

**ANNUAL
REPORT**

OCTOBER 31, 2011

PAYDEN/KRAVITZ
Cash Balance Plan Fund

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President's Letter

Dear Fellow Shareholders,

As we mark the end of the year, we want to thank you for your continued confidence and support. We also want to welcome new shareholders who joined the Payden family of funds in 2011. We now have more shareholders than ever before and thank you for entrusting us with your investment capital.

The Payden/Kravitz Cash Balance Plan Fund is the first and only mutual fund designed exclusively for Cash Balance Plans. It is designed to offer Cash Balance Plan sponsors and their advisors access to a strategic investment solution. The Fund goes one step beyond other alternatives by offering an institutionally managed investment strategy specifically developed for Cash Balance Plans with the convenience and ease of a mutual fund. The portfolio is a collection of strategies that Payden & Rygel has used successfully for clients over the past 28 years.

The Payden/Kravitz relationship draws upon the relative strengths of both Payden & Rygel and Kravitz, providing investors with a true one-step solution backed by global investment management capabilities and long-term investment perspective.

We look forward to building a relationship and updating you with our progress in the future.

Best regards,



Joan A. Payden
President & CEO

Management Discussion & Analysis

Market turbulence characterized the fiscal year ended October 31, 2011 enduring the natural disaster in Japan, the Middle East revolutions in Libya and Egypt, the United States debt ceiling debate culminated in a downgrade of U.S. Government debt and the debt situation in Europe with focus on Greece and Italy.

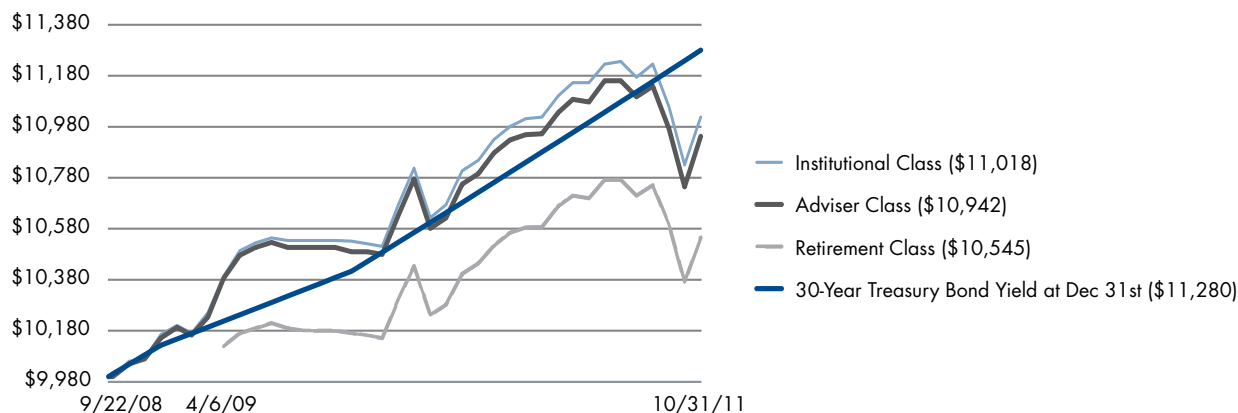
The Federal Reserve Board remained accommodative and increased monetary stimulus through a commitment to purchase long-dated U.S. Treasury securities. Yield premiums on corporate credit moved wider, while the European debt crisis overshadowed positive U.S. earnings data, as funding concerns spread from Greece to Italy. Yields on five-year Italian government bonds moved in a wide range, resting slightly below 6% at the end of the period. Yields on bonds in flight-to-quality beneficiaries Germany and the U.S. fell, reaching multi-year lows.

The **Payden/Kravitz Cash Balance Plan Fund** is designed specifically for cash balance plans. Its objective is to earn the benchmark return on a calendar year basis. For a given calendar year, the benchmark index return is equal to the average daily yield of the 30-Year U.S. Treasury Bond from December of the preceding year. For the fiscal year ended October 31, 2011, the Fund's **Institutional Class (PKBIX)** returned 0.34%, the **Adviser Class (PKCBX)** returned 0.13% and the **Retirement Class (PKCRX)** returned -0.18%, while the Fund's benchmark, the 30-Year U.S. Treasury Bond Yield, was 4.43%.

Contributing to positive Fund performance were investment grade corporate bonds, agency mortgages and government debt. All of these asset classes benefitted from the dramatic rally in U.S. Treasury yields. Risk assets, including allocations to high yield and emerging market debt along with select equity-related securities, detracted from returns during the year. Foreign currency positioning was also a net negative to the Fund. During this environment of severe volatility, risk hedging, via the use of out-of-the-money options on broad-based equity indices as well as exposure to volatility futures, was effective in buoying returns.

The Fund's Adviser expects volatility to persist in the intermediate term and has focused Fund assets in credit markets where strong fundamentals and healthy income should help dampen periodic bouts of turbulence.

Performance Summary *unaudited*



Past performance does not predict future returns. The graph does not reflect the impact of taxes or transaction costs a shareholder would pay.

<i>Returns</i>	1 Year	2 Year	3 Year
Institutional Class	0.34%	2.27%	3.08%
Adviser Class	0.13%	2.05%	2.88%
Retirement Class	-0.18%	1.78%	N/A

Credit Quality - percent of value

AAA	4%
AA	24%
A	14%
BBB	19%
BB	12%
B or lower	27%

Portfolio Composition - percent of value

Corporate bonds	67%
U.S. Treasury bonds	13%
Mortgage Backed bonds	7%
Cash equivalent	6%
Other	7%

Schedule of Investments

October 31, 2011

Principal or Shares	Security Description	Value (000)
Bonds (98%)		
Asset Backed (2%)		
549,895	Bear Stearns Asset Backed Securities Trust, 0.84%, 8/25/34	\$488
133,017	HSI Asset Securitization Corp. Trust, 0.30%, 5/25/37	132
589,266	L.A. Arena Funding LLC 144A, 7.656%, 12/15/26 (b)	598
179,359	Residential Asset Mortgage Products Inc., 4.62%, 3/25/33	180
284,341	Terwin Mortgage Trust 144A, 0.62%, 1/25/35 (b)	261
		1,659
Corporate (70%)		
430,000	3M Co., 1.37%, 9/29/16	431
340,000	Abbott Laboratories, 5.30%, 5/27/40	397
300,000	ACCO Brands Corp., 7.625%, 8/15/15 (f)	299
260,000	AES Corp., 7.75%, 3/1/14	281
295,000	Air Canada 144A, 9.25%, 8/1/15 (b)	284
232,000	Airgas Inc., 4.50%, 9/15/14	247
145,000	Alliance One International Inc., 10.00%, 7/15/16	126
400,000	Ally Financial Inc., 7.50%, 12/31/13	413
275,000	America Movil SAB de CV, 2.37%, 9/8/16	277
300,000	American Airlines Inc. 144A, 7.50%, 3/15/2016 (b) (f)	254
695,000	American Express Credit Corp., 5.125%, 8/25/14	756
150,000	Amsted Industries Inc. 144A, 8.12%, 3/15/18 (b)	159
465,000	Anheuser-Busch InBev Worldwide Inc., 3.00%, 10/15/12	475
355,000	ANZ National International Ltd. 144A, 2.37%, 12/21/12 (b)	359
285,000	Apria Healthcare Group Inc., 12.375%, 11/1/14	261
420,000	ARAMARK Corp., 8.50%, 2/1/15	438
340,000	Arch Coal Inc., 8.75%, 8/1/16	373
428,000	Avis Budget Car Rental LLC, 7.625%, 5/15/14	433
100,000	B&G Foods Inc., 7.62%, 1/15/18	107
505,000	BAA Funding Ltd. 144A, 4.87%, 7/15/21 (b)	516
510,000	Banco Bradesco SA/Cayman Islands 144A, 2.39%, 5/16/14 (b)	504
390,000	Banco do Brasil SA/Cayman 144A, 4.50%, 1/22/15 (b)	408
745,000	Bank of America Corp., 3.70%, 9/1/15	716
315,000	Bank of Nova Scotia, 2.25%, 1/22/13	321
300,000	Basic Energy Services Inc., 7.125%, 4/15/16	306
390,000	Bausch & Lomb Inc., 9.875%, 11/1/15	411
150,000	Beam Inc., 3.00%, 6/1/12	152
240,000	Berkshire Hathaway Finance Corp., 2.45%, 12/15/15	249
410,000	Berry Plastics Corp., 8.25%, 11/15/15 (f)	435
675,000	Best Buy Co. Inc., 3.75%, 3/15/16	662
300,000	Boyd Gaming Corp., 6.75%, 4/15/14 (f)	287
535,000	Broadcom Corp., 2.37%, 11/1/15	548
300,000	Bumble Bee Acquisition Corp. 144A, 9.00%, 12/15/17 (b)	302
145,000	Cablevision Systems Corp., 8.625%, 9/15/17	158
150,000	Canadian National Resources Ltd., 4.90%, 12/1/14	166
335,000	Capital One Financial Corp., 3.15%, 7/15/16	341
330,000	Case New Holland Inc., 7.75%, 9/1/13	353
150,000	Central Garden & Pet Co., 8.25%, 3/1/18	150
250,000	Charter Communications Operating LLC. 144A, 10.87%, 9/15/14 (b)	271
305,000	Chesapeake Energy Corp., 9.50%, 2/15/15	351
420,000	CHS/Community Health Systems Inc., 8.875%, 7/15/15	431
150,000	Cincinnati Bell Inc., 8.75%, 3/15/18 (f)	145
430,000	CIT Group Inc. 144A, 7.00%, 5/4/15 (b)	431
410,000	Citigroup Inc., 5.30%, 10/17/12	421
750,000	Citigroup Inc., 5.62%, 8/27/12	765
430,000	CityCenter Holdings LLC 144A, 7.62%, 1/15/16 (b)	449
470,000	Coca-Cola Co., 0.75%, 11/15/13	472
140,000	Commercial Bank of Qatar Finance Ltd. 144A, 5.00%, 11/18/14 (b)	149
360,000	Commonwealth Bank of Australia 144A, 1.08%, 3/17/14 (b)	354
370,000	Constellation Brands Inc., 7.25%, 9/1/16	407
435,000	Continental Airlines Inc. 144A, 6.75%, 9/15/15 (b)	438
665,000	Corn Products International Inc., 3.20%, 11/1/15	684
160,000	Corrections Corp of America, 6.25%, 3/15/13	161

