CONVERTIBLE FUND

MARKET REVIEW

Equity Index Performance	4Q23	YTD
S&P 500 Index	11.69%	26.29%
Russell 1000® Index	11.96%	26.53%
Russell 2000® Index	14.03%	16.93%
Russell 3000® Growth Index	14.09%	41.21%
Russell 3000® Value Index	9.83%	11.66%
MSCI ACWI Index	11.15%	22.81%
MSCI ACWI Ex-US Index	9.82%	16.21%
MSCI EAFE Index	10.47%	18.85%
Fixed Income Index Performance	**4Q23**	**YTD**
Bloomberg Aggregate Index Return	6.82%	5.53%
Bloomberg U.S. Corporate Investment Grade Bond Index Return	8.50%	8.52%
ICE BofA U.S. High Yield Constrained Index Return	7.07%	13.46%
Credit Suisse Leveraged Loan Index	2.85%	13.04%
ICE BofA U.S. Convertible Index Return	6.79%	12.99%

Source: Factset. **Past performance is not a reliable indicator or guarantee of future results.** Due to market volatility, the market may not perform in a similar manner in the future. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. The index data provided is not representative of any Lord Abbett product.

- U.S. equity markets surged in the fourth quarter of 2023, with most major indexes registering double-digit gains. The narrative for the quarter revolved around a meaningful easing of financial conditions, which was driven by several factors – including a dovish pivot from the U.S. Federal Reserve (Fed) and the continued expectations of a soft landing, backed by falling inflation data, a strong labor market, a resilient consumer, and better corporate earnings.[1]
- That said, despite the overall optimism, concerns persisted over the period. Notably, the outlook for the economy continued to be a primary topic of debate as investors weighed the possibility of premature rate cuts and the lagged effects of the rate tightening cycle. The impacts of disinflation on corporate pricing power, revenue growth, and operating leverage were also flagged as a bearish talking point.[1]

PORTFOLIO REVIEW

- The Fund returned 5.84%, reflecting performance at the net asset value (NAV) of Class I shares with all distributions reinvested for the quarter ended December 31, 2023. The Fund's benchmark, the ICE BofA U.S. Convertible Index[2], returned 6.81% during the same period.
- Within the Information Technology sector, ON Semiconductor Corp., a semiconductor supplier company, was a notable detractor from relative performance over the period. Shares fell as the company endured through weakening momentum within their silicon carbide segment amid softening auto demand.
- Within the Consumer Discretionary sector, the Fund's position in Farfetch Ltd., a luxury fashion e-commerce company, also detracted from relative performance. Shares fell in response to comments made from luxury goods holding company Richemont that brought into question whether Farfetch would be taken private.
- Within the Health Care sector, shares of Cytokinetics, Inc., a biopharmaceutical that develops treatments for people suffering from impaired or declining muscle function, contributed to relative performance. Shares rose in response to positive results from a key Phase 3 study of its experimental drug to treat heart disease.

- Within the Information Technology sector, shares of CyberArk Software Ltd., an information security company offering identity management, also contributed to relative performance. Shares rose in response to the company reporting quarterly top- and bottom-line results that exceeded expectations.

STRATEGY POSITIONING & OUTLOOK

- Looking ahead, there are several reasons why we believe convertibles are poised for a strong rebound in 2024. First, the convertible market delta has been range-bound in the mid-40s and remains near the post-global financial crisis lows. This is noteworthy, as forward returns have historically been favorable when market delta is at these lower levels. Furthermore, given that nearly half of the market is considered “bond-like” (delta below 0.40), we believe the asset class’s lower equity sensitivity may appeal to investors who are concerned about a potential pullback in the stock market.
- Second, because of the Fed’s aggressive rate hiking cycle, new issuance has once again begun to pick up as an alternative to the higher borrowing costs associated with “straight” (non-convertible) debt. We have also seen rising diversification, with a large portion of new issuance coming from less traditional convertible-bond sectors, such as Utilities, Financials, and Communication Services. Should we remain in a “higher-for-longer” interest-rate environment, we believe convertibles should benefit as the refinancing trend continues among both existing convertible bond issuers, as well as crossover issuers from the high yield and investment-grade universe.
- Lastly, while narrow tech-focused market leadership was the dominant theme for most of 2023, market breadth meaningfully improved throughout November and December amid encouraging inflation data and the increased prospect for a “soft landing” for the U.S. economy. Should this trend continue, and the underlying equities of convertible issuers continue to rally, their bonds’ embedded conversion options will move closer to being “in-the-money” —enabling convertible bonds to capture an increasing proportion of any prospective equity upside.
- Our in-house credit and equity analysis expertise keeps us focused on the lower-delta, credit-sensitive segment of the market (sub-40% delta), as well as the equity-sensitive (greater than 80% delta) segments where we see prospects for broadening equity market participation as a tailwind.

PERFORMANCE AS OF 12/31/23

	4Q23	YTD	1 Year	3 Years	5 Years	10 Years
Net Asset Value – Class I	5.84%	7.24%	7.24%	-5.90%	11.33%	7.85%
ICE BofA U.S. Convertible Index	6.81	13.17	13.17	-0.69	12.01	8.94
Morningstar Convertible Funds Average[3]	5.89	8.97	8.97	-2.06	9.88	7.21

Expense Ratio: 0.87%

Performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance quoted. The investment return and principal value of an investment in the Fund will fluctuate so that shares, on any given day or when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by calling Lord Abbett at (888) 522-2388 or referring to our website at lordabbett.com.

[1]*Factset*

[2]*The ICE BofA All Convertibles Index contains issues U.S. dollar-denominated that have a greater than $50 million aggregate market value. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.*

[3]*Morningstar Convertible Funds Average is based on a universe of funds with similar investment objectives as the Fund. Peer group averages are based on all share classes in the category, and include the reinvested dividend and capital gains, if any, and exclude sales charges.*

A Note about Risk: Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity, and interest rate risk. Convertible securities tend to be more volatile than other fixed income securities, and the markets for convertible securities may be less liquid than markets for common stocks or bonds. The Fund may invest substantially in high yield, lower-rated securities. These securities carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal. The Fund may invest in foreign or emerging market securities, which may be adversely affected by economic, political, or regulatory factors and subject to currency volatility and greater liquidity risk. The Fund may invest in derivatives, which are subject to greater liquidity, leverage, and counterparty risk. These factors can affect Fund performance.

The Fund's portfolio is actively managed and is subject to change.

The credit quality of the securities in a portfolio are assigned by a nationally recognized statistical rating organization (NRSRO), such as Standard & Poor's, Moody's, or Fitch, as an indication of an issuer's creditworthiness. Ratings range from `AAA' (highest) to `D' (lowest). Bonds rated `BBB' or above are considered investment grade. Credit ratings `BB' and below are lower-rated securities (junk bonds). High-yielding, non-investment-grade bonds (junk bonds) involve higher risks than investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities.

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The performance table above is based on Class I shares. Average Annual Total Returns are based on changes in the net asset value and assume reinvestment of all distributions, and do not reflect deduction of any front-end sales charges which are not applicable for Class I shares. Returns for less than one year are not annualized.

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