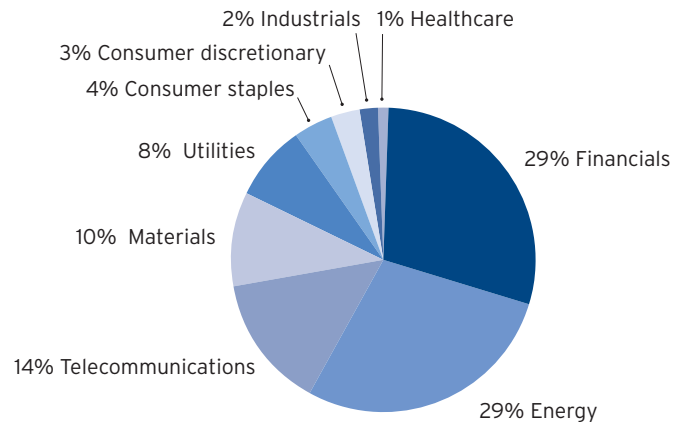
Investment Strategy

This equity fund invests in Europe's developing economies in the Central and Eastern parts of the continent. Our stock selection approach utilizes a combination of top down and bottom up analysis. We start with an evaluation of economic conditions, singling out sectors of interest, and a proprietary quantitative model that screens and ranks securities based on valuation and momentum. Once the model generates a list of companies with the most attractive metrics, we conduct in-depth qualitative analysis, which often includes visiting companies on-site and meeting company management.

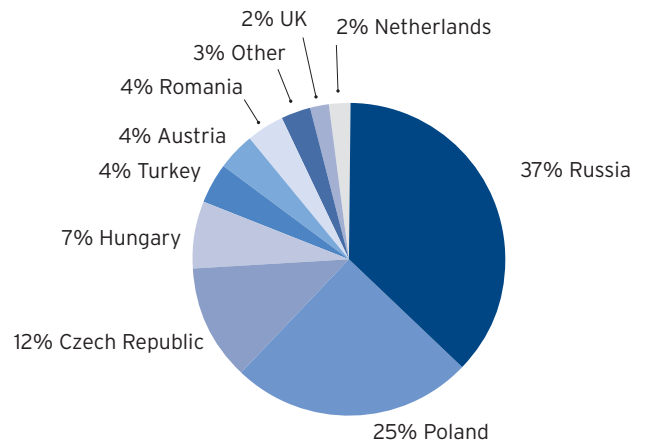
Emerging Markets Defined

We consider countries with per capita income below a certain level that are experiencing profound economic changes to be emerging markets. Often times, they are transitioning from a command economy to a free market economy, where the allocation of resources is determined by supply and demand. As applied to Eastern European countries, the term "developing" more accurately describes the majority of our investment universe. This region is set apart by higher incomes, better education, and stronger sovereign credit ratings than the average "emerging" economy, making it unique in the emerging market investment universe.

Sector Weightings



Country Weightings



Annualized Returns	
Year-to-date	-66.54%
1 Year	-66.54%
3 Year	-14.32%
5 Year	5.85%
Since Inception (12/30/02)	11.50%

Annual Total Returns	
2008	-66.54%
2007	28.47%
2006	46.27%
2005	38.00%
2004	53.22%
2003	44.70%

*The chart illustrates the performance of a hypothetical \$10,000 investment made in the fund on commencement of operations. Figures include reinvestment of capital gains and dividends, but do not reflect the effect of any applicable sales charges or redemption fees, which would lower these figures. This chart is not intended to imply any future performance of the fund.

Quoted performance data represent past performance, which does not guarantee future results. Investment returns and principal value will fluctuate, so investors' shares when sold, may be worth more or less than their original cost. For the most recent month-end performance, which may be higher or lower than that quoted, or to obtain a prospectus visit metzlerpayden.com or call 866 673-8637.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, and the next 35% receive three stars. Highly rated funds are defined as those that have a four or five star Morningstar rating. An overall rating is based on a weighted average of the fund's ratings for the three-, five-, and ten-year periods, if applicable. Data provided by Morningstar, Inc. Although gathered from reliable sources, data completeness and accuracy cannot be guaranteed. Morningstar is a registered trademark of Morningstar, Inc. and is not affiliated with Metzler/Payden Funds.

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Why Invest in This Fund?

- Potential for enhanced returns
- Excellent diversification tool
- Exposure to developing European markets
- Invests in countries forecasted to expand at a greater rate than that of developed economies over the next five years
- Low expense ratio
- Managed by investment team based in Europe

Portfolio Management

Markus Brück joined Metzler as Senior Equity Portfolio Manager in 2002. His primary responsibility is management of Eastern European portfolios. Before joining Metzler, he had various fund and portfolio management responsibilities at Credit Suisse Asset Management, Frankfurt/Main, Germany; Deka Investment Management GmbH; and WestLB Capital Management GmbH, Düsseldorf/Germany. Mr. Brück holds a degree in economics from the Justus Liebig University of Gießen/Germany.

Fund Facts

Inception date	12/30/02
Total net assets	\$124 million
Dividends paid	Semi-annually
Minimum purchase	\$5,000
Minimum purchase (IRA)	\$2,000
Annual Fund Expenses	1.40%
Ticker symbol	MPYMX
Cusip	59276Q402

Fund Statistics

Median market cap	\$1.6 billion
Price-to-book (fwd)	1.1x
Price-to-cash flow (fwd)	4.0x
Price-to-earnings (fwd)	7.5x

Top Five Holdings Weight

Lukoil Holding	7.7%
CEZ	7.1%
Gazprom	6.8%
Rosneft	4.2%
PKO Bank Polski	4.2%

Total Annual Fund Operating Expenses 1.40%

Eastern Europe Market Commentary and Outlook

The last quarter of 2008 proved to be the hardest one for investors in Eastern Europe. Precipitated by the mid-September bankruptcy of Lehman Brothers, market performance in October and November was nothing short of dismal, hitting risky assets globally. Emerging Europe was no exception as companies sold off to valuation levels unseen in more than a decade. At the same time, tumbling commodity prices put additional strain on countries like Russia, where both the state budget and company financials came under pressure. As elsewhere, credit concerns, albeit still present, started giving way to worries over economic growth and company earnings, and the market failed to stage a meaningful rally even from its extreme low valuations.

With Emerging Europe's equity markets making very pessimistic earnings assumptions, market valuations in the low single digits, and global fiscal and monetary stimulus aimed at re-flating the world economy, it is easy to see a large upside for stocks in the coming years. It is just as likely, however, to see yet another leg of the sell-off, this time driven by concerns over the ailing health of the global economy or (for a change) local news. The convergence "story," while having suffered a set-back, remains pivotal for investors in Eastern Europe, and recent episodes have shown the financial importance of the European Union in the region. Attention, however, should also be paid to signs of market recovery in the U.S., as conditions here are likely to lead the global rebound.

How to Invest

Direct: call 866 673-8637, or visit metzlerpayden.com for more information and to obtain a prospectus

Through the following platforms: Fidelity, Pershing, Schwab, Scottrade, TD Ameritrade

Before investing, investors should carefully read and consider investment objectives, risks, charges, expenses and other important information, which are contained in the prospectus. Investment in foreign securities offers different rewards and challenges from investing in domestic securities, including changes in exchange rates, political changes, and differences in reporting standards, and for emerging-market securities, greater volatility. The Metzler/Payden funds are distributed by Payden & Rygel Distributors, member FINRA.