Principal or Shares	Security Description	Value (000)
220,000	Cox Communications Inc., 5.45%, 12/15/14	245
275,000	Credit Suisse New York, 1.36%, 1/14/14	270
340,000	Crown Castle International Corp., 9.00%, 1/15/15	372
600,000	CVS Caremark Corp., 5.75%, 6/1/17	701
420,000	Daimler Finance North America LLC, 6.50%, 11/15/13	461
300,000	Dean Foods Co., 7.00%, 6/1/16	303
315,000	Delta Air Lines Inc. 144A, 9.50%, 9/15/14 (b)	335
330,000	Denbury Resources Inc., 9.75%, 3/1/16	367
415,000	Dish DBS Corp., 6.625%, 10/1/14	435
145,000	Diversey Inc., 8.25%, 11/15/19	176
345,000	Duke Energy Corp., 3.95%, 9/15/14	369
435,000	E.I. du Pont de Nemours & Co., 5.00%, 7/15/13	466
400,000	Easton-Bell Sports Inc., 9.75%, 12/1/16	431
400,000	ERAC USA Finance LLC 144A, 2.25%, 1/10/14 (b)	402
315,000	Exelon Corp., 4.90%, 6/15/15	343
150,000	Export-Import Bank of Korea, 5.875%, 1/14/15	162
300,000	First Data Corp., 9.875%, 9/24/15 (f)	290
350,000	FMG Resources August 2006 Pty. Ltd. 144A, 7.00%, 11/1/15 (b)	352
320,000	Ford Motor Credit Co. LLC, 8.70%, 10/1/14	359
275,000	Forest Oil Corp., 8.50%, 2/15/14	298
275,000	Frontier Communications Corp., 8.25%, 5/1/14	295
180,000	Gazprom OAO Via RBS AG, 9.625%, 3/1/13 (d)	196
255,000	General Electric Capital Corp., 1.87%, 9/16/13	258
300,000	GenOn Energy Inc., 7.62%, 6/15/14	308
350,000	Georgia Power Co., 1.30%, 9/15/13	353
645,000	Georgia-Pacific LLC 144A, 7.125%, 1/15/17 (b)	685
490,000	Goldman Sachs Group Inc., 1.26%, 2/7/14	469
235,000	Goldman Sachs Group Inc., 3.70%, 8/1/15	235
330,000	Goodyear Tire & Rubber Co., 10.50%, 5/15/16	368
300,000	Hanesbrands Inc., 8.00%, 12/15/16	326
355,000	HCA Inc., 5.75%, 3/15/14	365
13,000	Hertz Corp., 8.875%, 1/1/14	13
300,000	Host Hotels & Resorts LP, 6.87%, 11/1/14	306
345,000	Husky Energy Inc., 5.90%, 6/15/14	379
430,000	Icahn Enterprises LP, 7.75%, 1/15/16	443
505,000	ING Bank NV 144A, 1.39%, 3/15/13 (b)	498
145,000	Ingles Markets Inc., 8.875%, 5/15/17	156
450,000	International Lease Finance Corp., 5.65%, 6/1/14	434
400,000	Inversiones CMPC SA 144A, 4.75%, 1/19/18 (b)	419
150,000	Jarden Corp., 7.50%, 5/1/17	161
140,000	JBS SA 144A, 10.50%, 8/4/16 (b)	141
535,000	Johnson & Johnson, 4.85%, 5/15/41	634
730,000	JPMorgan Chase & Co., 3.70%, 1/20/15	761
200,000	KB Home, 5.75%, 2/1/14	188
360,000	KeyCorp, 6.50%, 5/14/13 (f)	385
415,000	Kinder Morgan Finance Co. ULC, 5.70%, 1/5/16	426
270,000	Korea National Oil Corp. 144A, 2.87%, 11/9/15 (b)	266
310,000	Kraft Foods Inc., 5.25%, 10/1/13	331
435,000	Kroger Co., 3.90%, 10/1/15	468
315,000	Lamar Media Corp., 9.75%, 4/1/14	348
385,000	Landry's Restaurant Inc., 11.625%, 12/1/15	410
460,000	Lennar Corp., 5.60%, 5/31/15	454
285,000	Level 3 Financing Inc., 9.25%, 11/1/14	292
395,000	Levi Strauss & Co., 8.875%, 4/1/16 (f)	416
560,000	Lloyds TSB Bank PLC, 2.76%, 1/24/14	544
315,000	Lockheed Martin Corp., 2.12%, 9/15/16	318
330,000	Masco Corp., 6.125%, 10/3/16	333
215,000	MassMutual Global Funding 144A, 0.86%, 9/27/13 (b)	216
415,000	Mediacom Broadband LLC/Mediacom Broadband Corp., 8.50%, 10/15/15 (f)	430
320,000	Medtronic Inc., 3.00%, 3/15/15	340
700,000	Merrill Lynch & Co. Inc., 6.15%, 4/25/13	719

See notes to financial statements.

