



## GLOBAL HIGH YIELD FUND

### MARKET REVIEW

- Fixed income market performance was broadly positive for the quarter. In the U.S., there was a sentiment shift from the U.S. Federal Reserve (Fed) toward a more dovish stance, with growing expectations for rate cuts amid signs of labor market softening and political pressure from President Donald Trump. While a 25 basis point cut was delivered in September, uncertainty remains with regards to further easing for the remainder of the year. Elsewhere, labor data was mixed: solid in June but weaker in both July and August. However, unemployment stayed low and jobless claims were relatively steady. Inflation remained above the long-term target, which prompted more caution from Fed officials. Other tailwinds included corporate earnings which exceeded expectations, and consumer spending that held firm despite signs of stress among lower-income households. Across the globe, AI optimism continued to also fuel market gains, though concerns about sustainability and monetization emerged. Overall, strong corporate earnings and resilient consumer demand were also tailwinds, yet market returns in Europe broadly lagged as policy rates from the European Central Bank (ECB) remained unchanged. The supportive policy move from the Fed also boosted Emerging Markets, which performed well while most regions benefited from rising precious metal prices.<sup>1</sup>
- The global high yield bond market finished modestly higher amid this volatile environment, gaining +2.52%.<sup>2</sup> Spreads continued to grind tighter as a reflection of the aforementioned tailwinds, finishing the period at around 288 bps and just 10 bps off of year-to-date tightness.<sup>2</sup> Looking at regional performance, U.S. high yield credit<sup>3</sup> was up +2.40%, while Emerging Market<sup>4</sup> and European high yield credit<sup>5</sup> returned +3.35% and +1.80%, respectively. Across global credit markets, Bs and CCCs led the way up +2.59%, outperforming BBs which returned +2.44%.<sup>6</sup> Default volume also continued to be benign, with the par-weighted default rate for the global high yield market finishing at 1.6%. EU high yield par-weighted LTM default rates finished the quarter at 2.7%, while EM and U.S. rates were lower at 1.5% and 1.2%, respectively.<sup>7</sup>

### FUND REVIEW

- The Fund returned +3.09%, reflecting performance at the net asset value (NAV) of Class I shares Distributing with all distributions reinvested, for the quarter ended 30 September 2025. The Fund's benchmark, the ICE BofA Global High Yield USD Hedged Index, returned +2.66% during the same period.

***Past performance does not predict future returns.***

- Overall risk positioning was a contributor to relative performance, reflected by an overweight allocation to down-in-quality credit and underweight to higher-rated tiers. Specifically, CCCs outperformed BBs over the period, boosted in part by the easing financial environment spurred by the Fed. Looking at sectors, credit selection within certain industries was a key driver, specifically within Telecommunications and Basic Industry. For Telecommunications, the Fund held overweight positions in several Wireline issuers that outperformed amid positive sentiment following increased merger & acquisition activity. As for the Basic Industry sector, overweights to several down-in-quality positions within Metals and Mining and Building Materials subsectors contributed most. The Fund also benefited from positive selection effects within Transportation and Energy sectors, reflected by positioning within Gaming and Oil Field Services subsectors, respectively.



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- While the Fund outperformed its benchmark for the period, there were several allocations that detracted. This was primarily reflected by credit selection effects within the Utilities sector, where the Fund was underweight several issuers that ultimately outperformed amid better-than-expected financial outlook. Other positions that detracted were driven primarily by idiosyncratic factors, with reasons being subpar earnings announcements, weaker performance following announced corporate activity, and dampened financial outlooks. These positions were across several sectors, including Consumer and Capital Goods, Media/Broadcasting, and Retail.

## FUND POSITIONING

- **Continued to target securities with higher carry.**

We remain constructive in high yield credit as spread levels have remained range bound below 300 basis points. As valuations are relatively rich, particularly in higher quality BBs, we focused on adding positions that offer high levels of income as upside appreciation remains limited. We sourced many of these positions from primary markets as issuance continues to be robust, with September levels reaching multi-year highs. We have used low coupon, low-carry bonds as sources of cash for these purchases, reducing existing holdings that in our view were fully valued.

- **Increased Fund exposure to CCCs while reducing BBs.**

We increased the Fund's down-in-quality exposure over the quarter, which we believe offers better relative value given higher yields with the potential for further upside appreciation. In our view, this current environment is particularly favorable for CCCs given the context of further interest rate cuts implemented by the Fed and increased potential for M&A activity to increase take-outs. Within our CCC exposure, we continued to focus primarily on adding positions that would benefit from idiosyncratic catalyst. Conversely, we trimmed exposure in BBs and Bs where spread valuations were around historically tight levels.