Schedule of Investments (con't)

Principal or Shares	Security Description	Value (000)
270,000	MetLife Institutional Funding 144A, 1.27%, 4/4/14 (b)	269
200,000	MGM Resorts International, 10.37%, 5/15/14	224
540,000	Microsoft Corp., 5.30%, 2/8/41	676
1,045,000	Morgan Stanley, 3.80%, 4/29/16	1,012
600,000	Morgan Stanley, 5.30%, 3/1/13 (f)	616
150,000	National Australia Bank Ltd. 144A, 0.87%, 1/8/13 (b)	150
385,000	National Australia Bank Ltd. 144A, 1.37%, 7/25/14 (b)	389
430,000	National Rural Utilities Cooperative Finance Corp., 5.50%, 7/1/13	463
350,000	Newfield Exploration Co., 6.625%, 4/15/16	362
160,000	Nova Chemicals Corp., 8.375%, 11/1/16	177
360,000	Owens-Brockway Glass Container Inc., 7.375%, 5/15/16	392
770,000	PACCAR Financial Corp., 1.55%, 9/29/14	766
420,000	Packaging Dynamics Corp. 144A, 8.75%, 2/1/16 (b)	428
145,000	Penn National Gaming Inc., 8.75%, 8/15/19	157
370,000	Petroleos Mexicanos, 4.875%, 3/15/15	396
140,000	Petronas Capital Ltd., 7.00%, 5/22/12 (d)	145
285,000	Pfizer Inc., 7.20%, 3/15/39	427
145,000	Pinnacle Foods Finance LLC, 10.625%, 4/1/17	151
160,000	Plains Exploration & Production Co., 7.00%, 3/15/17	167
330,000	Procter & Gamble Co, 5.55%, 3/5/37	427
200,000	Prudential Financial Inc., 2.75%, 1/14/13	202
360,000	Qtel International Finance Ltd. 144A, 6.50%, 6/10/14 (b)	396
420,000	Qwest Communications International Inc., 7.50%, 2/15/14	425
260,000	Revlon Consumer Products Corp., 9.75%, 11/15/15	280
340,000	Royal Caribbean Cruises Ltd., 6.875%, 12/1/13	356
395,000	RSC Equipment Rental Inc., 9.50%, 12/1/14	406
290,000	Ryder System Inc., 3.50%, 6/1/17	300
650,000	Safeway Inc., 6.35%, 8/15/17	758
200,000	Sally Holdings LLC, 9.25%, 11/15/14	206
380,000	SandRidge Energy Inc. 144A, 9.87%, 5/15/16 (b)	405
235,000	Sanofi, 2.62%, 3/29/16	245
395,000	Seagate Technology HDD Holdings, 6.80%, 10/1/16	415
430,000	Sealy Mattress Co., 8.25%, 6/15/14 (f)	431
280,000	Southern Co., 1.95%, 9/1/16	283
315,000	Springleaf Finance Corp., 5.85%, 6/1/13	287
420,000	Sprint Nextel Corp., 6.00%, 12/1/16	368
405,000	SPX Corp., 7.625%, 12/15/14	439
420,000	SUPERVALU Inc., 7.50%, 11/15/14 (f)	428
315,000	Susser Holdings LLC, 8.50%, 5/15/16	330
410,000	Targa Resources Partners LP, 8.25%, 7/1/16	433
435,000	Telefonica Emisiones SAU, 2.58%, 4/26/13	430
415,000	Tesoro Corp., 6.625%, 11/1/15	424
315,000	Teva Pharmaceutical Finance III BV, 0.85%, 3/21/14	315
290,000	Time Warner Inc., 3.15%, 7/15/15	303
265,000	Toyota Motor Credit Corp., 3.20%, 6/17/15	280
420,000	Toys R US - Delaware Inc. 144A, 7.37%, 9/1/16 (b)	428
290,000	Union Bank NA, 2.12%, 12/16/13	294
150,000	United States Steel Corp., 7.37%, 4/1/20 (f)	142
330,000	US Bancorp, 1.37%, 9/13/13	333
350,000	Vedanta Resources PLC 144A, 6.75%, 6/7/16 (b) (f)	326
400,000	Veolia Environnement, 5.25%, 6/3/13	422
240,000	Viacom Inc., 4.375%, 9/15/14	259
330,000	Virgin Media Finance PLC, 9.50%, 8/15/16	370
440,000	Volkswagen International Finance NV 144A, 1.62%, 8/12/13 (b)	441
385,000	Volkswagen International Finance NV 144A, 1.87%, 4/1/14 (b)	388
355,000	Wal-Mart Stores Inc., 5.62%, 4/15/41	440
350,000	Waste Management Inc., 2.60%, 9/1/16	356
620,000	Watson Pharmaceuticals Inc., 5.00%, 8/15/14	670
405,000	WellPoint Inc., 2.37%, 2/15/17	402
160,000	Westpac Banking Corp. 144A, 0.94%, 4/8/13 (b)	160
250,000	Westpac Banking Corp., 2.25%, 11/19/12	254
325,000	Windstream Corp., 8.125%, 8/1/13	349
190,000	WM Wrigley Jr. Co. 144A, 2.45%, 6/28/12 (b)	192

Principal or Shares	Security Description	Value (000)
165,000	WM Wrigley Jr. Co. 144A, 3.70%, 6/30/14 (b)	171
290,000	WMG Acquisition Corp., 9.50%, 6/15/16	309
680,000	Woolworths Ltd. 144A, 2.55%, 9/22/15 (b)	689
300,000	Wyndham Worldwide Corp., 9.87%, 5/1/14	342
300,000	XM Satellite Radio Inc. 144A, 13.00%, 8/1/13 (b)	343
430,000	Yankee Candle Co. Inc., 8.50%, 2/15/15 (f)	441
		66,968
Foreign Government (1%)		
200,000	Qatar Government International Bond 144A, 4.00%, 1/20/15 (b)	212
200,000	Republic of Ghana, 8.50%, 10/4/17 (d)	225
		437
Mortgage Backed (8%)		
515,269	Adjustable Rate Mortgage Trust, 4.18%, 3/25/37	235
510,390	Banc of America Mortgage Securities Inc., 2.68%, 10/20/32	469
658,661	Extended Stay America Trust 144A, 2.95%, 11/5/27 (b)	657
400,000	FN 468531 ARM, 0.57%, 7/1/16	402
500,000	Granite Master Issuer PLC, 0.67%, 12/17/54	254
503,737	Harborview Mortgage Loan Trust, 2.80%, 1/19/35	366
592,695	JP Morgan Mortgage Trust, 6.00%, 7/25/36	555
220,289	Long Beach Mortgage Loan Trust, 6.09%, 8/25/33	100
387,378	MLCC Mortgage Investors Inc., 1.95%, 2/25/36	326
396,649	Morgan Stanley Mortgage Loan Trust, 2.87%, 1/25/35	267
427,454	Morgan Stanley Mortgage Loan Trust, 5.50%, 11/25/35	397
593,957	MortgageIT Trust, 0.61%, 12/25/34	485
727,853	Structured Adjustable Rate Mortgage Loan Trust, 2.49%, 8/25/34	581
70,016	Structured Adjustable Rate Mortgage Loan Trust, 2.60%, 8/25/34	60
543,314	Structured Asset Mortgage Investments Inc., 0.59%, 1/19/34	452
355,755	Structured Asset Mortgage Investments Inc., 2.09%, 10/19/34	200
302,961	Structured Asset Mortgage Investments Inc., 2.17%, 10/19/34	233
313,946	Structured Asset Mortgage Investments Inc., 4.04%, 7/25/32	301
582,970	WaMu Mortgage Pass Through Certificates, 5.34%, 7/25/37	328
447,084	WaMu Mortgage Pass Through Certificates, 5.83%, 9/25/36	315
362,783	WaMu Mortgage Pass Through Certificates, 5.93%, 10/25/36	308
		7,291
Municipal (1%)		
320,000	Dallas TX, Area Rapid Transit, 5.02%, 12/1/48	349
280,000	Texas State, 5.51%, 4/1/39	337
575,000	Utah Transit Authority Sales Tax Revenue, 5.93%, 6/15/39	708
		1,394
NCUA Guaranteed (2%)		
382,366	NCUA Guaranteed Notes, 0.61%, 11/6/17	382
559,729	NCUA Guaranteed Notes, 0.80%, 12/8/20	563
973,745	NCUA Guaranteed Notes, 2.65%, 10/29/20	1,010
		1,955
U.S. Government Agency (0%)		
400,000	FHLMC, 0.87%, 10/28/13	404
U.S. Treasury (14%)		
150,000	U.S. Treasury Note, 3.75%, 8/15/41	166
11,000,000	U.S. Treasury Bill, 0.09%, 3/22/12 (c)	10,998
2,000,000	U.S. Treasury Bill, 0.20%, 7/26/12 (c) (e)	1,999
		13,163
Total Bonds (Cost-\$93,025)		
Purchased Call Options (Cost-\$230) (0%)		
30	CBOE SPX Volatility Index, 47.50, 1/18/12	3
5,000,000	EUR Put / USD Call FX Option, 1.20, 1/4/12	11
82	Powershares DB Gold, 62.00, 1/21/12	16
152	SPDR S&P 500 ETF Trust, 122.00, 1/21/12	120
530	U.S. Natural Gas Fund, 20.00, 1/19/13	6
513	U.S. Oil Fund, 38.00, 11/19/11	20
		176
Purchased Put Options (Cost-\$303) (0%)		
3,003	iPath S&P 500 VIX Short-Term Futures ETN, 23.00, 12/17/11	48
291	iPath S&P 500 VIX Short-Term Futures ETN, 23.00, 3/17/12	30

See notes to financial statements.

39	iShares IBOXX H/Y, 76.00, 3/17/12	5
2	S&P 500 Index, 1,000.00, 3/17/12	4
100	U.S. 30 Year Bond Future, 132.00, 12/23/11	11
130	U.S. Bond Future, 130.00, 11/25/11	2
450	U.S. Bond Future, 135.00, 11/25/11	37
240	U.S. Bond Future, 141.00, 11/25/11	83
		220

Investment Company (Cost-\$6,179) (7%)

6,178,917 Payden Cash Reserves Money Market Fund *

Total (Cost-\$99,737) (105%)

Liabilities in excess of Other Assets (-5%)

Net Assets (100%)

6,179
99,846
(4,365)
<u>\$95,481</u>

* Affiliated investment

All of the securities, except the Payden Cash Reserves Money Market Fund, are held by the custodian in a segregated account.

(b) Security offered only to qualified institutional investors, and thus is not registered for sale to the public under rule 144A of the Securities Act of 1933. It has been deemed liquid under guidelines approved by the Board.

(c) Yield to maturity at time of purchase.

(d) Security offered and sold outside of the United States, and thus is exempt from registration under Registration S of the Securities Act of 1933. It has been deemed liquid under guidelines approved by the Board.

(e) All or a portion of the security is pledged as collateral to cover open futures contract margin requirements.

(f) All or a portion of these securities are on loan. At October 31, 2011, the total market value of the Fund's securities on loan is \$4,092 and the total market value of the collateral held by the Fund is \$4,273. Amounts in 000s.

Open Forward Currency Contracts to USD

Delivery Date	Currency (000s)	Counterparty	Unrealized Appreciation (Depreciation) (000s)
Assets:			
12/13/11	Australian Dollar (Buy 862)	Morgan Stanley	\$56
12/13/11	Malaysian Ringgit (Buy 2,014)	Barclays	7
12/13/11	Singapore Dollar (Buy 823)	Morgan Stanley	12
			<u>\$75</u>
Liabilities:			
12/14/11	British Pound (Sell 411)	Barclays	\$(19)
12/14/11	Euro (Sell 1,102)	Morgan Stanley	(33)
			<u>\$(52)</u>

Open Futures Contracts

Number of Contracts	Contract Type	Expiration Date	Current Value (000s)	Unrealized Appreciation (Depreciation) (000s)
75	U.S. Treasury 5 Year Note Future	Dec-11	\$(9,196)	\$(25)
28	U.S. Treasury 10 Year Note Future	Dec-11	3,614	13
				<u>\$(12)</u>

Open Credit Default Swap Contracts

Reference Obligation	Fund Pays	Counterparty	Expiration Date	Notional Principal (000s)	Value (000s)
Federal Republic of Germany, 6%, Jun-16	0.25%	RBS	Sep-16	\$2,000	\$48
U.S. Treasury, 0.375%, Jun-13	0.25%	RBS	Jun-16	EUR 1,000	9
					<u>\$57</u>

See notes to financial statements.

Statement of Assets & Liabilities

October 31, 2011

Numbers in 000s

ASSETS:

Investments, at value (cost \$93,558).....	\$93,667
Affiliated investments, at value (cost \$6,179).....	6,179
Foreign cash (cost \$1).....	1
Swap contracts (cost \$77).....	57
Unrealized appreciation on forward currency exchange contracts (Note 2).....	75
Receivable for:	
Interest and dividends	1,077
Investments sold.....	2,462
Fund shares sold.....	29
Other assets.....	38
Total Assets	103,585

LIABILITIES:

Payable for:	
Investments purchased.....	3,594
Fund shares redeemed.....	2
Future variation margin (Note 2)	15
Liability for securities on loan (Note 2)	4,273
Accrued expenses:	
Investment advisory fees (Note 3)	55
Administration fees (Note 3)	11
Distribution fees (Note 3)	15
Trustee fees and expenses	1
Unrealized depreciation on forward currency exchange contracts (Note 2).....	52
Other liabilities	86
Total Liabilities	8,104

NET ASSETS..... \$95,481

NET ASSETS:

Paid in capital.....	\$94,558
Undistributed net investment income	1,634
Undistributed net realized gains or losses from investments.....	(811)
Net unrealized appreciation from:	
Investments.....	77
Translation of assets and liabilities in foreign currencies	23
NET ASSETS	\$95,481

Net Asset Value Per Share

	Institutional Class	Adviser Class	Retirement Class
Net Assets	\$ 26,577	\$ 57,324	\$ 11,580
Outstanding shares of beneficial interest	2,507	5,441	1,128.2
NET ASSET VALUE - offering and redemption price per share in whole dollars	\$ 10.60	\$ 10.54	\$ 10.26

See notes to financial statements.

Statement of Operations

Period ended October 31, 2011

Numbers in 000s

INVESTMENT INCOME:

Interest income (Note 2).....	\$2,483
Dividend income	304
Income from securities lending	9
Investment Income.....	2,796

EXPENSES:

Investment advisory fees (Note 3)	744
Administration fees (Note 3)	102
Shareholder servicing fees.....	44
Distribution fees (Note 3)	131
Custodian fees	28
Transfer agent fees	36
Registration and filing fees.....	32
Trustee fees and expenses	8
Printing and mailing costs	12
Legal fees.....	2
Publication expense	2
Pricing fees.....	20
Fund accounting fees	40
Insurance.....	3
Audit fees.....	25
Loan commitment fees.....	1
Gross Expenses	1,230
Expense subsidy (Note 3)	(253)
Net Expenses.....	977
Net Investment Income.....	1,819

REALIZED AND UNREALIZED GAINS (LOSSES):

Net realized gains (losses) from:	
Investments.....	(117)
Foreign currency transactions	(271)
Futures contracts.....	(563)
Purchased option contracts	425
Written option contracts	(73)
Swap contracts	(201)
Change in net unrealized appreciation (depreciation) from:	
Investments.....	(1,186)
Translation of assets and liabilities in foreign currencies	(9)
Futures contracts.....	54
Purchased option contracts	(137)
Swap contracts	108
Net Realized and Unrealized Gains (Losses)	(1,970)

CHANGE IN NET ASSETS RESULTING FROM OPERATIONS \$(151)

See notes to financial statements.

Statements of Changes in Net Assets

For the period ended October 31st

Numbers in 000s

INCREASE (DECREASE) IN NET ASSETS: FROM OPERATIONS:

	2011	2010
Net investment income (loss)	\$1,819	\$989
Net realized gains (losses) on investments	(800)	(285)
Change in net unrealized appreciation/(depreciation)	(1,170)	1,003
Change in Net Assets Resulting from Operations	(151)	1,707

FROM DISTRIBUTIONS TO SHAREHOLDERS:

Net investment income:		
Institutional Class	(273)	(68)
Adviser Class	(562)	(129)
Retirement Class	(61)	(7)
Net realized gains from investments:		
Institutional Class		(31)
Adviser Class		(60)
Retirement Class		(3)
Change in Net Assets from Distributions to Shareholders	(896)	(298)

FROM CAPITAL TRANSACTIONS:

Proceeds from fund shares sold:		
Institutional Class	15,125	8,365
Adviser Class	32,431	19,970
Retirement Class	9,026	2,930
Reinvestment of distributions:		
Institutional Class	273	99
Adviser Class	537	179
Retirement Class	60	10
Cost of fund shares redeemed:		
Institutional Class	(4,148)	(2,480)
Adviser Class	(8,889)	(5,397)
Retirement Class	(1,217)	(17)
Change in Net Assets from Capital Transactions	43,198	23,659

Total Change in Net Assets	42,151	25,068
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NET ASSETS:

Beginning of period	53,330	28,262
End of period	\$95,481	\$53,330

Accumulated net investment income	\$1,634	\$772
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FUND SHARES OF BENEFICIAL INTEREST:

Institutional Class		
Outstanding shares at beginning of period	1,452	883
Shares sold	1,417	795
Shares issued in reinvestment of distributions	26	10
Shares redeemed	(388)	(236)
Change in shares outstanding	1,055	569
Outstanding shares at end of period	2,507	1,452

Adviser Class		
Outstanding shares at beginning of period	3,164	1,753
Shares sold	3,063	1,913
Shares issued in reinvestment of distributions	51	17
Shares redeemed	(837)	(519)
Change in shares outstanding	2,277	1,411
Outstanding shares at end of period	5,441	3,164

Retirement Class		
Outstanding shares at beginning of period	367	82
Shares sold	872	286
Shares issued in reinvestment of distributions	6	1
Shares redeemed	(117)	(2)
Change in shares outstanding	761	285
Outstanding shares at end of period	1,128	367

Purchase of investments (excluding government)	\$81,792	\$57,921
Sale of investments (excluding government)	42,220	22,196
Purchase of government securities	8,559	16,817
Sale of government securities	6,253	18,095

Notes to Financial Statements

October 31, 2011

1. ORGANIZATION AND RELATED MATTERS

The Payden & Rygel Investment Group (the “Group”) is a no-load, open-end registered investment company organized as a Massachusetts business trust on January 22, 1992 and registered under the Investment Company Act of 1940 (the “1940 Act”), as amended. Each of its eighteen funds (each a “Fund,” collectively the “Funds”) is a series of the Group, and is authorized to issue unlimited shares at \$0.001 par value. This report contains only the Payden/Kravitz Cash Balance Plan Fund. The other seventeen Funds are contained in a separate report.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Securities Valuation

Domestic and foreign fixed income securities and other assets for which market quotations are readily available (other than obligations with original maturities of sixty days or less) are valued on the basis of quotes obtained from brokers and dealers or pricing services. Such quotations take into account appropriate factors such as institutional-sized trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data. Debt securities with maturities of sixty days or less are valued at amortized cost, which approximates fair value. Investments in investment companies are valued at their net asset values as reported by such companies.

Publicly traded equity securities, whether in the U.S. or outside the U.S., for which market quotations are readily available, generally will be valued at the official closing price or the last sale price on the exchange or market where they are principally traded, or if there have been no sales during the day, at the last bid price. Securities traded only on the over-the-counter market are valued at the latest bid price.

Options, futures, swaps and other similar assets are valued at the official closing price in the case of exchange traded derivatives or on the basis of information (pricing services, quotes obtained from brokers and dealers, or recent market trades) provided by the institution with which the Fund entered into the transaction in the case of other securities.

Fixed income or equity securities for which market quotations are not readily available are priced at their fair value as determined in good faith under procedures established by the Valuation and Liquidity Guidelines applicable to the Fund. In considering fair value of a security, one or more factors are taken into consideration depending on the circumstances at the time, including for example: the cost of the security or the last reported sales price of the security as a starting point; changes in interest rates; changes in yield spreads of similarly rated or structured securities; fundamental analytical information relating to the security; the value of other similar securities traded on other markets or among dealers; the general financial condition of the issuer; recent developments affecting the issuer; information, including price quotations, from other financial institutions or analysts; or government actions or pronouncements and other significant events affecting the economy, the markets, the fundamental value of the issuer or of the issuer’s industry.

Fair value pricing may occur when (1) developments occur (a “significant event”) that will affect the value of the Fund’s holdings, and (2) the significant event occurs after the close of the market on which the securities trade, but before the time when the net asset value is computed for the Fund. A significant event may relate to a single issuer or an entire market.

In May 2011, FASB issued ASU No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and International Financial Reporting Standards (“IFRS”)” (“ASU 2011-04”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU 2011-04 and its impact on the financial statements.

Notes to Financial Statements (con't)

Concentration of Risk

Unforeseen events in the markets may at times result in an unusually high degree of volatility in the markets, which could adversely affect the Fund causing a decline in value.

Investing in debt securities may include failure of an issuer to make timely interest or principal payments, or a decline or the perception of a decline in credit quality. In addition the value of the debt security may decline due to general market conditions that are not specifically related to a particular company including industry earnings outlook, changes in interest or currency rates or perception of a specific industry.

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

Investment Transactions and Related Income

Investment transactions are accounted for on the date the security is purchased or sold (trade date). Interest income is recognized on an accrual basis. Premiums and discounts are amortized or accreted over the expected life of the security, using the effective interest method. Dividend income is recorded on the ex-dividend date. Realized gains or losses on investment transactions are determined on the identified cost basis.

Foreign Currency Translation

The accounting records of the Fund are maintained in U.S. dollars. The Fund may purchase securities that are denominated in foreign currencies. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rates. Purchases and sales of securities, income and expenses are translated into U.S. dollars at the exchange rates on the dates of the respective transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates from the fluctuations arising from changes in security prices.

Reported net realized foreign exchange gains or losses arise from sales and maturities of securities, purchases and sales of foreign currencies, currency gains or losses realized between the trade and settlement dates of securities transactions, and the differences between the amounts of income or expenses recorded on the Fund's books and the U.S. dollar equivalents of the amounts actually received or paid. Net unrealized appreciation/depreciation from translation of assets and liabilities denominated in foreign currency arise from changes in the value of assets and liabilities resulting from changes in the foreign exchange rates.

Forward Currency Contracts

The Fund enters into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. The Fund enters into forward contracts to protect against adverse currency movements or as speculative investments. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized gain or loss until the contract settlement date, or an offsetting forward foreign currency contract has been executed, at which time the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risk may arise upon entering into these contracts from potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

Futures Contracts

The Fund invests in futures contracts to hedge against anticipated future changes in interest or exchange rates or security prices. In addition, the Fund entered into such transactions to enhance potential gain in circumstances where hedging is not involved.

The purchase or sale of futures contracts and options on futures contracts provides for the future sale by one party and purchase by another party of a specified quantity of a financial instrument or foreign currency at a fixed price on a future date. Upon entering into such a contract, the Fund is required to deposit and maintain as collateral such initial margin as required by the exchange on which the contract is traded. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount equal to the daily fluctuations in the value of the contract. Such receipts or payments are known as variation margin and are recorded as unrealized gains or losses by the Fund. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The potential risk to the Fund is that the change in value of the underlying securities may not correlate to the change in value of the contracts.

Swap Contracts

The Fund entered into the following credit default swap agreements. The counterparty to the agreement has agreed to receive from the fund an annuity premium which is based on a notional principal amount of a specific security/index. The annuity premium is paid by the Fund until a credit event (e.g. grace period extension, obligation acceleration, repudiation/moratorium, or restructuring) occurs or until the agreement matures. If a credit event occurs, the Fund will receive the notional amount at par and pay the defaulted security or cash equivalent.

Options Transactions

Option techniques may be utilized by the Fund to hedge against changes in interest rates, foreign currency exchange rates or security prices in order to establish more definitely the effective return on securities or currencies held or intended to be acquired by the Fund, to reduce the volatility of the currency exposure associated with investments in non-U.S. securities, or as an efficient means of adjusting exposure to the bond, equity and currency markets. In addition, the Fund may enter into such transactions to enhance potential gain in circumstances where hedging is not involved. When a Fund writes a covered call or put option, an amount equal to the premium received is reflected as an asset and equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current value of the option. If an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, a gain or loss is realized. If a written call option is exercised, a gain or loss is realized for the sale of the underlying security and the proceeds from the sale are increased by the premium originally received. If a written put option is exercised, the cost of the security acquired is decreased by the premium originally received. As writer of an option, the Fund has no control over whether the underlying securities are subsequently sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option.

When the Fund purchases a call or put option, an amount equal to the premium paid is included in the Fund's statement of assets and liabilities as an investment, and is subsequently marked-to-market to reflect the current value of the option. If an option expires on the stipulated expiration date or if the Fund enters into a closing sale transaction, a gain or loss is realized. If the Fund exercises a call option, the cost of the security acquired is increased by the premium paid for the call. If the Fund exercises a put option, a gain or loss is realized from the sale of the underlying security, and the proceeds from such sale are decreased by the premium originally paid. Written and purchased options are non-income producing securities.

Written Options	Number of Contracts	Premiums
Options outstanding at October 31, 2010.....	-	\$-
Options written	174	46,452
Options expired		
Options exercised		
Options closed.....	(174)	(46,452)
Options outstanding at October 31, 2011.....	-	\$-

Derivatives and Hedging

The following tables show the Fund's exposure to different types of market risks as it relates to derivative instruments in the statement of assets and liabilities and the statement of operations.