- **Added to cyclical sectors, specifically Energy and Basic Industry.**

The Fund's top sector overweight continued to be the Basic Industry sector, led by Metals & Mining and Building Materials subsectors. We also added back to the Energy sector throughout the quarter, specifically within Oil Field Equipment & Services as well as Exploration & Production subsectors. We are constructive in both sectors given ties to economic growth, and commodity prices which have remained relatively elevated. We have also increased Fund exposure to industries that should benefit from the potential for further decline in rates, such as Builder and Building Materials, Financial Services, Real Estate and Automotives. The Fund remains underweight the Healthcare sector, specifically parts of Health Services and Facilities, as well as Retail and Capital Goods based primarily on valuation as we believe relative value in these industries is limited.

- **We added exposure to U.S.**

We increased the Fund's allocation to U.S. credit as the economic outlook in the country improved and expectations of Fed cuts increased. The Fund remained overweight U.S. and European high yield markets, while underweight EM high yield credit.

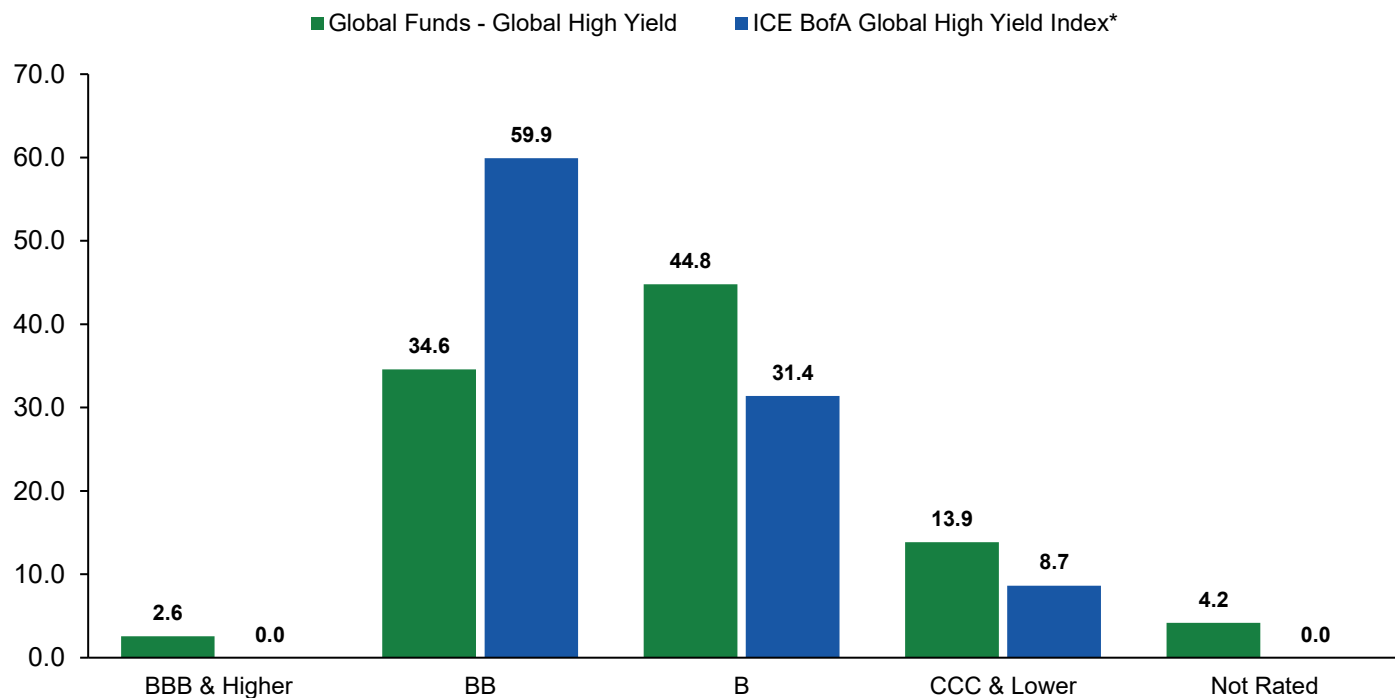


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## OUTLOOK

- We remain constructive on credit markets, viewing current valuations as fair despite high yield spreads sitting near historic highs, supported by strong index quality, historically low duration, and solid fundamentals and earnings. Tailwinds include the renewed rate-cutting cycle is expected to provide a favorable backdrop for credit, with additional easing likely over the next 12–18 months. The broader economic backdrop remains sound: inflation, while somewhat stubborn, continues to retreat from prior highs, and the labor market—despite signs of softening—still shows low unemployment and resilience. Additional tailwinds include robust capital markets with healthy issuance, easing trade policy uncertainty, resilient consumer demand, and a strong earnings environment for corporate issuers. That said, we remain cautious of potential headwinds such as stickier inflation or unexpectedly strong data that could prompt a more hawkish Fed stance, as well as renewed geopolitical tensions or weaker-than-expected macro indicators that could challenge the current outlook.