Statement of Assets and Liabilities
Fair Values of Derivative Instruments (000s)

Underlying Risk	Derivative Assets	Derivative Liabilities
Credit ⁴	\$ -	\$(20)
Interest rate ¹	13	(25)
Foreign currency ^{2,3}	75	(52)
Total	\$88	\$(97)

¹ Includes cumulative appreciation/depreciation of futures contracts as reported in Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities as Payable for futures.

² Receivable for forward currency contracts.

³ Payable for forward currency contracts.

⁴ Payable for swap contracts.

Notes to Financial Statements (con't)

The Effect of Derivative Instruments on the Statement of Operations
Amount of Realized Gain (Loss) on Derivatives Recognized in Income (000s)

Underlying risk	Futures ⁶	Forward Currency			Total
		Contracts ⁷	Options ⁸	Swaps ⁹	
Credit	\$ -	\$ -	\$ -	\$(112)	\$(201)
Equity	-	-	352	-	352
Foreign exchange	-	(271)	-	-	(271)
Interest rate	(563)	-	-	(89)	(563)
Total	\$(563)	\$(271)	\$352	\$(201)	\$(683)

⁶Net realized gains (losses) from futures contracts.

⁷Net realized gains (losses) from foreign currency transactions which could include other currency related gains and losses.

⁸Net realized gains (losses) from option contracts.

⁹Net realized gains (losses) from swap contracts.

The Effect of Derivative Instruments on the Statement of Operations
Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income (000s)

Underlying risk	Futures ⁹	Forward Currency			Total
		Contracts ¹⁰	Options ¹¹	Swaps ¹²	
Credit	\$ -	\$ -	\$ -	\$(9)	\$(9)
Equity	-	-	(137)	-	(137)
Foreign exchange	-	(9)	-	-	(9)
Interest rate	54	-	-	117	171
Total	\$54	\$(9)	\$(137)	\$108	\$16

⁹Change in net unrealized appreciation (depreciation) from futures contracts.

¹⁰Change in net unrealized appreciation (depreciation) from translation of assets and liabilities in foreign currencies which may include other currency related appreciation (depreciation).

¹¹Change in net unrealized appreciation (depreciation) from option contracts.

¹²Change in net unrealized appreciation (depreciation) from swap contracts.

During the period, the average value of derivatives as a percent of average net assets were as follows:

Foreign currency	Credit	Interest rate	Equity
3%	2%	19%	0%

Securities Lending

Pursuant to a securities lending agreement with The Bank of New York Mellon, the Fund may lend securities to qualified institutions. All loans are secured by collateral of at least 102% of the value of the U.S. securities loaned and 105% of the value of the foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. The collateral is maintained by the custodian. Cash collateral is reinvested in the Payden Cash Reserves Money Market Fund. The fund is entitled to receive all of the income on the securities loaned, in addition to income earned as a result of the lending transaction. Although each security is fully collateralized, the Fund bears the risk of delay in receiving additional collateral or in recovery of or loss of rights in the securities loaned should the borrower fail to return the securities in a timely manner. The Fund maintains the right to recall the securities on loan for voting purposes. The income earned is disclosed in the statement of operations.

Collateral

Futures contracts, options, and forward delivery agreements for foreign currency and fixed income securities require either cash settlement or delivery of securities at some future date with little or no initial investment. The Fund is required to segregate sufficient assets to cover any potential loss.

Distributions to Shareholders

Distributions to shareholders are recorded on the ex-dividend date. Dividends from net investment income and net realized gains on foreign currency transactions are declared and paid monthly. Net realized gains on investments, if any, are declared and distributed at least annually. All distributions are paid in the form of additional shares unless cash payment is requested.

Distributions to shareholders are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles.

Federal Income Taxes

It is the policy of the Fund to meet the requirements for qualification as a regulated investment company as defined in Subchapter M of the Internal Revenue Code (the ‘Code’), and to make distributions of net investment income and net realized gains sufficient to relieve it from all Federal income or excise taxes. As of and during the period ended October 31, 2011, the Fund did not record any liability for uncertain tax positions. Accordingly, no provision for Federal income or excise tax was made.

The Fund files a tax return annually using tax accounting methods required under provisions of the Code, which may differ from generally accepted accounting principles, the basis on which these financial statements are prepared. The differences arise primarily from the treatment of foreign currency transactions and futures contracts and the deferral of certain losses under Federal income tax regulations. Accordingly, the amounts of net investment income and net realized gains or losses reported in these financial statements may differ from those reported in the Fund’s tax return. Return of capital distributions and net investment losses for tax purposes, if any, are reclassified to paid in capital. The preceding three years and the tax year ended October 31, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities.

Affiliated Investment

The Fund invests in the Cash Reserves Money Market Fund, an affiliated Fund. Income earned by the Fund from affiliated Funds for the period is disclosed in the statement of operations.

Value October 31, 2010	Purchase	Sales	Dividends	Value October 31, 2011
\$852,158	\$257,649,337	\$252,322,578	\$196	\$6,178,917

Custodian Credits

The Fund has entered into an agreement with the custodian, whereby it earns custodian fee credits for temporary cash balance. These credits, which offset custodian fees that may be charged to the Fund, are based on 75% of the daily effective federal funds rate, and are, subject to rounding, disclosed in the statement of operations.

Other

Income and realized and unrealized gain/loss are allocated to each class based on relative net assets. Shared expenses incurred by the Group are allocated among the Funds of the Group on the basis of relative net assets. Fund-specific expenses are charged to each Fund as incurred.

3. RELATED PARTY TRANSACTIONS

Payden/Kravitz Advisers LLC (the ‘Adviser’ or ‘Payden/Kravitz’) provides investment advisory services to the Fund. Under the terms of the investment advisory agreement, Payden/Kravitz is entitled to receive fees monthly, computed on the average daily net assets of the Fund at an annualized rate of 1.10%.

Payden/Kravitz agreed to guarantee that, for so long as it acts as investment adviser to the Fund, the expenses of the Fund, including advisory fees (exclusive of interest and taxes) will not exceed 1.25% for the institutional class, 1.50% for the adviser class, and 1.75% for the retirement class of average daily net assets on an annualized basis.

The Fund remains liable to Payden/Kravitz for expenses subsidized in any fiscal year up to a maximum of three years from the end of the period in which the expenses were subsidized as long as any reimbursement will not cause the annual expense ratio for the year in which it is made to exceed the amount of the expense guarantee or expense limit (whichever is in effect at the time of reimbursement).

The deferred expense subsidies represent the cumulative amount of expenses subsidized for the Fund through the end of the year. The amount \$819,012 (\$281,427 for 2009, \$284,292 for 2010, and \$253,293 for 2011) is not considered a liability of the Fund, and therefore is not recorded as a liability in the statement of assets and liabilities, but will be recognized as net expense in the statement of operations as expense previously deferred in future periods, if expense limits permit.

Treasury Plus, Inc., a wholly owned subsidiary of Payden & Rygel, serves as administrator to the Fund. Under the terms of the administration agreement, Treasury Plus, Inc. receives fees monthly, computed on the average daily net assets of the Fund at an annualized rate of 0.15%.

Notes to Financial Statements (con't)

The Fund has adopted a plan pursuant to SEC rule 12b-1 by which Payden & Rygel Distributors receives fees monthly, computed on the average net assets of the adviser class at an annualized rate of 0.25% and of the retirement class at an annualized rate of 0.50%. Payden & Rygel Distributors does not receive a fee from the institutional class.

Certain officers and/or trustees of the Group are affiliated with Payden/Kravitz, Payden & Rygel Distributors and/or Treasury Plus, Inc. Such officers and trustees receive no fees from the Fund for serving as officers and/or trustees of the Group.

Indemnifications

Under the Group's organizations documents, its trustees and officers are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects this risk of loss to be remote.

4. FAIR VALUE

Various inputs are used in determining the value of the Fund's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 - quoted prices in active markets for identical investments; Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.), and Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). See Note 2 - Securities Valuation for a summary of the inputs used in valuing the Fund's investments and other financial instruments. (Fixed Income-Asset Backed, Corporate, Government, Mortgage Backed and U.S. Government Agency, Equity-Common Stocks, Exchange Traded Funds and Investment Company).

In January 2010, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2010-06 "Improving Disclosures about Fair Value Measurements". This ASU adds new disclosures about the amounts and reason for significant transfers in and out of Level 1 and Level 2 as well as inputs and valuation techniques used to measure fair value that fall in either Level 2 or Level 3, and information on purchases, sales, issuance and settlement on a gross basis in the reconciliation of activity in Level 3. There were no significant transfers between levels, which required disclosure.

	Level 1		Level 2		Level 3		Total
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Asset Backed			\$1,659				\$1,659
Corporate			66,968				66,968
Foreign Government			437				437
Mortgage Backed			7,291				7,291
Municipal			1,394				1,394
Option	\$396						396
U.S. Government			15,118				15,118
U.S. Government Agency			404				404
Investment Company	6,179						6,179
	Level 1		Level 2		Level 3		Total
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Other Financial Instruments ⁽¹⁾							
Foreign Currency Contracts			\$75	\$(52)			\$23
Futures	\$13	\$(25)					(12)
Swaps			\$57				\$57

⁽¹⁾ Other Financial Instruments include derivative instruments, such as futures, forward currency, swap and any options contracts. Amounts shown represents unrealized appreciation (depreciation) at period end.

5. FEDERAL INCOME TAXES (AMOUNTS IN 000s)

For Federal income tax purposes the Fund had capital loss carry forwards at year end in the amount of \$910, of which \$85 expires in 2018, and \$825 expires in 2019. The carry forwards are available to offset future capital gains, if any.

Under the recently enacted Regulated Investment Company Modernization Act of 2010, the Funds will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010, for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. Additionally, post-enactment capital losses that are carried forward will retain their character as either short or long term capital losses rather than being considered all short term.

The tax character of distributions paid during the fiscal year ended October 31st is as follows:

2011		2010	
Ordinary Income	Long Term Capital Gains	Ordinary Income	Long Term Capital Gains
\$895	\$ -	\$298	\$ -

At October 31, 2011, net unrealized appreciation (depreciation) on investments for Federal income tax purposes is as follows:

Cost of Investments Federal Income Tax Purposes	Gross Unrealized Appreciation on Investments	Gross Unrealized Depreciation on Investments	Net Unrealized Appreciation (Depreciation) on Investments
\$99,741	\$1,274	\$1,169	\$105

At October 31, 2011, the components of accumulated earnings (deficit) for Federal income tax purposes are as follows:

Undistributed Ordinary and Tax Exempt Income	Undistributed Realized Long Term Capital Gains	Capital Loss Carryforwards	Distributions Payable	Net Unrealized Appreciation (Depreciation)	Total Distributable Earnings
\$1,630	\$ -	\$(910)	\$ -	\$203	\$923

6. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Financial Highlights

For the share outstanding for the periods ended October 31st

Institutional Class

	2011	2010	2009	2008
Net asset value - beginning of period	\$10.75	\$10.42	\$10.06	\$10.00
Income (loss) from investment activities:				
Net investment income	0.21	0.22	0.13	0.01
Net realized and unrealized gains (losses)	(0.17)	0.21	0.34	0.05
Total from investment activities	0.04	0.43	0.47	0.06
Distributions to shareholders:				
From net investment income	(0.19)	(0.07)	(0.07)	
From net realized gains	0.00	(0.03)	(0.04)	
Total distributions to shareholders	(0.19)	(0.10)	(0.11)	0.00
Net asset value - end of period	\$10.60	\$10.75	\$10.42	\$10.06
Total return	0.34%	4.24%	4.71%	0.60%
Ratios/supplemental data:				
Net assets, end of period (000s)	\$26,577	\$15,611	\$9,199	\$3,379
Ratio of gross expense to average net assets	1.62%	1.98%	2.86%	7.17%
Ratio of net expense to average net assets	1.25%	1.25%	1.25%	1.25%
Ratio of investment income less gross expenses to average net assets	2.52%	1.99%	(0.12%)	(5.05%)
Ratio of net investment income to average net assets	2.89%	2.72%	1.49%	0.87%
Portfolio turnover rate	88%	141%	124%	16%

The class commenced operations on September 22, 2008.

Adviser Class

	2011	2010	2009	2008
Net asset value - beginning of period	\$10.71	\$10.40	\$10.05	\$10.00
Income (loss) from investment activities:				
Net investment income	0.16	0.19	0.11	0.01
Net realized and unrealized gains (losses)	(0.15)	0.22	0.35	0.04
Total from investment activities	0.01	0.41	0.46	0.05
Distributions to shareholders:				
From net investment income	(0.18)	(0.07)	(0.07)	
From net realized gains	0.00	(0.03)	(0.04)	
Total distributions to shareholders	(0.18)	(0.10)	(0.11)	0.00
Net asset value - end of period	\$10.54	\$10.71	\$10.40	\$10.05
Total return	0.13%	4.02%	4.54%	0.50%
Ratios/supplemental data:				
Net assets, end of period (000s)	\$57,324	\$33,881	\$18,233	\$7,861
Ratio of gross expense to average net assets	1.88%	2.24%	3.13%	6.98%
Ratio of net expense to average net assets	1.50%	1.50%	1.50%	1.50%
Ratio of investment income less gross expenses to average net assets	2.24%	1.74%	(0.46%)	(4.85%)
Ratio of net investment income to average net assets	2.62%	2.48%	1.17%	0.63%
Portfolio turnover rate	88%	141%	124%	16%

The class commenced operations on September 22, 2008.

⁽¹⁾ Not annualized

⁽²⁾ Annualized

See notes to financial statements.

For the share outstanding for the periods ended October 31st

Retirement Class

	2011	2010	2009	
Net asset value - beginning of period	\$10.46	\$10.18	\$10.00	
Income (loss) from investment activities:				
Net investment income	0.16	0.14	(0.01)	
Net realized and unrealized gains (losses)	(0.18)	0.24	0.19	
Total from investment activities	(0.02)	0.38	0.18	
Distributions to shareholders:				
From net investment income	(0.18)	(0.07)		
From net realized gains	0.00	(0.03)		
Total distributions to shareholders	(0.18)	(0.10)	0.00	
Net asset value - end of period	\$10.26	\$10.46	\$10.18	
Total return	(0.18%)	3.78%	1.80%	(1)
Ratios/supplemental data:				
Net assets, end of period	\$11,580	\$3,838	\$830	
Ratio of gross expense to average net assets	2.12%	2.51%	3.56%	(2)
Ratio of net expense to average net assets	1.75%	1.75%	1.75%	(2)
Ratio of investment income less gross expenses to average net assets	2.05%	1.69%	(2.09%)	(2)
Ratio of net investment income to average net assets	2.42%	2.45%	(0.28%)	(2)
Portfolio turnover rate	88%	141%	124%	(1)

The class commenced operations on April 6, 2009.

⁽¹⁾ Not annualized

⁽²⁾ Annualized

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of the Payden & Rygel Investment Group

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Payden/Kravitz Cash Balance Plan Fund, one of the portfolios constituting the Payden & Rygel Investment Group (the "Fund"), as of October 31, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the four periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2011, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Payden/Kravitz Cash Balance Plan Fund of the Payden & Rygel Investment Group as of October 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the four periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

December 28, 2011

Fund Expenses *unaudited*

Understanding Your Fund's Expenses

Shareholders of mutual funds incur two types of costs: transaction costs incurred from buying or selling Fund shares and on-going costs incurred from the Funds daily operations. The tables below are provided to highlight ongoing cost only. If transaction costs were included your cost would have been higher.

Actual Expenses

The table below is useful in estimating actual expenses paid during the period ended October 31, 2011. It uses the Fund's actual return and expense ratio for the period (184/365 days) to calculate the ongoing expenses paid by a shareholder with an initial investment of \$1,000. To estimate the actual expenses that you paid over the period, divide your beginning account value by 1,000 and multiply that number by the number in the Expenses Paid During the Period column.

Hypothetical Expenses

The table below is provided so that you can compare the Fund's ongoing expense with those of another fund. It uses a hypothetical gross annual return of 5%, which is not the Fund's actual return and the Fund's actual expense ratio (184/365 days) for the six-month period ended October 31, 2011 to calculate the ongoing expenses paid by a shareholder with an initial investment of \$1,000.