## CREDIT QUALITY BREAKDOWN



\*Index Data Source: ICE Data Indices, LLC. Due to rounding, the percentage allocation of the Fund breakdown may not equal 100%.  
Fund breakdown as of 30/09/2025.



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Performance as of 31/12/2024	2017	2018	2019	2020	2021	2022	2023	2024
<b>Class I (dis) USD Net</b>	13.74%	-4.27%	14.80%	5.07%	6.12%	-12.26%	2.59%	10.10%
<b>ICE BofA Global High Yield USD Hedged Index</b>	10.20%	-3.35%	14.54%	6.60%	3.04%	-11.30%	2.08%	9.37%

The following performance is additional to, and should be read only in conjunction with, the performance data presented above. Performance may be affected by fluctuations in currency exchange rates.

Performance as of 30/09/2025	3Q25	1 Year	3 Year	5 Year	Since Inception**
<b>Class I (dis) USD</b>	3.09%	7.99%	12.23%	6.24%	5.84%
<b>ICE BofA Global High Yield USD Hedged Index<sup>†</sup></b>	2.66%	7.80%	11.77%	5.26%	5.24%

\*\*Inception Date: as of 03/10/2016

**Fund Risks to Consider:** The Fund is subject to the general risks and considerations associated with investing in debt securities. Among these is credit risk, which is the risk that a counterparty or an issuer of a Fund asset will fail to meet its payment obligations, and interest rate risk, which is the risk that as interest rates rise, bond prices may fall. The Fund substantially invests in high yield securities. High yield securities typically pay a higher level of income but generally involve greater credit risk and sensitivity to economic developments than investment grade debt securities. Impairment of the value of underlying assets of mortgage-backed and asset-backed securities may result in a reduction in the value of the security and a financial loss to the Fund. The use of financial derivative instruments (FDI) may create leverage, leading to greater fluctuations in assets as well as potentially resulting in gains or losses that are greater than the amount originally invested in FDI. Investment in non-U.S. markets including emerging markets may expose the Fund to more social, political, regulatory and currency risks than securities in developed markets. For assets denominated in a currency other than U.S. dollars, changes in currency exchange rates may reduce or increase the returns an investor might expect to receive independent of the performance of such assets. Please refer to the Fund's KIID and prospectus for more detailed risk information.

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**I Share Expense Limitation: 0.57%**

Lord Abbett has agreed to waive a portion of its management fee in order to keep the Fund's total operating expenses from exceeding an annual rate of the daily NAV of the Fund (the "Expense Limitation"). Lord Abbett may stop the management fee waiver at its discretion. For periods when the waiver is in place, the Fund may benefit by not bearing these expenses. Without such management fee waiver,



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performance will be lower. Please see the Fund's prospectus for additional information, including details of the operating expenses not included in the Expense Limitation.

<sup>†</sup>The ICE BofA Global High Yield Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of USD 100 million, EUR 100 million, GBP 50 million, or CAD100 million.

<sup>\*</sup>The ICE BofA U.S. High Yield Constrained Index is a capitalization weighted index of all U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

<sup>\*</sup>The ICE BofA U.S. High Yield Constrained Index is a capitalization weighted index of all U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and an investor cannot invest directly in an index.

<sup>1</sup>Factset as of 30/09/2025.

<sup>2</sup>As represented by the ICE BofA Global High Yield USD Hedged Index as of 30/09/2025.

<sup>3</sup>As represented by the ICE BofA U.S. High Yield Constrained Index as of 30/09/2025.

<sup>4</sup>As represented by the ICE BofA Emerging Market High Yield Corporate Plus Index as of 30/09/2025.

<sup>5</sup>As represented by the ICE BofA European High Yield Index as of 30/09/2025.

<sup>6</sup>As represented by the ICE BofA Global High Yield BB Index, the ICE BofA Global High Yield B Index, and the ICE BofA Global High Yield CCC & Lower Index as of 30/09/2025.

<sup>7</sup>BofA Global Research as of 30/09/2025.

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