	Value November 1, 2010	Value October 31, 2011	6-Month Return	Annual Expense Ratio	Expenses Paid During the Period
<u>Institutional Class</u>					
Actual	\$1,000.00	\$981.50	-1.85%	1.25%	\$6.24
Hypothetical	1,000.00	1,018.90	1.89%	1.25%	6.36
<u>Adviser Class</u>					
Actual	\$1,000.00	\$980.50	-1.95%	1.50%	\$7.49
Hypothetical	1,000.00	1,017.64	1.76%	1.50%	7.63
<u>Retirement Class</u>					
Actual	\$1,000.00	\$979.00	-2.10%	1.75%	\$8.73
Hypothetical	1,000.00	1,016.38	1.64%	1.75%	8.89

Approval of Investment Advisory Agreement

1. BACKGROUND

On June 21, 2011, the Board of Trustees of The Payden & Rygel Investment Group (the “P&R Trust”) unanimously approved the Investment Management Agreement (the “Agreement”) between the investment adviser, Payden/Kravitz Investment Advisers LLC (the “Adviser”), and the P&R Trust with respect to the P&R Trust’s Payden/Kravitz Cash Balance Plan Fund (the “Fund”) for an additional year through June 30, 2012. The Board approved the Agreement following the recommendation of the Board’s Audit Committee (the “Committee”), which is composed of all of the P&R Trust’s independent Trustees. The Board and the Committee determined that the advisory fee structure for the Fund was fair and reasonable in relation to the services provided and that approving the Agreement for an additional year was in the best interests of the Fund and its shareholders.

In reaching this decision, the Board and the Committee considered information furnished to them throughout the year, as well as extensive information prepared specifically in connection with their review of the Agreement, and they were assisted and advised by their independent counsel in this endeavor. They considered the matters discussed below, among others, but they did not identify any single issue or factor or any particular piece of information that, in isolation, was the controlling factor.

2. NATURE, EXTENT AND QUALITY OF SERVICES

The Board and Committee considered a number of factors related to the services provided by the Adviser, including the quality of the Adviser’s investment advisory process, the experience, expertise and quality of the Adviser’s investment professionals, the experience, leadership ability and integrity of the Adviser’s senior management, the low turnover rate of its key personnel, and the overall financial strength, stability and viability of the Adviser. They also considered the Adviser’s ability and commitment to attract and retain qualified personnel, and its commitment to maintain and enhance its investment advisory resources and information technology systems. The Board and Committee further considered the Adviser’s strong commitment to compliance with applicable laws and regulations and the nature and extent of its compliance program and records. Finally, they took into account the administrative, distribution and shareholder services to be provided by the Adviser or its affiliates to the Fund under the Agreement. Based on the foregoing, the Board and Committee concluded that the investment advisory and related services to be provided by the Adviser and its affiliates have benefited and should continue to benefit the Fund and its prospective shareholders.

3. INVESTMENT RESULTS

At its regular quarterly Board meetings during the past year and as a part of the annual review of the Agreement, the Board reviewed the investment results of the Fund compared to its benchmark index. The Board and Committee concluded that the results for the Fund have been satisfactory. In sum, the Board and Committee concluded that the Adviser’s continued management should benefit the Fund and its shareholders.

4. ADVISORY FEES AND TOTAL EXPENSES

The Board and the Committee reviewed the Fund’s net operating expense ratio and its various fee and expense components, and compared those fees and expenses to the fee and expense information for a peer group for the Fund. They observed that the advisory fees and expenses for the Fund continue to be competitive with the advisory fees and expenses of this peer group. Overall, the Board and Committee concluded that the Fund’s cost structure was fair and reasonable in relation to the services provided, and that the Fund’s shareholders receive reasonable value in return for the advisory fees paid to the Adviser by the Fund.

5. ADVISER PROFITABILITY AND INDIRECT BENEFITS

The Board and Committee reviewed information regarding the Adviser’s cost of providing services to the Fund, as well as the resulting level of profits to the Adviser. They further reviewed the cost allocation methodology used to determine the Adviser’s profitability of providing services to the Fund. Based that review, the Board and Committee concluded that the profits earned by the Adviser were not excessive in view of the advisory, administrative and other services provided to the Fund. Finally, the Board and Committee noted that the Adviser indirectly benefited from its advisory relationship with the Fund because the availability of the Fund enhanced the Adviser’s business reputation and name recognition.

Trustees and Officers

Name and Address	Position with Fund	Year Elected	Principal Occupation(s)	Other Directorships Held
333 S. Grand Avenue Los Angeles, CA 90071				
Trustees ⁽¹⁾				
W.D. Hilton, Jr.	Independent Trustee	1993	President and CEO, Trust Service, Inc.; Executive Director, NGC Bodily Injury Trust; and Managing Trustee, Fuller-Austin Trust	
Gerald S. Levey, M.D.	Independent Trustee	2000	Vice Chancellor, Dean Emerita and Distinguished Professor of Medicine, David Geffen School of Medicine at the University of California, Los Angeles	
Thomas V. McKernan, Jr.	Independent Trustee	1993	CEO, Automobile Club of Southern California	Director, First American Financial; Director, Forest Lawn Memorial Park
Rosemarie T. Nassif	Independent Trustee	2008	President Emerita, Holy Names University	Director, Fremont Bank
Andrew J. Policano	Independent Trustee	2008	Dean, The Paul Merage School of Business, at the University of California, Irvine (2004-present); Kuechenmeister Professor of Finance, University of Wisconsin-Madison (2001-2004)	Director, Badger Meter, Inc.; Director, Rockwell Collins
Dennis C. Poulsen	Independent Trustee	1992	Chairman of the Board, Rose Hills Company	Director, Rose Hills Company; Director, Ameron International Corp.
Stender E. Sweeney	Independent Trustee	1992	Private Investor	Director, Avis Budget Group, Inc.
Joan A. Payden	Interested Trustee	1992	President, CEO and Director, Payden & Rygel	
Michael E. Salvay	Interested Trustee	2009	Managing Principal, Payden & Rygel	
Mary Beth Syal	Interested Trustee	2000	Managing Principal and Director, Payden & Rygel	
Officers ⁽²⁾				
Joan A. Payden	Chairman and CEO	1992	President, CEO and Director, Payden & Rygel	
Yot Chatrabhuti	Vice President	1997	Principal, Payden & Rygel	
Bradley F. Hersh	Vice President and Treasurer	1998	Senior Vice President and Treasurer, Payden & Rygel	
Brian W. Matthews	Vice President and CFO	2003	Managing Principal, CFO and Director, Payden & Rygel	
David L. Wagner	Vice President and CCO	1996	Senior Vice President, Risk Management, and CCO, Payden & Rygel	
Edward S. Garlock	Secretary	1997	Managing Principal, General Counsel and Director, Payden & Rygel	

Additional information about the Trustees can be found in the SAI.

⁽¹⁾ Trustees do not have a set term of office, but serve until their resignation, death or removal.

⁽²⁾ Officers are elected by, and serve at the pleasure of, The Board of Trustees

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IMPORTANT INFORMATION: The information contained in this report is intended for shareholders of the Paydenfunds only. It is not authorized for distribution to prospective investors unless accompanied or preceded by a current prospectus which provides further details.

The performance numbers presented in this report are derived from historical market data. There is no guarantee of future performance nor are Fund shares guaranteed. Investment return and principal value of an investment in a Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Fund shares are sold through Payden & Rygel Distributors, member FINRA.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov> or the Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800 SEC-0330.

To view the Fund's proxy voting guidelines and proxy voting record, visit the SEC's web site at <http://www.sec.gov>. You may also call 800 572-9336 to request a free copy of the proxy voting guidelines.

PAYDEN/KRAVITZ

Paydenfunds

333 South Grand Avenue, Los Angeles, California 90071
800 5-PAYDEN 800 572-9336 payden.com

» PAYDEN/KRAVITZ CASH BALANCE FUNDS

Payden/Kravitz Cash Balance Plan Fund – Adviser Share Class (PKCBX)
Payden/Kravitz Cash Balance Plan Fund – Institutional Share Class (PKBIX)
Payden/Kravitz Cash Balance Plan Fund – Retirement Share Class (PKCRX)